

Belarus Devaluation Spreads Panic

May 25, 2011

The  **Moscow Times**

MINSK — A sharp devaluation of the Belarussian ruble has spread panic across the country, with people rushing on Wednesday to buy dollars, euros, toasters and canned goods — anything that will not lose its value as quickly as the national currency.

Belarussians swept store shelves and lined up for entire days at currency exchange offices in a desperate attempt to protect their savings from the country's sinking fortunes.

President Alexander Lukashenko promised that the ruble would remain stable following the devaluation ordered a day earlier, but experts warned it would continue its nosedive if Russia didn't provide a quick bailout.

Confidence in the ruble, whose value is fixed by Belarus, has dropped for weeks amid fears over the country's finances and the country's lack of support from its neighbors, both the EU and Russia.

Belarussian officials cut the ruble's official value against the dollar almost in half Tuesday — to 4,930 rubles per dollar from the previous 3,155. The perceived value of the local currency is much lower, however — on the black market it takes 6,000 rubles to buy a dollar.

To make matters worse, there is a physical shortage in the country of dollars and euros, which companies and households desperately want to own to protect themselves from a worse devaluation in the future.

The government's own reserves are badly depleted and exchange offices have run out of foreign currency because they are allowed only to sell what they buy from clients.

Andrei Krylevich, 42, has spent a week in lines outside an exchange booth in downtown Minsk without a chance to buy a single dollar. The computer company he works at has sent its employees on an unpaid leave, and he urgently needs to pay back a \$9,000 loan to a bank.

"In just one month, I have virtually turned bankrupt, the entire country has gone bankrupt," Krylevich said. "Even during the Soviet collapse we didn't go through such nightmare."

Krylevich's 40-year-old wife, Svetlana, also was sent on an unpaid leave.

"It's a matter of survival. I will soon have nothing to feed the family," she said. "How should I treat the government that has led the nation into a deadlock?"

People in the line show up at the exchange booth several hours before it opens in the morning, bringing chairs, food and hot drinks to spend a day in vain hopes of buying foreign currency.

Most Belarussian industries are state-owned, and the government has tried to keep its scarce currency reserves for vital imports. On Tuesday, it set tight limits on interbank currency trading, effectively stifling the market.

Many Belarussians have turned to black market traders despite the authorities' attempts to stem the practice with arrests. The government recently cut access to a foreign-based Internet portal that currency buyers and sellers were using to find each other.

Unable to buy foreign currency, people bought all they could from stores, both to stock up on food as well as to invest in tangible goods whose value won't deplete as quickly as the ruble's. Home appliances, electronics and other durable consumer goods have vanished from the shelves, which now eerily resemble the waning days of the Soviet Union.

"I fought my bank to close my account and get 5 million rubles [\$1,000] in cash, and I want to buy at least something before my money turns into dust," said Dmitry Malishevsky, a 48-year-old tractor factory worker who showed up at Minsk's main department store only to see empty shelves.

"I feel scared when I think of the future," he said. "We are struggling to survive instead of living a normal life, and Lukashenko is to blame."

Nadezhda Gorelik, a clerk at a shopping center in central Minsk, said that people were hoarding sugar, salt and other staples. "There is a feeling that a war is about to erupt," she said.

Lukashenko burned his bridges to the West when he unleashed a violent crackdown on dissenters after December's presidential election, which international observers criticized. The EU and the U.S. responded to the repressions with new sanctions, including a travel ban

on Lukashenko and his officials.

Lukashenko sought to mend ties with the West, saying Wednesday during a trip to Kazakhstan that his government could free opposition activists jailed for taking part in the election night protest.

Belarus' former central bank chief Stanislav Bogdankevich said the nation needs \$8 billion to shore up its economy. "The government's policy has led the nation to a catastrophe," he said.

Original url: <https://www.themoscowtimes.com/2011/05/25/belarus-devaluation-spreads-panic-a7200>