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Russia to Replenish Reserve Fund If Oil Price Exceeds $70 – Finance Minister

By The Moscow Times

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Oil prices fell on Friday with Brent crude trading around $60.32 per barrel.

The Russian Finance Ministry wants to restart replenishing the emergency Reserve Fund if the oil price exceeds $70 per barrel, Finance Minister Anton Siluanov said.

The move would also help to prevent the ruble from excessive strengthening, he said.

Russia has been hit by lower oil prices and by Western sanctions over its role in the Ukraine crisis. Its ruble currency fell sharply against the dollar in 2014 and has yet to recover.

"We need a very serious approach to the structure of expenditures, to the question of not using the reserves in full volume," Siluanov said. "We are the country which depends on external factors. We lose stability without reserves."

According to the ministry, Russia will be spending money from its Reserve Fund in 2015-17 and will reduce it to 500 billion rubles ($9 billion) by the end of 2017. The country had 4.27

trillion rubles ($77 billion) in the fund as of July 1.

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In March Siluanov said he did not expect the oil price to reach $70 per barrel soon due to a global supply glut and demand stagnation.

The replenishing of the Reserve Fund would also allow the government to take excessive foreign currency from the domestic market, preventing the ruble from strengthening too much, the minister said.

The ruble strengthening was negatively affecting the competitive ability of Russian products on global markets until 2014, he said.

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