

NBU puts foreign investments under compulsory currency sale rule

Bus./Industry

Posted by:

Posted on : 2013/10/18 16:33:44

USUBC: "This latest move by the NBU, which effectively means that 50% of any investment dollar entering the country is immediately co-opted to support the hryvnia, is an FDI-killer and will mean more of the economy moves back into the shadows," said USUBC President Morgan Williams.

KYIV, Oct 18, 2013 (UBO) - The National Bank of Ukraine (NBU) stated on October 17 that its recent foreign currency regulation tightening that involves a 50% mandatory foreign currency sale applies to foreign investments wired to Ukraine, Concorde Capital told its clients in an online advisory today. Concorde analyst Alexander Paraschiy added: "The compulsory sale of foreign investment is a symbolic step, indicating a readiness for drastic measures. For sure, the NBU's main target was the funds that local oligarchs return to the country as FDI. However, there are still numerous real foreign investors operating in Ukraine and this won't inspire optimism in them. In our opinion, the tightening will not solve the imbalance at the forex market anyway; instead, it will repel investors even more." **USUBC reacts to the NBU action** The U.S.-Ukraine Business Council (USUBC), the largest Ukraine-oriented business association headquartered outside the country, which reacted negatively to the previous NBU's moves on foreign currency, reacted further to the newest NBU announcement: "The USUBC has for over a decade made the attraction of foreign direct investment to Ukraine central to our operations. Our members played a key role in reopening the doors for over half a billion dollars in financing from the U.S. Export-Import Bank and more recently we provided leadership for the revision of production sharing agreements that helped bring to Ukraine the world's top energy companies. However, our attempts to attract more FDI have been blighted by the increasingly desperate and short-sighted moves by the National Bank of Ukraine that raise serious questions in the mind of anyone considering an investment in Ukraine. This latest move by the NBU, which effectively means that 50% of any investment dollar entering the country is immediately co-opted to support the hryvnia, is an FDI-killer and will mean more of the economy moves back into the shadows," said USUBC President Morgan Williams.

###