

Nabiullina Tipped as New Central Bank Chief

By [The Moscow Times](#)

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Kremlin aide Elvira Nabiullina may take charge of Russia's Central Bank, two sources close to the matter said, installing a technocrat willing to act on President Vladimir Putin's call for monetary stimulus to boost growth.

With Putin reluctant to pick an insider and other contenders too controversial, Nabiullina, a 49-year-old economist and ex-Cabinet minister, has emerged as a compromise choice to succeed Sergei Ignatyev, who retires in June.

The sources said Nabiullina had emerged as the sole contender after another candidate, whom they did not name, dropped out of the running.

Suggestions that another Putin adviser, Sergei Glazyev, had become a candidate triggered a barrage of criticism of his statist views in the financial press.

Nabiullina, who is Putin's most senior economic adviser and emerged as the sole viable contender over the weekend, is "not a bad candidate," said one of the sources.

"She understands the subject and is capable of listening to arguments," the source said, adding that Nabiullina might loosen policy "but not radically."

Putin signaled last Thursday, the eve of Russia's International Women's Day holiday, that he had made up his mind but stopped short of saying whom he had picked. "It will be a surprise. You'll like it," he told journalists.

His spokesman Dmitry Peskov declined to comment Monday, saying he had heard of Nabiullina's candidacy in media reports.

Putin has until March 24 to nominate a successor to Ignatyev, who is stepping down after 11 years in which the Central Bank has built its credibility by bringing inflation down into single digits.

Nabiullina, whose appointment would require parliament's rubber stamp, would head an institution that sets monetary policy for Russia's \$2.1 trillion economy and manages half a trillion dollars in foreign reserves.

Economists say the Central Bank lacks genuine independence, while Nabiullina's background as a protege of, and successor to, former Economic Development Minister German Gref suggests she would readily pursue a more expansive policy approach.

"It is obvious that the current economic slowdown is not the fault of monetary policy. It is a much more structural problem," said BNP Paribas economist Julia Tsepliaeva.

"At the same time, Nabiullina would be more in the camp of those who call for the stimulation of economic growth with monetary tools."

Gref, now CEO of state-controlled Sberbank, has attacked the Central Bank for keeping monetary policy too tight and starving the economy of credit.

"If you think about it in institutional terms, you have someone from the president's office being appointed the Central Bank governor," said Morgan Stanley economist Jacob Nell.

Nabiullina, who rose to cabinet rank in 2007 after Gref went into banking and followed Putin on his return to the Kremlin, has been seen increasingly often at the Russian leader's side.

Her appointment could undermine Central Bank first deputy chairman, Alexei Ulyukayev, a hawk who has resisted rate cut calls as inflation has topped 7 percent. Some have speculated Ulyukayev may resign if he misses out on the top job.

Nabiullina's arrival could herald steeper interest rate cuts in the second half of the year than might otherwise have been expected, say economists.

Izvestia newspaper reported Monday that former Finance Minister Alexei Kudrin was offered the post, but he declined.

Material gathered by The Moscow Times is included in this report.

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