

Putin Foresees Spending Cuts

By [The Moscow Times](#)

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Russia will probably have to cut budget spending compared with previous plans, President Vladimir Putin was quoted as saying in an interview published Wednesday.

Putin told U.S. news agency The Associated Press and Channel One that such cuts may be needed because economic growth is likely to be below the forecasts used to calculate the budget, resulting in a shortfall in tax revenues.

"Now it's obvious that the forecast is a bit different. The economy is growing, but slower, revenues will be less, and that means we need to be more careful," Putin said.

Last week, the Economic Development Ministry slashed the government's official growth forecast to 1.8 percent from 2.4 percent, as the economy struggles with weaker exports and consumption growth.

Putin said the government needed to make another forecast of economic development and revise its budget plans based on the new forecasts.

"I think it will be necessary to cut something," he said.

Russia will spend \$650 billion for the rearmament and modernization of its armed forces up to 2020, Deputy Prime Minister Dmitry Rogozin said during a visit to Moldova.

Those funds will be spent only on the procurement of arms and military equipment, he said Tuesday, adding that another \$100 billion would go toward the technical modernization of defense enterprises

His remarks appear to be a little bit out of sync with a budget-optimization report released by the Finance Ministry earlier that day, suggesting that by putting off certain defense expenditures until 2016, the federal budget could save between 250 billion rubles (\$7.4 billion) and 1.155 trillion rubles (\$34.5 billion) over the next three years.

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