

Kudrin Tells EU to Take Care of Its Own

By [The Moscow Times](#)

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Finance Minister Alexei Kudrin called on the European Union on Saturday to make a clear commitment to a common economic policy that would aid debt-ridden countries and keep the euro-zone crisis from spreading.

"The European Union should focus on saving its countries. Weakness and giving up on someone will create additional risks," Kudrin said while attending a conference on Russia's reforms in St. Petersburg.

"Perhaps the price is great, but if we don't [save the countries] we will be faced with a greater crisis, which will detonate in other countries, including ours."

Russia, holder of the world's third largest gold and foreign reserves, boasts a healthy sovereign balance sheet, with a debt level below many developed countries.

But its stock markets lost nearly a fifth of their value in the recent wave of global market turmoil, the ruble has weakened and yields on sovereign bonds fell to 2011 lows.

Thanks to high crude prices, Russia, the world's top energy producer, will be able to balance its budget this year, but it will return to carrying a hole for the next three years, according to a newly revised budget plan.

And only if crude prices remain above \$100 a barrel in 2015, will the deficit disappear.

For Kudrin, the longest serving Finance Minister in the Group of Eight industrialized countries, the high break-even oil price is a failure.

"Even with \$100 a barrel we will have a small deficit, and we need a much tougher policy," he said.

"But those are the challenges of a pre-election period, and, of course, if something happens, they will be looking for a scapegoat."

The likelihood of a world financial crisis has now surpassed the June estimate of 25 percent, Finance Minister Alexei Kudrin said in St. Petersburg on Saturday, RIA-Novosti reported.

He blamed the U.S. economic model.

"Old problems have not been completely resolved, and now they have gotten worse," Kudrin said, RIA-Novosti reported. "The motor of the American economy did not work."

Russia's reserve fund has increased and the budget for the upcoming year shows a lower deficit than expected, Deputy Finance Minister Tatyana Nesterenko said.

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