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Russia's Budget Deficit to Reach $21Bln in 2016 – Finance Ministry

By The Moscow Times

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Russia's budget deficit is expected to reach 1.5 trillion rubles ($21.7 billion) in 2016 with an oil price baseline of $40 a barrel, Deputy Finance Minister Maxim Oreshkin said Friday, Interfax agency reported.

In this projection, the deficit will constitute about 2 percent of GDP, and the ministry will have to be more conservative in its spending policy to maintain budget deficit margins of 3 percent GDP, Oreshkin said.

This deficit limit had previously been set by Russian President Vladimir Putin.

The Finance Ministry estimated Russia's GDP at 78.7 trillion rubles ($1.15 trillion) in the 2016 budget bill. Its previous deficit forecast, due to the oil price and falling ruble, was 1 trillion rubles ($14.4 billion).

Budget revenues were projected at 13.7 trillion rubles ($204 billion), with expenditures

expected to reach 16 trillion rubles ($238 billion).

The budget bill projected the average price of Russian Urals oil in 2016 at $50 per barrel. On Monday, the oil price descended to a seven-year historical low and has continued to fall. On Friday, February futures for Brent crude oil dropped 0.4 percent to $39.98 a barrel, Interfax reported.

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