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## Russia Bars Irish, Spanish Debt From Sovereign-Wealth Fund Investment List

By Anna Ulaeva and Jason Corcoran - Nov 3, 2010

Russia's Finance Ministry excluded Ireland and Spain from a list of countries approved for bond investment by the east European nation's two sovereign wealth funds, according to the ministry's website.

The western European countries weren't mentioned in a document specifying the national debt acceptable for purchase by the Reserve Fund and Wellbeing Fund, which together represent more than \$130 billion, or more than half of Ireland's \$227 billion gross domestic product in 2009, according to the website.

"It's a question for the central bank whether they invested or didn't invest," Russian Deputy Finance Minister [Dmitry Pankin](#) said by phone. "What matters for us is that Irish and Spanish notes weren't part of the formula used to calculate the yield the central bank pays us." A spokesman for the Russian central bank did not return a call seeking comment.

The Irish government said on Sept. 30 that costs to bail out the country's banks may reach about 50 billion euros (\$70 billion). On the same day, Spain had its top credit rating cut one level by Moody's Investors Service, which cited the nation's "weak" economic outlook.

Tiger, Bear

The Russian funds are managed by the Central Bank under guidelines set down by the Finance Ministry.

The decision was not surprising given the two Russian funds have a very low risk profile and how the yield differential between and Spanish and Irish debt had widened against the German bund, said [Chris Weafer](#), chief strategist at Moscow brokerage UralSib Financial Corp.

"Ten years ago, the Irish Celtic Tiger was roaring while the Russian bear was licking its wounds," he said by telephone from London. "Today, the tiger is an endangered species while the bear is much more robust."

Russia's funds may still invest in the debt obligations of the governments of Austria, Belgium, Britain, Germany, Canada, Denmark, Luxembourg, Netherlands, USA, Finland, France and Sweden, according to the ministry.

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