

## **SUMMARY**

### **Conclusion of the Accounts Chamber of the Russian Federation on the draft federal law "On the federal budget for 2011 and for the planned period 2012 and 2013" (key provisions)**

1. The Conclusion of the Accounts Chamber of the Russian Federation on the draft federal law "On the federal budget for 2011 and for the planned period 2012 and 2013" (further - the Conclusion) was prepared in accordance with the Budget Code of the Russian Federation, Federal Law "On the Accounts Chamber of the Russian Federation" and other legislative acts of the Russian Federation.

2. During preparation of the Conclusion the Accounts Chamber of the Russian Federation (further - the Accounts Chamber) took into consideration the necessity to implement provisions, formulated in the Budget Address of the President of the Russian Federation to the Federal Assembly of the Russian Federation of June 29, 2010 with key directions and priorities of the budget policy for the years 2011 - 2013.

3. The macroeconomic conditions of elaboration of the forecast of social and economic development of the Russian Federation for 2011 and for the planned period 2012 and 2013 (further - the forecast) are characterized by gradual recovery of the economic growth, stable price conjuncture for the main goods of Russian exports, gradual decrease in the number of unemployed with the acceleration of consumer prices growth in the second part of 2010.

4. The main risks in achievement of forecasted parameters of volume, growth rates and deflator index of GDP are connected with maintenance of considerable dependence of the Russian economy on the world prices on fuel and power resources, provision of the forecasted growth of investments in the fixed assets and increase of influence of the rising volume of imports for the competitiveness of Russian goods. The forecasted level of the Urals oil price for 2011 (75 US dollars per barrel) practically coincides with the oil price in the world markets, observed for January - September 2010 (75,9 US dollars per barrel).

5. For achievement of the targeted level of inflation in 2011 (6,5%) there are certain risks, connected with the increase of prices for consumer goods due to significant losses of crops in Russia because of the abnormal climate conditions in summer 2010. There could be a certain influence on the inflation level by planned in 2011 increase of excises for fuels and lubrication materials. The rise of inflation above the forecasted level will lead to decrease in real terms of the expenditures of the budget system.

6. The forecasted relatively moderate terms of growth of the economy for 2011 - 2013 are subject to the gradual recovery of consumer and investment demand to compare with the period before crisis.

It is necessary to justify additionally the forecasted increase of the share of domestic production in the structure of the sources aimed to cover the increment of growth of internal demand, while the terms of imports growth are keeping forward to compare with relatively low terms of growth of the industrial production for 2011 — 2013.

7. The forecasted increase of the share of investments in the fixed assets in the volume of GDP will be made in 2012 and 2013 mainly on the part of rise of prices for the investment products. At the same time there are risks of achievement of the targeted in the forecast volumes of investments in the fixed assets, connected with implementation of the plans of the companies of oil and gas and energetic sectors of the economy and provision with financial resources of forecasted volumes of investments, necessary and sufficient for modernization, technical re-equipment and transfer of the economy for innovation path of development.

8. The forecasted decrease in the amount of balance of the account of current operations of the balance of payments from 73,5 bin. US dollars in 2010 to 46,2 bin. US dollars in 2011, 30,3 bin. US dollars in 2012 and to negative figure in the amount of 5,7 bin. US dollars in 2013, could create risks for sustainable social and economic development in the middle-term and long-term perspective.

9. The federal budget deficit for 2011 is provided in the amount of 1 814 bin. rubles or 3,6% of GDP, in 2013 in accordance with the forecast will decrease to 1 795,7 bin. rubles (2,9% of GDP) or just by 18,3 bin. rubles to compare with 2011. The share of the federal budget deficit in the volume of GDP (2,9% of GDP) in 2013 to compare with 2009 (5,9% of GDP) will decrease twice.

10. The main sources of financing of the federal budget deficit are the following: issue of public securities for domestic placement and the funds from privatization. In 2011 it is also provided to use all funds of the Reserve fund. At the same time in 2013 nearly one third of re-attracted funds is provided to forward for the redemption of debts.

11. In 2011 - 2013 it is provided to decrease the overall volume of the revenues and expenditures of the federal budget to GDP.

12. In 2011 - 2013 it is forecasted the annual increase of revenues and expenditures of consolidated budgets of the subjects of the Russian Federation with simultaneous decrease of their share in GDP. The revenues and expenditures of the stated budgets in 2013 will increase to compare with 2010 by 19,4% and 13,9% correspondently.

The increase in revenues of the consolidated budgets of the subjects of the Russian Federation in 2011 - 2013 is forecasted mainly by means of rise of receipt of tax and non-tax revenues, with simultaneous decrease of volume of inter-budget transfers, granted from the federal budget.

13. The volume of the state debt of the Russian Federation (further - the state debt) will grow from 11,8% of GDP in 2010 to 18% of GDP in 2013. The increase of the state debt will be effected mainly by means of rise of the state domestic debt from 3 726,7 bin. rubles in 2010 to 8 826,3 bin. rubles (14,2% of GDP) in 2013.

14. The analysis of the structure of the federal budget expenditures allows to make a conclusion that in 2011 - 2013 there are practically no significant reserves for reduction of the budget expenditures, that is why it is vital to prepare a special programme of the Government of the Russian Federation aimed at development of revenue potential of the budget system of the Russian Federation in the volumes, which could allow to overcome its deficit and provide sustainable financing of the state expenditures.

15. On the basis of the abovementioned the Accounts Chamber considers it is necessary to take into account the remarks and proposals of the present Conclusion during consideration of the draft law by the State Duma.