

Central Banker Says Russia Set for Shocks

By [Irina Filatova](#)

October 06, 2011

The  Moscow Times

The global economy is unlikely to face a new recession, while Russia is better prepared for any global shocks than three years ago, participants in an investment forum said Thursday.

The situation in Russia's economy is "principally different" from what it was in 2008, said Central Bank First Deputy Chairman Alexei Ulyukayev.

He pointed out that the United States might yield to China as the world's largest economy, while Russia is likely to face challenges and should focus on reducing its dependence on the oil and gas sector and on increasing transparency in doing business.

"What's going on now? We see that of these channels to import global problems, only one is working," he said, referring to stock market decline that results in capital outflow.

Russia might face a net capital outflow of \$50 billion this year, he told reporters on the

sidelines of the forum. This is above the Central Bank's official forecast of \$36 billion.

Prime Minister Vladimir Putin, who participated in the forum, said the situation on Russia's stock markets indicates investors' "uncertainty over the prospects of the global economy."

He said Russia is prepared for any global economic development scenarios and called for taking "well thought-out measures" to prevent a new recession.

Putin said that although the global economy has yet to overcome the consequences of the crisis, he does not think a second wave of crisis is possible.

"We don't think so, and call to not speed up [the tightening]. I agree with the experts who believe we're at the stage of emerging from the crisis," he said, adding that it will take the global economy a long time to recover, but recession is nonetheless unlikely.

VTB chairman Andrei Kostin said the crisis is unlikely to be as deep as three years ago.

"We think the situation is uneasy, but we don't expect such a deep crisis," he told journalists on the sidelines of the forum, Interfax reported.

Ulyukayev said the global economy is currently facing a correction as it "has entered a new macroeconomic reality," based on lower growth rates, adding that the previous crisis arose from an overheated global economy.

Ulyukayev said the global economy would face such corrections "from time to time" in the future.

"The world is going into a slower growth mode for a long time," agreed David Bonderman, founder of TPG Capital, a private equity fund.

But while China "is in very good shape" and will continue to grow, Russia is likely to face challenges and should focus on reducing its dependence on the oil and gas sector and increasing transparency in doing business, he told forum participants.

Putin said he was "concerned" by Bonderman's words.

"A big U.S. businessman said that the United States are still the largest economy in the world, but China will win the palm," Putin said. "Should we keep our gold and currency reserves in yuan, if China has them in dollars? An interesting situation, looks like a matryoshka," he said, jokingly referring to the traditional Russian nesting dolls.

Original url:

<https://www.themoscowtimes.com/2011/10/06/central-banker-says-russia-set-for-shocks-a10005>