



## World Bank: Russia may need help if oil falls more

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MOSCOW (AP) - Russia would come under crippling financial pressure and may need to raise money externally if oil languishes at an average of \$30 a barrel over the next two years, the World Bank predicted Friday.

The bleak scenario would mark a rapid unraveling of Russia's oil-fueled economic gains over the past eight years, during which time the government has paid down most of its foreign debt and built up a vast stockpile of international reserves.

"If oil prices in 2009 and 2010 average \$30 a barrel, that would be a nightmare scenario for a global economy," Zeljko Bogetic, the World Bank's chief economist in Russia told investors on Friday. "The pressures on the current account and public finances in Russia would quickly rise to a point where the financing constraint would become so sharp that it's possible even to envisage Russia's return from a creditor to international organisations to (that of) a borrower."

At \$50 a barrel, Russia could drain much of its reserve funds and run budgetary deficits, but would not face a "meltdown" scenario, said Bogetic.

Oil prices took a sharp turn downward this week, with the February light sweet crude contract trading just over \$42 a barrel—more than \$100 lower than its July peak—despite a large output cut pledged this week by oil producers' cartel OPEC.

Some major oil-importing countries have criticized OPEC's move to push up prices during a global slowdown.

The World Bank currently forecasts an average oil price of \$75 a barrel over the next two years, said Bogetic.

Among emerging markets, Russia has been one of the hardest hit by the global financial crisis and plunging oil prices, the mainstay of the Russian economy. These factors have put the national currency under intense strain and triggered massive stock market losses and capital outflows from the country.

Russia, which grew at over 8 percent last year, is facing a severe slowdown in growth, and possibly even recession next year, analysts say. Torrid figures released earlier this week showed that industrial output had plunged 10.8 percent in November from the previous month, signaling a dramatic slowdown in the final quarter.

"Clearly we are in the middle of a major growth recession in Russia," said Bogetic. "I would call it a growth recession, not an output recession—yet."

He said the World Bank had tweaked its earlier projection of 3 percent growth next year to between 2-3 percent.

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