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With Russia's Backing, Lagarde Elected to IMF

By Olga Razumovskaya

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Finance Minister Christine Lagarde attending a government session at the French parliament in Paris on Tuesday. **Charles Platiau**

With Russia's support, French Finance Minister Christine Lagarde was elected Tuesday as the new managing director of the International Monetary Fund.

Lagarde, who was praised by Finance Minister Alexei Kudrin just hours before the vote, will start her five-year term on July 5.

"The executive board, after considering all relevant information on the candidacies, proceeded to select Ms. Lagarde by consensus," the IMF said in a statement from Washington.

Lagarde, the fund's first female chief, succeeds Dominique Strauss-Kahn, who resigned May 18 to defend himself from sex charges.

Lagarde's rival for the post was Mexican Central Bank Governor Agustin Carstens.

Lagarde, Kudrin said at a Presidium session in Moscow, possesses the expertise and qualifications for the post and will show support to the emerging economies, which play an increasingly large role on the global market.

"Christine Lagarde's proposal corresponds with the goals and tasks of the International Monetary Fund," Kudrin said.

"She will be able to give dynamism to the work of this key international organization, ensure its further reformation — in particular, a system of quotas taking into consideration the interests of developing markets," he said.

The endorsement came after Prime Minister Vladimir Putin officially supported Lagarde's candidacy.

Also as part of the Presidium agenda was the long-awaited third set of anti-monopoly measures proposed by the Federal Anti-Monopoly Service.

After two years of work, the document was approved by the government and passed on to the State Duma, said Igor Artemyev, head of the service.

It introduces strict definitions of such terms as "cartel" and "monopoly price," which is defined as a price that exceeds world prices.

The bill also proposes changes to the Criminal Code and removes criminal responsibility for concerted actions and so-called vertical agreements of business entities, which means that criminal proceedings can only be initiated for highly unfair actions, such as cartels, where the lawbreaker can be punished with up to seven years of imprisonment.

Deputy Prime Minister Igor Sechin also said at a briefing following the Presidium meeting that he expected Belarus to repay its debt to energy company Inter RAO, which is threatening to cut off the country's power at midnight.

"There is no political subcurrent here, the work is being done on a corporate level," Sechin said, commenting on the company's decision to cut off Belarus' energy Wednesday.

"From March through May 2011, the debt [of Belarussian Belenergo] was 1.2 billion rubles [$42.4 million]; in June it was another 400 million," Sechin said.

"No payments are being made on this debt. On June 24, 8 million rubles was transferred, which is only 1.3 percent of the sum of the debt," the deputy prime minister said.

This situation, however, will have no impact on Kaliningrad's energy supplies, he said.

As part of the Presidium agenda, the government also discussed what progress Russia has made in creating a unified system of interdepartmental electronic interaction.

Various government agencies are spending a total of 80 billion rubles a year on digitization, and another 3.5 billion rubles is allocated from the federal budget, said Communications and Press Minister Igor Shchyogolev.

As of June 24, 81 regions have signed agreements to enter the new electronic system, and the remaining two — the Kirov region and the Sakha republic — are to join within a week, he said.

n The Moscow city government plans to expand video surveillance and offer residents more services through the Internet in the next five years in a project worth 329.5 billion rubles ($11.7 billion), Bloomberg reported Tuesday.

Video cameras will be installed in 95 percent of apartment buildings and 75 percent of infrastructure in the Russian capital by 2016, City Hall said Tuesday in e-mailed materials before its weekly meeting. It also plans to provide all government services electronically.

President Dmitry Medvedev is keen to develop an "innovative" economy and has urged governments at all levels to switch to paperless services. Russia ranked 59th in a 2010 United Nations survey of world e-government readiness, one place below Saudi Arabia and one above Montenegro.

Moscow will finance 60 percent of the project, City Hall said, without specifying the source of the remaining funds.

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