

Belarus Eases World's Highest Refinancing Rate

By [The Moscow Times](#)

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Belarus will reduce its refinancing rate, the highest in the world, for the second time this year in a bid to stem speculative inflows of capital that can boost volatility.

The former Soviet republic will cut its rate by 5 percentage points to 38 percent on March 1, the Belarussian central bank said in an e-mailed statement Friday. The regulator began lowering the benchmark refinancing rate this month for the first time in 17 months after President Alexander Lukashenko said the economy can't tolerate the impact of high borrowing costs in the credit market.

Reducing the refinancing rate will help rein in the profitability of Belarussian ruble financial instruments, stemming the inflow of speculative short-term investments from abroad, the regulator said.

"The role of the refinancing rate will be constantly increasing compared to other monetary

instruments," the central bank said, pledging to maintain a flexible rate policy as needed to fight inflation and ensure stability in the money markets.

Belarus began lowering its benchmark refinancing rate to 43 percent on Feb. 15 after 12 increases since September 2010 from 10.5 percent to 45 percent, according to statistics on the central bank's website. The regulator plans to gradually reduce the rate to 20 percent to 23 percent this year, Deputy Chairman Sergei Dubkov said on Feb. 16.

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