

УДК 336.7

**OBJECTIVE BACKGROUND OF DE-DOLLARIZATION  
ECONOMY OF THE REPUBLIC OF BELARUS**

**Kievich Aleksandr V., Doctor of Economic Sciences**

**Associate Professor, Polessky State University,**

**a.v.kievich@yandex.ru**

The article reveals the problems of monetary stimulation of the global economy, emphasizes that due to the combined debt problems, a number of leading countries in the near future, anticipating the negative consequences for the world economy, will pursue a policy of de-dollarization of their economies. The author substantiates the fact that the economy of the Republic of Belarus reduces its dependence on external shocks, as well as provides macroeconomic and financial stability by de-dollarization of its economy.

**Keywords:** world economy, total debt problems, global crisis, de-dollarization of the economy, economy of the Republic of Belarus, National Bank of the Republic of Belarus

Now we are all witnesses of the fact that over the past few years, both Russia, and China, India and a number of other countries have been buying up huge volumes of gold, mainly to replenish the currency reserves of their Central Banks, which until present time had been held, for the most part, in dollars and euros. And if until recently it was not clear why this was happening (for several years the Central Bank of China and Russia were the largest buyers of physical gold on the gold market), then after a while it became clear how deep the strategy they implemented was, simply creating confidence in their currencies amid growing debt problems of the global economy, economic sanctions and the belligerent spirit of Washington's trade and political elite [1].

Thus, as we see it, China and Russia, having joined their main trading partners in the BRICS countries (Brazil, Russia, India, China, South Africa) and the partner countries of the Eurasian countries of the Shanghai Cooperation Organization (SCO), are going to complete the creation of a new monetary alternative to the dollar. This step was historically predetermined, although up to a certain point there was no certain clarity, because - this is, first of all, a strategy for freeing independent states from the dollar and from their vulnerability to further US sanctions and financial war amid dollar dependence. It ultimately needs to happen. [2].

As for the Republic of Belarus (RB), the problem of the dollarization of the Belarusian economy became relevant even at the end of the USSR. We well remember how in the late 80s and early 90s, citizens' savings began to rapidly devalue, losing their purchasing power. The main reasons for this were the lack of commodity support and the incorrect economic actions of the leadership of the USSR. And the consequences of all this were: skyrocketing prices, a jump in the exchange rate and growing dissatisfaction of the population. The logical decision at that time was to link prices and tariffs to the foreign exchange rate. The advantage of pegging prices to the dollar then was its stability, and, as a result, stable prices, but at the same time, it influenced the exchange rate and depreciated the national currency.

Let us single out the fact that financial dollarization is generally closely related to currency substitution and reflects the effect of "insufficient confidence in monetary policy." The result of artificially lowering interest rates in foreign currency may partly be not to a change in foreign currency deposits in favor of the national, but to an increase in cash foreign currency as a means of saving. In general, a common household reaction to an economic recession is an increase in the propensity to save, while a decrease in the propensity to borrow. We emphasize that at present, depending on the dynamics of the exchange rate, there is a depreciation of the country's currency when its goods on the international market become cheaper and goods purchased abroad become more expensive (devaluation). Or the other way - revaluation, when the exchange rate of the national currency rises.

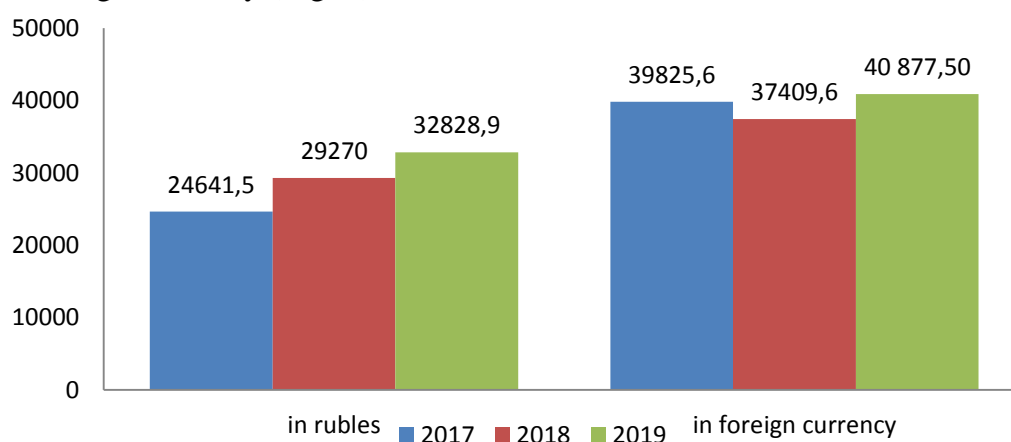
Based on the foregoing, the topic of de-dollarization of the economy of the Republic of Belarus constantly appeared. So, for example, since 2009, the main goal of de-dollarization has been to minimize the dependence of the Belarusian economy on external shocks. Now part of the measures of the National Bank of the Republic of Belarus is aimed at reducing the level of dollarization and this is carried out through the interest rate policy, by stopping the issuance of new licenses for the right to make payments in cash in foreign currency, as well as by reducing the level of interest rates on deposits in foreign currency (all this is done to make the national currency more attractive as means of saving). Exceptions were made only for cases provided for by legislative acts of the Republic of Belarus.

