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High oil prices improve Russia’s financial indicators

On 15 April, the Russian edition of Forbes magazine published its list of Russian billionaires, who now number 101 (compared with 62 last year). According to the rankings, most of the richest Russians are associated with the energy industry, and their assets have grown in value mainly because of the high prices of natural resources. The boom on the world markets has been beneficial for Russia, and has contributed to increasing the income of Russian companies; this in turn boosts the budget’s revenues and reduces the public finance deficit.

The value of the assets of the hundred richest Russians is estimated at US$432 billion (last year, that figure stood at US$297 billion). Currently top of this list are metallurgists, led by Vladimir Lisin (whose assets are estimated at US$24 billion), the owner of the Novolipietsk Metallurgical Combine. They are followed by representatives of the petroleum industry, whose lower position is due to the high tax burden imposed on this branch of the economy. Good financial results in the energy sector contributed to an increase in the Russian budget’s income (in the first two months of 2006, there was a surplus of 0.7% of GDP). Thanks to the favourable conjuncture of prices (a barrel of oil currently costs around US$120), the Russian budget deficit in 2011 will most probably be limited to around 1% of GDP, compared to the 3.6% of GDP allowed for in the state budget (based on an annual average price per barrel of oil of US$75). <iwo>