

Kudrin Considers Buying Bailout Bonds

By [The Moscow Times](#)

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Russia, holder of almost \$500 billion in foreign-currency reserves, anticipates joining China and Japan in buying bonds from European rescue funds to help stem a debt crisis in the euro zone.

“We don’t know the conditions for issuing this instrument, but we assume they will be very attractive,” Finance Minister Alexei Kudrin told reporters in Moscow on Wednesday. “It’s entirely possible that it will have a status that’s interesting to us.”

The European Financial Stability Facility hired Citigroup, HSBC Holdings and Societe Generale on Tuesday to manage the sale of as much as \$6.7 billion of bonds to help finance the bailout of Ireland.

The Luxembourg-based organization sells bonds backed by national guarantees and uses the money it raises to make loans to debt-swamped euro-area countries. It will provide up to \$23.9 billion in 2011 and 2012 for aid to Ireland.

Another emergency fund, the European Financial Stabilization Mechanism, which is managed by the European Commission, sold 5 billion euros of five-year bonds earlier this month that will also help fund the Irish bailout.

Japanese Finance Minister Yoshihiko Noda said Jan. 11 that his country planned to buy more than one-fifth of the bonds to be sold by the bailout funds this month. That followed pledges from Chinese officials including Vice Premier Wang Qishan to help Europe address its fundraising woes. Only China and Japan have more foreign-currency holdings than Russia.

The European Financial Stability Facility, run by euro-area governments, plans to raise up to \$22.28 billion this year and \$13.5 billion in 2012 selling AAA-rated notes, the European Commission said in December. The two funds will sell a total of seven to eight benchmark bonds, each worth \$4.05 billion to \$6.75 billion in 2011.

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