

Kremlin aide: IMF should study global currency

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Russia will ask the International Monetary Fund (IMF) to carry out a study on the potential for a new international reserve currency, Kremlin aide Arkady Dvorkovich said on Tuesday.

China and Russia, the world's No.1 and No.3 reserve holders, have been pushing for a discussion on making greater use of the International Monetary Fund's Special Drawing Rights basket.

While the United States has not rejected the idea, the world's number one economy has made it clear it sees the dollar remaining the top reserve currency for a long time to come.

Dvorkovich said Russia was happy the initiative had at least stirred an international debate in the runup to last week's Group of 20 summit, adding the Russian delegation headed by Finance Minister Alexei Kudrin would push for a followup at the IMF meeting in Washington later this month.

Asked whether Russia would pursue the idea of a new global currency, he said: "Our idea is to ask the IMF to prepare a report on this issue at some point and study the risks and possibilities related to it." Dvorkovich is also President's Dmitry Medvedev's G20 and G8 sherpa.

A Reuters poll this month showed FX strategists expect the share of reserves held in dollars to slide to 55 percent by 2020 from around 64 percent. This would still leave it far overshadowing the euro, which at present makes up around a quarter of world reserves.

Russia and China, which hold only a combined 6.4 percent of the IMF votes, want a larger use of the IMF's Special Drawing Rights (SDR), originally created by the IMF in 1969 and now used mainly as an accounting unit.

Last week the G20 leaders agreed to support a general allocation of \$250 billion (169.9 billion pounds) worth of SDRs alongside other measures to boost the IMF's firepower.

Under the scheme countries hit particularly hard by the global economic crisis would be allowed to increase their SDR share by using those of another country which may not need them.

European Central Bank Executive Board member Juergen Stark was quoted on Tuesday as saying in a newspaper interview the decision was potentially inflationary as it would create "helicopter money." Dvorkovich disagreed.

"If in some countries inflation rises from a level close to zero to around 3 percent, I do not think it is an issue we should be worried about," he said. "We need to have a sense of

measure but I do not think that we have crossed a line yet.”

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