

Russia Increasing Gold Reserves as a Hedge Against Political Uncertainty

By [The Moscow Times](#)

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Russia is increasing its gold holdings because gold is a reserve asset that is free from legal and political risks, a senior central banker said on Tuesday.

The comments by Dmitry Tulin, who manages monetary policy at the Central Bank, reflect Russian fears that the country's overseas assets could be frozen as part of a possible toughening of Western sanctions over the Ukraine crisis.

"As you know we are increasing our gold holdings, although this comes with market risks," Tulin told lawmakers in the lower house of parliament.

"The price of it [gold] swings, but on the other hand it is a 100 percent guarantee from legal and political risks."

According to Central Bank data, Russia's gold reserves rose to 40.1 million troy ounces as

of May 1 compared with 39.8 million ounces a month earlier.

Russia increased its gold holdings for many months in a row last year, as shown by Central Bank and International Monetary Fund figures.

Western sanctions imposed because of Russia's actions in Ukraine have not targeted government assets abroad, but Russia has been reducing its holdings of assets such as U.S. Treasury bills, fueling speculation that it regards them as vulnerable.

Russia also faces over \$50 billion in claims from former shareholders of oil company Yukos, who have vowed to target Russian state assets in the West.

In 2008, Central Bank accounts in France were frozen at the request of Swiss firm Noga, which sought to seize Russian state assets abroad in an attempt to recover debts arising from an oil-for-goods deal. The Central Bank later argued in court it was independent from the government, and the accounts were unfrozen.

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