
RUSSIA MULLING 'ENERGY, SPORTS, INDUSTRY SPENDING CUTS'

- 21.07.2016

CNBC, 21 July 2016

Russian government officials have begun a series of talks to discuss spending cuts to energy, sports, science, industry and transport, according to Russian media reports.

A report in The Moscow Times said that the aforementioned sectors were in the spotlight for cuts during budget talks on Wednesday as Russia's Prime Minister Dmitry Medvedev starts to plan the country's budget until 2019, citing officials who spoke to Russian business daily Vedomosti.

The prime minister's press office did not immediately respond to requests to confirm the reports and for further comment.

The government had previously approved a three-year spending freeze at 15.78 trillion rubles (\$249 billion) per year representing a decline in real terms amid continued economic uncertainty.

The freeze comes amid prolonged low commodity prices which have hit Russia's oil-exporting economy hard. International sanctions imposed on the country for its annexation of Crimea and role in a pro-Russian uprising in Ukraine in 2014 have not inspired investor confidence either, leading to a recession in Russia.

Earlier in July, Russia's Finance Minister Anton Siluanov suggested 5 percent budget cuts in 2017 as Russia's budget deficit was predicted to stand at 3.2 percent of gross domestic product (GDP) next year.

"Certain items to be consolidated are items unrelated to salaries, social payments, pensions, and are not first-priority expenditures. They total about a third of all budget expenses and are offered for consolidation at the rate of 5 percent in the next year," Siluanov said, TASS news agency reported.

The Finance Ministry will prepare budget parameters for expenditure cuts, he added

Russian Prime Minister Dmitry Medvedev prompted a social media storm recently after he told a Russian pensioner complaining of a meager pension that "there was no money left."