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Russia Considers Suspending Loans to Other Countries

By The Moscow Times

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Russia's Central Bank

Russia could suspend loans to foreign countries as the country's budget continues to be strained by economic recession, the Interfax news agency reported Monday, citing Deputy Finance Minister Sergei Storchak.

"The budget is strained, more than strained. I think we are in a situation where we are forced to take a break from issuing new loans," Storchak was quoted by the news agency as saying.

Given the current state of the national budget, the undertaking of new obligations involves increased risk, he added, according to Interfax.

Russia's federal budget for this year, based on oil prices of $50 per barrel, will likely face problems as the oil price continue to drop dramatically. As of Monday morning, the price of Brent crude fell to $28 dollars per barrel following the lifting of sanctions against Iran,

Interfax reported.

Storchak also said that negotiations on Russia's $5 billion loan to Iran were continuing and that no final decision had been taken yet.

Last year, Iran requested a $5 billion loan from Russia for the implementation of joint projects, including the construction of power plants and development of railways.

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