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Russia's Reserve Fund to Run Empty in 2017

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Russia will empty its Reserve Fund next year and will start dipping into the National Welfare Fund, the Reuters news agency reported Tuesday, citing draft budget materials.

Amid budget deficit, the Finance Ministry is expected to increase domestic borrowing four or five times within three years.

The ministry is not planning significant cuts to Russia's expenses in anticipation of the State Duma and presidential elections, Reuters reported. Expenses will be fixed at 15.78 trillion rubles ($245.7 billion) over three years.

Russia will fill holes in its budget caused by a consistent decline in gross domestic product using funds and loans. By the end of 2016, there will be 980 billion rubles ($15.27 billion) left in the Reserve Fund, one of its two sovereign funds. This fund will be emptied at some point in 2017, according to ministry materials.

The Finance Ministry says that Russia would spend 783 billion rubles ($12.13 billion) from the

National Welfare Fund in 2017 and 883 billion rubles ($13.68 billion) in 2018, Reuters reported.

The National Welfare Fund, which held $73 billion at the start of July, was formed in 2008 when the Stabilization Fund was split into the Reserve Fund and the National Welfare Fund. About one-third of the National Welfare Fund is invested in Russian state development bank Vneshekonombank (VEB) and other projects.

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