In 2017, the National Bank of the Republic of Belarus stopped issuing permits to air carriers and medical institutions for settlements in foreign currency with individuals. It was announced that previously issued permits would be valid until their expiration date. In the summer of 2017, the National Bank of the Republic of Belarus also stopped issuing new and renewing existing permits for insurance companies for settlements in foreign currency under certain insurance contracts for individuals:

- insurance of life;
- insurance of supplementary pension.

And as a result, in 2017, the National Bank of the Republic of Belarus provided information that the level of dollarization of the economy has significantly decreased. For the year (from May 2016 to May 2017) the share of foreign currency deposits in the total volume fell from 75% to 69.3%.

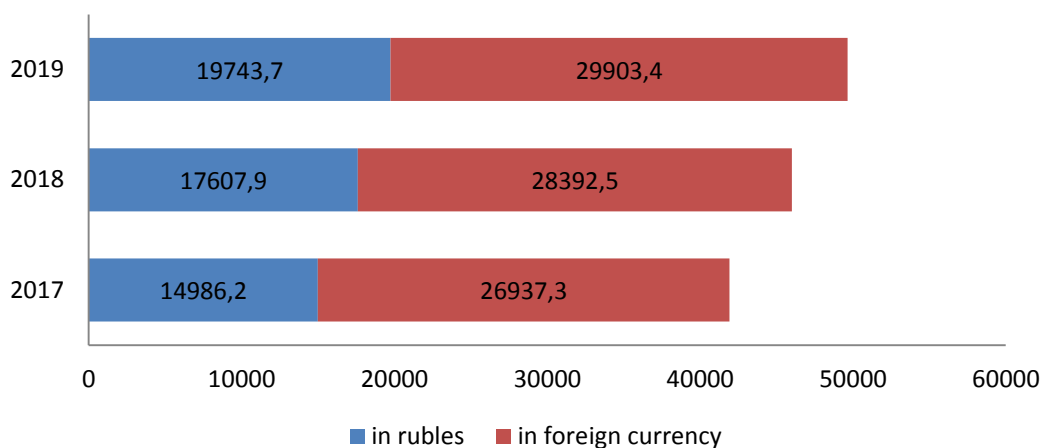
At the same time, from 2017 to 2019, the liabilities of the banks of the Republic of Belarus increased from 24,641.5 million rubles to 32,828.9 million rubles in the national currency and from 39,825.6 million rubles to 40,877.5 million rubles in foreign currency that is, increased by 8187.4 million rubles and 1051.9 million rubles, respectively. If we compare liabilities in Belarusian rubles and foreign currency, we can see a significant difference. This suggests that the customers of the banks of the Republic of Belarus still prefer to use monetary funds in foreign currency (Fig. 1).



**Figure № 1. – Liabilities of banks of the Republic of Belarus for 2017-2019, million rubles**

Note – Source: own development based on [3]

With regard to attracted funds from residents of the Republic of Belarus, the data in Figure 2 indicate that the attracted funds from residents of the Republic of Belarus significantly increased both in rubles and in foreign currency, namely: funds in Belarusian rubles increased from 2017 to 2019 by 4747.5 million rubles, and in foreign currency – 2966.1 million rubles. In 2017, funds in foreign currency exceeded funds in rubles by 55.6% and in 2019 by 66.03%. Despite the fact that the total amount of funds raised during this period increased, still more residents of the Republic of Belarus invest in foreign currency.

