

Weakening Ruble Promises to Push Budget into Surplus

By [The Moscow Times](#)

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A weakening ruble could boost Russia's federal income by \$28 billion this year, pushing the treasury into surplus, according to a report published Tuesday by Moscow's Higher School of Economics.

The ruble has fallen by more than 7.5 percent since the beginning of the year against the dollar-euro basket used by the Central Bank to define its trading corridor.

While pushing prices for import, the sliding currency is expected to ease pressure on a government that has had to contend with the prospect of spending cutbacks in coming years amid stagnant growth.

"The ongoing devaluation has greatly eased the position of the federal budget," the report said. "Unlike previous years, in January of this year we have seen a large surplus."

A devaluation of the ruble lowers expenditures on domestic spending, such as pensions, in comparison to tax revenues generated from commodities priced on the world market, such as oil.

Last month's federal budget saw a surplus of \$13.1 billion, compared to a deficit of \$2.3 billion in January last year, according to the Finance Ministry's preliminary data.

Rising oil prices and strong growth allowed the country to record budget surpluses for most of the 2000s, but recent economic sluggishness has eroded the country's long-term fiscal outlook.

Finance Minister Anton Siluanov last week said the state budget might move into surplus territory this year. The government posted a deficit of \$9.2 billion in 2013.

But many in the country fear a deterioration of the ruble will eat away at their savings and lead to price hikes on popular imported goods.

In January, Siluanov said the government did not intend to balance the budget by artificially weakening the ruble.

The report also warned that the ruble's fall would not aid regional governments struggling to cope with slowing growth in the country, which, in contrast to the federal government, more heavily depend on noncommodity sectors of the economy for tax revenues.

Regional governments recorded a total of \$18 billion in deficits last year.

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