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Putin Eyes Single Currency for Eurasian Union Trade Bloc

By The Moscow Times

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The move comes as relations between union members Russia, Belarus, Armenia and Kazakhstan are strained by tit-for-tat sanctions between Moscow and the West.

Russia will explore the creation of a single currency across the Moscow-led Eurasian Union trade bloc of ex-Soviet states, according to an order published on the Kremlin's website.

The move comes as relations between union members Russia, Belarus, Armenia and Kazakhstan are strained by tit-for-tat sanctions between Moscow and the West over Ukraine and a Russian recession that is spilling over into neighboring economies.

According to the order, President Vladimir Putin requested Russia's government and Central Bank work with financial regulators in the bloc's member nations to present by Sept. 1 a report "defining the vector of financial and currency integration within the Eurasian Union and examining the desirability and possible creation of a currency union in the future."

The Eurasian Union was formed on Jan. 1 this year on the basis of an earlier customs union between several former Soviet republics. Russia lobbied hard to create the bloc, which unites around 170 million people and will be joined by Kyrgyzstan later this year.

But customs posts briefly reappeared between bloc members late last year as Russia tried to enforce a ban on a range of food imports from Western countries and the European Union that was adopted in retaliation for sanctions.

Meanwhile, a 50 percent fall in the value of Russia's ruble since last summer and an expected economic contraction of up to 5 percent this year have sparked currency devaluations and curtailed growth forecasts in post-Soviet nations that are heavily dependent on Russia's economy.

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