

Putin Sees High Oil Prices, Balanced Budget This Year

By [The Moscow Times](#)

July 21, 2011

The  **Moscow Times**

Russia may be able to balance its budget this year thanks to higher oil prices and a growing economy, Prime Minister Vladimir Putin said after the surplus widened in June.

"We hope the deficit this year will be minimal, and perhaps we'll be able to make it through this year without one," Putin told a government meeting in Moscow on Thursday. The government expects deficits in 2012-14 and will need "strenuous work" to rein in costs.

The federal budget surplus surged to 640.2 billion rubles (\$23 billion) through June, equivalent to 2.7 percent of gross domestic product, the Finance Ministry said Thursday on its web site. The surplus in June widened to 5.9 percent of GDP from 5.3 percent a month earlier.

Russia needs crude to average \$115 a barrel this year to balance the budget, Finance Minister Alexei Kudrin said last month in St. Petersburg. It will average \$125 for the next three years, according to preliminary budget parameters the Finance Ministry presented earlier this

month.

"I would ask you again to minimize expenses that are non-essential, and state bodies need to take a balanced approach to their spending on state programs," Putin said. "We know what the forecasts are for 2012 to 2014, and it's not by accident that we're planning for a small deficit."

The budget, which usually sees higher spending in the second half, was in deficit at this time last year, Kudrin said at the meeting. The government is maintaining its forecast for a full-year shortfall of "just over 1 percent," he said, down from the 3.6 percent gap projected in the original budget plan.

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