

Ruble Needs 3% Inflation to Globalize

By [The Moscow Times](#)

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KIEV — The Russian ruble's role in global trade will increase if the government manages to cut annual inflation to a stable 3 percent to 4 percent, Finance Minister Alexei Kudrin said Saturday.

"In order to make the ruble more widely used, we need to address a series of macroeconomic indicators," Kudrin said after a meeting of finance ministers from the Commonwealth of Independent States in the capital of Ukraine. "If Russia moves to 3-4 percent inflation a year, and keeps it at that level for five-six years, this will indicate a new quality of the currency."

Fiscally prudent Kudrin has long called for increasing efforts to fight inflation, which has plagued post-Soviet Russia and threatens to overshoot the Central Bank's target of 6 percent to 7 percent in 2011.

So far this year, consumer prices have risen 4.8 percent and the government is counting on a good harvest and the traditional abundance of fruit and vegetables in the summer to push

prices down.

Russia has long sought to make Moscow a major global financial center and elevate the ruble's role in international trade. But so far only a small percentage of Russian export contracts are charged in rubles, chiefly with former Soviet republics.

Kudrin said that although he sees the ruble already "fully convertible," the country needs time to prove the stability of both the ruble and its economy.

"We need a little bit of established history to show that the government and the Central Bank will strive for low inflation along with other macroeconomic indicators," said Kudrin, the longest serving finance minister in the Group of Eight, adding for now Russia's inflation level does not allow it to reach those goals.

In April, Prime Minister Vladimir Putin said Ukraine wanted to pay for Russian energy supplies with rubles instead of dollars, a fact that he said signified the ruble's growing importance in the former Soviet Union.

Ukrainian President Viktor Yanukovich said such payments were possible if Moscow cut prices.

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