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Finance Ministry: Russia's Crisis Plan Doesn't Mean a Bigger Budget

By The Moscow Times

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On Monday, Russia approved a package of emergency measures to deal with what it acknowledges is an economic crisis brought on by falling oil prices and Western sanctions imposed as a result of the Ukraine conflict.

An economic crisis plan that Russia just adopted won't require any more budget spending than was already planned, Finance Minister Anton Siluanov said Tuesday.

"No increase in budget expenditures is envisaged," Siluanov said.

On Monday, Russia approved a package of emergency measures to deal with what it acknowledges is an economic crisis brought on by falling oil prices and Western sanctions imposed as a result of the Ukraine conflict.

First Deputy Prime Minister Igor Shuvalov said on Jan. 21 that the plan would include steps to re-capitalize banks and subsidies to help industrial enterprises, farmers and small business.

The total cost is put at 1.375 trillion rubles ($21 billion).

Siluanov said part of the cost would be paid from a 193 billion-ruble ($2.8 billion) budgetary reserve already factored into this year's budget calculations. Some funds would also come from reduced spending on existing government programs, he said.

Shuvalov had said that as well as some funding from the federal budget, the anti-crisis plan would also be financed from the state's National Welfare Fund, an $80 billion sovereign fund that had been earmarked to fund major infrastructure projects. The business newspaper Vedomosti reported on Monday that many of those projects would now be shelved, citing government sources.

The government has already announced a scheme to spend 250 billion rubles ($3.69 billion) from the National Welfare Fund to help re-capitalize banks.

Siluanov said that "our task is not to spend the sovereign reserves thoughtlessly," but did not provide further details on the amount that would be spent from non-budgetary sources.

He also told reporters that the plan was consistent with the Finance Ministry's aim of balancing the budget by 2017, with oil prices at $70 a barrel.

He has previously emphasized that Russia needs to cut spending to reduce the budget's break-even price. Last year, the budget balanced at around $100 per barrel, more than double the present oil price.

Siluanov added that the S&P ratings agency, which late Monday downgraded Russia's sovereign credit rating to below investment grade, possibly made its decision without taking into account the anti-crisis plan.

He said that the plan included "new structural reforms," without elaborating.

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