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August 28, 1992

To: Members of the Executive Board
From: The Secretary
Subject: Republic of Belarus - Exchange Arrangements

There is attached for the information of the Executive Directors a paper on the exchange arrangements of Belarus.

Ms. D. Ross (ext. 37188) is available to answer technical or factual questions relating to this paper.

Att: (1)

Other Distribution:
Department Heads

INTERNATIONAL MONETARY FUND

REPUBLIC OF BELARUS

Exchange Arrangements

Prepared by the European II Department

(In consultation with the Legal, Monetary and Exchange Affairs,
Policy Development and Review, and Treasurer's Departments)

Approved by Eduard Brau

August 28, 1992

The Republic of Belarus became a member of the Fund on July 10, 1992. In the attached communication dated August 5, 1992, the authorities of the Republic of Belarus have notified the Fund, pursuant to paragraph 7 of the Membership Resolution, 1/ of the exchange arrangements that the Republic of Belarus intends to apply in fulfillment of its obligations under Article IV, section 1, of the Articles of Agreement.

In the notification, the authorities of the Republic of Belarus have stated that the currency of Belarus is the ruble, which it uses in a monetary union with other successor republics of the U.S.S.R. The Belarus ruble (rubel) has been introduced in Belarus on May 25, 1992 as a supplementary form of currency. It has a fixed conversion rate of 10 rubles = 1 rubel and circulates alongside rubles.

At present, several different exchange rates are in effect:

(i) the official exchange rate of 0.56 valuta rubles per U.S. dollar, which is used solely for the purpose of accounting valuation of debts owed to the former USSR;

(ii) the special currency rate, set by the National Bank of Belarus (NBB) at 25 rubles/US\$1, is used to purchase surrendered foreign currency receipts of exporters and since June 9, 1992 has also been the exchange rate applied to inward foreign investment;

(iii) the commercial rate, set by the NBB at 100 rubles/US\$1, is used for purchase of surrendered foreign exchange and accounting purposes by enterprises, and for foreign trade transactions in the framework of intergovernmental trade agreements with countries outside the former Union;

1/ Board of Governors' Resolution No. 47-12 (approved on April 27, 1992).

(iv) the special exchange rate for imports, set by the NBB at 10 rubles/US\$1, is used for valuation of centralized import purchases (including those financed by foreign credits), imports of food and medicines, and for valuation of barter transactions; and

(v) the free exchange rate for rubles, around 143 rubles/US\$1 on July 21, 1992. This is the exchange rate for enterprises purchasing foreign exchange for current account transactions and also the tourist exchange rate. It is not fully identical to the exchange rate in Moscow.

In addition, commercial exchange rates for foreign exchange on bilateral clearing accounts 1/ are set by the NBB. These may differ by partners. Also, there is an auction exchange rate which, however, is not operative at this point due to economic disincentives. 2/

In light of this notification, the Republic of Belarus has been classified by the staff with the group of countries whose currencies are pegged to another currency.

1/ With Afghanistan, Iran, Egypt, Syria and India.

2/ Transactions at auctions are subject to a very high tax rate.

Mr. John Odling-Smee
Director
European II Department
IMF, Washington, D.C. 20431

August 5, 1992

Belarus: Official Communication to the IMF
on Exchange Arrangements

The currency of Belarus is the ruble, which it uses in a monetary union with other successor republics of the U.S.S.R. The Belarus ruble (rubel) has been introduced in Belarus on May 25, 1992 as a supplementary form of currency. It has a fixed conversion rate of 10 rubles per 1 rubel, and circulates in parallel with rubles. It is a perfect substitute for cash rubles in Belarus.

At present, several different exchange rates are in effect:

- the official exchange rate of 0.56 valuta rubles per U.S. dollar, used solely for the purpose of valuing debts owed to the former USSR; it is not used in any transactions;

- the special currency rate, set by the National Bank of Belarus (NBB) at 25 rubles/US\$ is used to purchase surrendered foreign currency receipts of exporters and since June 9th is also the foreign investment rate;

- the commercial rate set by the NBB at 100 rubles/US\$ is used for accounting purposes by enterprises and for foreign trade transactions in the framework of intergovernmental trade agreements with countries outside the former Union;

- the special exchange rate for import, set by the NBB at 10 rubles/US\$ is used for valuation of centralized import purchases (including those financed by foreign credits), imports of food and medicines and for valuation of barter transactions; finally

- the free exchange rate for rubles, around 143 rubles/US\$ on July 21, 1992. This is the exchange rate for enterprises purchasing foreign exchange for current account transactions and also the tourist exchange rate. It is not identical to the exchange rate in Moscow.

In addition, commercial exchange rates for foreign exchange on bilateral clearing accounts 1/ are set by the NBB. These may differ by partners. Also, there is an auction exchange rate, which, however, is not operative at this point due to economic disincentives. 2/

Yours sincerely,

/s/

Michail Mjasnikovich
First Deputy Chairman
Council of Ministers
Republic of Belarus

1/ With Afghanistan, Iran, Egypt, Syria and India.

2/ Transactions at auctions are subject to a very high tax rate.