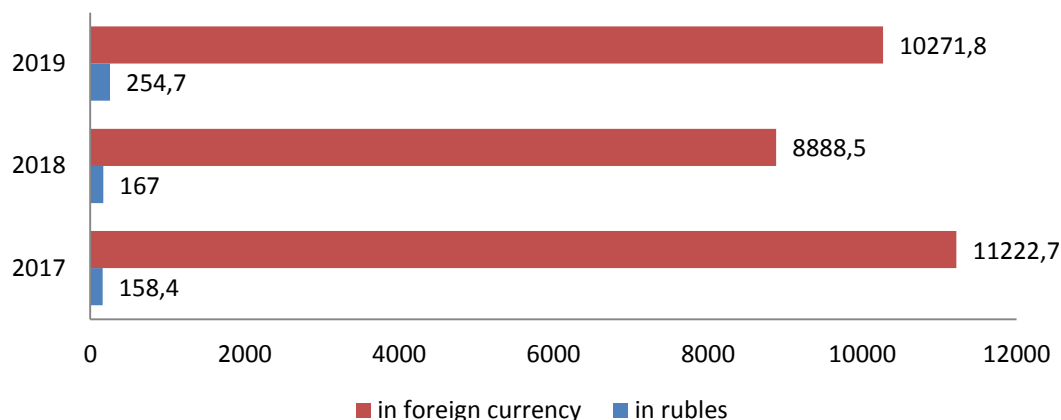


**Figure № 2. – Attracted funds from residents of the Republic of Belarus for 2017-2019, million rubles**

Note - Source: own development based on [3]

As for the funds raised from non-residents of the Republic of Belarus (for non-residents, the national currency is foreign currencies), according to Figure 3, there is also a significant difference between the funds raised in rubles and foreign currency. So, in the period from 2017 to 2019 the amount of deposits in Belarusian rubles increased by 96.3 million rubles, and in foreign currency - decreased by 950.9 million rubles. Despite the fact that the amount of attracted funds of non-residents of the Republic of Belarus in 2019 in foreign currency decreased compared to 2017, it still prevails over attracted funds in Belarusian rubles by 1,024.6.3 million rubles.

Thus, customers of banks in Belarus still prefer to invest in foreign currency. Funds in foreign currency occupy a larger share in banks' liabilities.



**Figure № 3. – Attracted funds from non-residents of the Republic of Belarus for 2017-2019, million rubles**

Note - Source: own development based on [3]

And what should do to make a difference? Reducing the rates of the National Bank of the Republic of Belarus seems rather slow, especially when one takes into account the fact that inflation should decline much faster. In 2020, inflation is planned to be reduced to 5%. According to the Program of Socio-Economic Development of the Republic of Belarus for 2016–2020, the National Bank plans to keep interest rates on loans at a level approximately 2 times higher than inflation [4].

At the same time, amid falling interest rates on loans, a positive in real terms return on bank savings should be ensured. Moreover, it has been established that the development of the financial market in Belarus is aimed at creating attractive investment areas for the population, and for the real sector of the economy, providing new, more affordable sources of financing. The investment areas to be created include investment funds, as well as a system of housing construction savings. In addition, it is planned to support the development of the existing stock and bond market.

Also, in accordance with Resolution № 612 of the Board of the National Bank of the Republic of Belarus, from January 1, 2019, resident legal entities and individual entrepreneurs of the Republic of Belarus have the right to conduct currency transactions related to capital flows without the permission of the National Bank. Such operations, for example, include: the buying of securities issued by non-residents from a non-resident; placement of funds in foreign banks; purchase of real estate outside the Republic of Belarus, etc. [5].

Thus, the process of de-dollarization of the economy of the Republic of Belarus, although slowly, began to bring some results. At the same time, at this stage, this is not enough to reduce the dependence of the Belarusian economy on external shocks, as well as to ensure macroeconomic and financial stability. And work in this direction is likely to continue.

#### References

1. Киевич, А.В. МИРОВЫЕ ЦБ В ЛОВУШКЕ QE. // В книге: Банковская система: устойчивость и перспективы развития. Сборник научных статей восьмой

международной научно-практической конференции по вопросам банковской экономики, посвященной году науки в Беларуси. Полесский государственный университет. 2017. – С. 72-76.

2. Киевич А.В. Дедолларизация мировой экономики как объективная реальность / А.В. Киевич // Вопросы экономики и права. 2017. – № 108. – С. 33-37.

3. Статистический бюллетень [Электронный ресурс]/ Национальный банк Республики Беларусь. – 2019. – №1.- Режим доступа: [https://www.nbrb.by/Publications/bulletin/Stat\\_Bulletin\\_2019\\_01.pdf](https://www.nbrb.by/Publications/bulletin/Stat_Bulletin_2019_01.pdf) .- Дата доступа: 27.06.2019 г.

4. Указ Президента Республики Беларусь «Об утверждении Программы социально-экономического развития Республики Беларусь на 2016–2020 годы»// [Электронный ресурс] Национальный правовой Интернет-портал Республики Беларусь.- Режим доступа: <http://www.nbrb.by/News/?id=8362>.- Дата доступа: 27.03.2019 г.

5. О постановлении Правления Национального банка РБ от 19 декабря 2018 г. № 612 "О некоторых вопросах проведения валютных операций"// [Электронный ресурс] Национальный банк Республики Беларусь.- Режим доступа: <http://www.nbrb.by/News/?id=8362>.- Дата доступа: 25.06.2019 г.