The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Russia Introduces New Currency Controls for Exiting Companies to Prop Up Ruble – FT

October 31, 2023



Sophia Sandurskaya / Moskva News Agency

Moscow has introduced strict new currency controls for foreign companies selling off their Russia-based assets as it attempts to shore up a weakening ruble, the Financial Times reported Tuesday, citing anonymous sources familiar with the matter.

The new restrictions add to existing rules requiring foreign companies that seek to leave the country to sell their Russian assets at a discount of 50% or more and pay a "voluntary" 15% contribution to the state budget.

As part of these sell-off arrangements, which must be approved by the Russian government, the new restrictions reportedly include the option for companies to receive foreign currencies wired abroad in several installments or transferred to a "highly restricted" Russian bank account.

Both options have informal limits on the volume and frequency of payments, according to FT, which notes that a third and more favorable option is to immediately receive the entire sum of a business sale in a normal ruble-denominated Russian bank account.

Related article: Ruble Falls Further But Putin Says Economy 'Stable'

“The state has imposed capital controls without saying so,” a person working on several business exits was quoted as saying by the newspaper.

“The state says, ‘It’s not forbidden to be paid in euros or dollars, it’s just complicated’,” the person added, saying that “It’s up to you whether you cash out in foreign currency or in rubles, or whether you do not cash out at all.”

FT reports that Russia’s commission on foreign investments, which signs off on Western-owned transactions, introduced the currency limits after the ruble began to weaken in July.

Since then, Russia’s Central Bank has raised its key rate four times, and President Vladimir Putin earlier in October ordered 43 companies to sell part of their foreign currency earnings on the domestic market.

“The ruble has absolute priority,” Kremlin spokesman Dmitry Peskov told FT.

Peskov, who previously dismissed concerns about the volatile ruble as a “product of emotional attachment,” said Tuesday that “there can be no free exits” for Western companies seeking to leave Russia.

“They’ll leave on the terms set by the special government commission,” he told reporters at a daily briefing.

Original url:
https://www.themoscowtimes.com/2023/10/31/russia-introduces-new-currency-controls-for-exiting-companies-to-prop-up-ruble-ftrussia-sets-currency-controls-for-exiting-businesses-to-prop-up-ruble-ft-a82944