

Kudrin Says \$60 Oil Needed Next Year

By [The Moscow Times](#)

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Kudrin arriving Saturday for a photo of finance ministers and central bank chiefs at the IMF-World Bank meeting. **Yuri Gripas**

WASHINGTON — Russia needs oil prices above \$60 per barrel in 2011 to ensure stable growth, although the country's economy is less vulnerable than those of developed markets, Finance Minister Alexei Kudrin said late Saturday.

"Above \$60," Kudrin said in response to a question on what crude prices Russia needed to secure economic well-being next year.

That's 21 percent less than this year's average price. The Urals blend, Russia's benchmark for oil exports, has risen 7.3 percent to \$82.31 per barrel this year. It averaged \$76.08 during the period and dropped to a low of \$67.31 on May 25, according to data compiled by Bloomberg.

Kudrin, in Washington for the annual International Monetary Fund and World Bank meetings, said both Russia and emerging markets now have a better economic outlook than developed nations.

"Russia is less vulnerable than other countries," Kudrin told reporters on the sidelines of the meetings. "Developing economies are as a whole better off, have more optimistic outlook."

He added, however, that substantial uncertainty remained and that if the situation in developed countries deteriorates it would hurt emerging markets.

"This would impact energy producers, metal producers, trade, capital outflows," he said.

Kudrin also said he was postponing a plan to raise domestic banks' minimum capital requirements to 1 billion rubles (\$33 million) over the next five years. "I think that it's necessary to increase capital requirements, but ... right now we need to wait until we see stability in the world's financial sector."

The initiative would pare down the country's large banking sector, since many of its 1,100 financial institutions would not be able to meet the requirement.

The Central Bank said earlier this year that it planned to double working capital requirements to 180 billion rubles as of 2012.

Separately, Kudrin said he talked to U.S. banks regarding Russia's planned \$50 billion five-year privatization program, saying they were interested in being "consultants and investors."

Earlier in the day, Kudrin said Russia supported the IMF's initiative to increase financial surveillance of the markets.

He also said it was premature for the world's financial leaders to agree on a currency accord.

"In my view it's too early to make a decision regarding currency exchange rates," Kudrin told reporters in Washington. "Such measures aren't yet sufficiently formulated."

(Reuters, Bloomberg)

The government may place sovereign euro-denominated eurobonds next year with volume matching the \$5.5 billion the country issued in dollar debt in April, Deputy Finance Minister Dmitry Pankin said late Thursday.

"In our debt strategy we noted that after we will have established a benchmark in dollars, it would be desirable to have such an issue also in euros," Pankin told reporters.

Ukraine is considering capital controls to prevent short-term investments from fueling volatility in the country's currency, the hryvna, Deputy Premier Sergei Tigipko said in an interview.

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