

Russia Offers Plan for Multilateral Economic Cooperation

Russian President Vladimir Putin addressed the plenary session of the BRICS Summit July 15. Below are excerpts from his speech.

...Our summits are always held in a constructive, business-oriented setting. We have a common interest in broadening multidimensional cooperation, strengthening trust, and mutual understanding.

BRICS holds a unique place in the global economy. It is the largest market in the world. Moreover, our combined gross domestic product has reached 21% of the global volume and continues to grow steadily.

Our nations play an increasingly significant role in the global political arena as well. It is thanks to Russia and China's firm stance in the UN Security Council, with support from other BRICS participants, that we were able to rally most international dialogue participants—including the European Union and the United States—and prevent a foreign invasion in Syria, achieving the elimination of Syrian chemical weapons.

It is important that we are united by a desire to act from unified positions in all issues of global development and the formation of the global financial and economic architecture. BRICS nations are cooperating constructively within the framework of the G20, actively contributing to substantively enhancing the G20's agenda, developing agreements aimed at accelerating global economic growth and trade and resolving employment problems. We are working together to move forward on one of the most difficult problems in

global governance: IMF reform.

In the time that has passed since the Durban summit [March 2013], we have been able to achieve significant successes. I want to stress that all the plans we set for ourselves a year ago have come to fruition. I am referring, first and foremost, to our plans to create a new Development Bank and a Currency Reserve Pool for BRICS nations. Today, we have confirmed their founding documents.

The BRICS bank will become one of the largest multilateral financial development institutions in the world. Its stated capital will be \$100 billion.

The scale of possible operations within the framework of the Currency Reserve Pool may also reach \$100 billion. This mechanism creates the prerequisites for effectively protecting our countries from financial market crises.

The bank and the Currency Pool, with combined resources of \$200 billion, lay the foundation for coordinating a macro-economic policy between our nations.



Presidential Press and Information Office
Russian President Vladimir Putin

BRICS Energy Association Proposed

I am confident that closer economic and financial cooperation between BRICS countries will allow us to implement truly large-scale joint programmes with the aim of securely developing our nations....

In the conditions of increased international competition, the challenge of activating trade and investment cooperation between our nations becomes particularly important. This will allow us to realize the advantages resulting from the complementary nature of our economies, and to reduce the vulnerability of each BRICS nation to adverse global trends.

Russia, Brazil, India, China, and South Africa already account for 11% of accumulated investment and nearly 20% of global trade. Trade between BRICS nations is growing. In the last five years, this indicator has nearly doubled.

The Russian side has prepared a draft BRICS Strategy for Multilateral Economic Cooperation. We are

submitting it for discussion. We feel it would be useful to create a special high-level working group to work in depth on developing the draft Strategy.

The Strategy's key positions are specified in another document prepared by the Russian side: the Roadmap for Investment Cooperation. It includes 37 projects in various areas, from high technologies to the humanitarian sector. Please allow me to highlight just a few of the most important ones.

We propose the establishment of the BRICS Energy Association. We could create a Fuel Reserve Bank and a BRICS Energy Policy Institute under its roof. These steps would allow us to strengthen our nations' energy security and prepare us for the creation of new instruments and new institutes to trade energy resources.

The joint use of the Russian global navigation system, GLONASS, in a wide range of areas—transport, public safety, and agriculture—seems very promising. According to expert assessments, the use of the GLONASS system in agriculture alone will allow for a 30-50% increase in crop capacity. A similar effect, and even better, is expected in other areas.

BRICS nations should cooperate more closely in

commodities markets. We have a unique resource base; our nations hold 30-60% of global reserves of various resources. Therefore, we believe it is imperative to develop cooperation in mining and processing, and organize a center for training experts in the metals industries in BRICS nations.

We believe it is important to broaden humanitarian contacts and form parliamentary, civic, trade union, and youth dimensions within BRICS. We propose signing an Agreement on cooperation in culture and creating a BRICS network university that will include our nations leading schools. . . .

Assessing the Trip

On July 17, Putin answered questions from Russian journalists following his trip to Cuba, Nicaragua, Argentina, and Brazil. Asked for his assessment of the trip, he replied, in part:

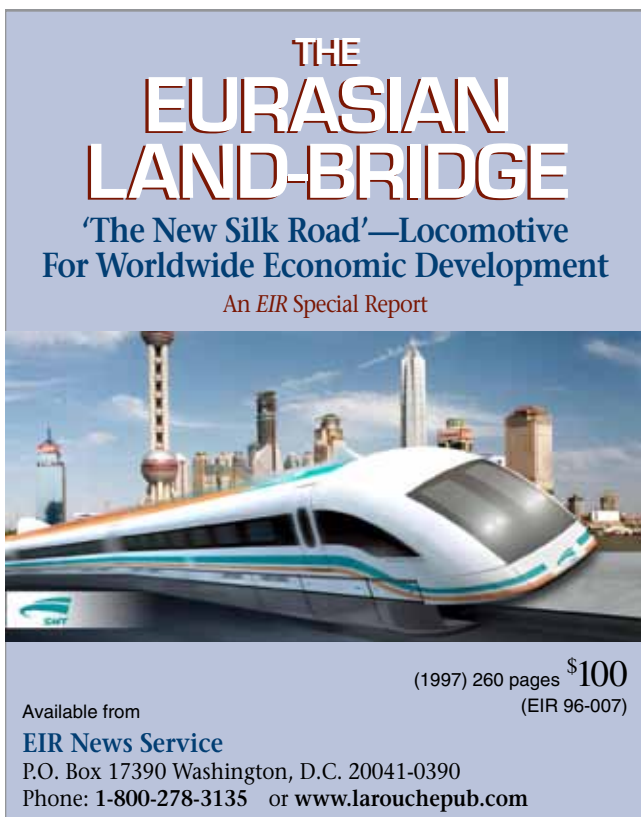
... I would like to remind you of something we have already mentioned: the BRICS states account for over 40% of the world's population and 21% of the global GDP. However, it is not the share that is so important, but the fact that these countries have been posting very significant growth rates.

In the past 10 years the GDP of countries with developed economies grew by 60%, while that of the BRICS states increased four-fold. We have to bear in mind, of course, that the 60% growth was in comparison to a large volume, a large starting point, while our four-fold growth was in regard to a smaller base; however, such are the rates.

These are all young states, and the future belongs to the young. Naturally, we should restore our presence in this fascinating and very promising part of the world.

What we have done is we signed some very important documents, and all this was implemented in a very short period, within a year. I am referring here to the creation of the New Development Bank. Each participant will contribute \$2 billion. I believe this will be a very good, efficient, new, modern market tool for the development of our economies.

The Currency Reserve Pool is also a very good instrument that can influence the macroeconomy of our states to a certain extent. Russia intends to invest up to \$18 billion. I believe, as I have said, that this may be a good instrument for the stabilisation of our economies and, of course, for the rational distribution of our states reserves. . . .



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