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Russian PM Says Russia to Boost FX Flows to Support Ruble

By The Moscow Times

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Prime Minister Dmitry Medvedev

Russia's Prime Minister Dmitry Medvedev said on Saturday that the government and Central Bank were preparing measures to boost foreign currency sales in response to the weakening ruble.

His comments suggest Russia is again putting pressure on major exporters to help buttress the ruble by selling more of their foreign currency, a tactic used last December when the government ordered state exporters to sell part of their foreign currency over an agreed time frame.

"Naturally we will help the Central Bank in the sense of additional foreign currency inflows," Medvedev said.

"In the near future we will launch foreign currency sales by our largest exporters, which will

affect the ruble's rates. So we, together with the Central Bank, will undertake a definite collection of agreed measures."

It was not clear what demands the government has made of exporters this time nor how much difference they would make in practice.

Exporters increase foreign exchange sales near the end of each month in any case because they need rubles to pay monthly taxes.

Medvedev said it was incorrect to think the government was increasing its control over exporters' foreign currency sales.

"We never weakened this control, and in future we don't intend to weaken it," he said, adding he had met with exporters and that the Central Bank also does so regularly to discuss their foreign exchange sales.

Such sales are the most important source of demand for the ruble, which has shed 18 percent against the dollar over the last month as the price of Russia's main export, oil, tumbles on world markets.

Now worth 69.11 per dollar, the ruble is approaching its 2015 low of 71.85 reached on Jan. 30, and its all-time low of 80 reached last December.

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