

President Vladimir Putin set Russia's political agenda ahead of December's elections with a series of moves that reduces uncertainty over who will run the country after he steps down – he will. The fact that Putin will continue to exert control even after he finishes his term as president is good news for the Denholm Hall Russia Arbitrage Fund as political stability is likely to prevail and political tensions will be kept to a minimum.

We thought it would be useful to recap what's happening on the Russian political front.

### **Parliamentary elections December 2**

These are seen by some analysts as more important than the presidential elections scheduled for next March. Putin, who is barred from running for a second term as president, said he will head the United Russia party. He doesn't have to join the party, and indeed, doesn't even have to take a seat in parliament, known as the Duma. He can still be named prime minister, or simply become a leading "political figure". Analysts agree that Putin will retain his role in dominating Russian politics and his "corporation" will continue managing the country. How exactly this will be done remains the major unknown of Russian politics.

### **New cabinet**

On September 24, Putin announced a new Prime Minister after removing Mikhail Fradkov from this post. The move was explained as necessary to strengthen the government ahead of a difficult transition period. Putin named people who've been working to reform and streamline the government; the moves were largely viewed as positive.

The main government figures are now:

**Prime Minister: Victor Zubkov.** Given that Putin has since indicated he may become prime minister after the elections, some people speculate Zubkov may be groomed as the next president. Zubkov, 66, was head of the committee charged with fighting money laundering and is a St Petersburg ally of Putin. Fradkov was put in charge of the Foreign Intelligence Service, a successor to one of the KGB's units.

**Finance Minister: Alexey Kudrin.** His position is now viewed as having been strengthened as he was promoted to Deputy Prime Minister. This gives him control over both the ministries of finance and economy. By boosting the number of deputy prime ministers to five, some analysts note that the government structure is more complex, thereby allowing Putin more leeway in juggling allegiances and future appointments.

**Minister of Economic Development & Trade: Elvira Nabiullina.** She replaced **German Gref**, who had become a familiar face for western investors. Nabiullina is considered as a liberal economist who has shepherded through economic reforms. Gref has been nominated to run Sberbank, the state savings bank.

**Minister of Regional Development, Dmitry Kozak.** Kozak is responsible for implementing housing sector reform and modernising infrastructure. The role of his portfolio has strengthened by including the supervision of the government's investment fund. The fund, created to boost spending on roads, power generation and other infrastructure, together with private investors, already finances projects worth more than 1 trillion roubles (\$40 billion).

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