



Sistema Económico
Latinoamericano y del Caribe

Latin American and Caribbean
Economic System

Sistema Econômico
Latino-Americano e do Caribe

Système Économique
Latino-américain et Caribéen



Conclusions and Recommendations

Extra-regional Relations

*Regional Meeting on recent developments in economic relations between the Russian Federation
and Latin America and the Caribbean
Caracas, Venezuela*

21 May 2012

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1. The “Regional meeting on recent developments in economic relations between the Russian Federation and Latin America and the Caribbean”, held at the headquarters of SELA (Caracas, 21 May 2012), allowed for updating the follow-up of economic and cooperation relations between the Member States of SELA and the Russian Federation, as well as the possibilities for enhancing and consolidating them, in light of the impact of the global recession and the subsequent economic recovery of both regions. It was a follow-up to the meeting on the same subject held in July 2009.

2. As a basis for the debates, the Permanent Secretariat submitted the document “Recent developments in economic relations between the Russian Federation and Latin America and the Caribbean: Institutional and cooperation mechanisms for strengthening relations” (SP/Di No. 14 – 11). The document offers an updated analysis of the evolution of Russia’s economy and its relations with Latin America and the Caribbean for the period 2009-2011, making special emphasis on trade, financial relations and economic cooperation, and possible modalities for action to strengthen relations. Participants in the regional meeting expressed their support to this timely contribution to the analysis of this issue and the accomplishment of its goals.

3. In addition to the base document, significant contributions were made to the debates during the regional meeting by the Institute of Latin America of the Russian Academy of Sciences, and by the high-level representatives of the Member States of SELA, whose experiences and views, both at the inter-governmental and commercial levels, provided an input for discussions with a broad scope, a constructive sense and emphasis on operations.

4. The debates focused on the following issues:

a) Thanks to the public policies implemented by its government, the Russian Federation has managed to successfully overcome the international economic crisis and the severe impact it had on the country until mid-2009. In general, all sectors of the Russian economy were affected, with a substantial impact on macroeconomic and sectoral indicators, employment and social welfare. However, fiscal savings accumulated during the run-up to the crisis enabled the government to implement counter-cyclic policies for fiscal stimulus and social stability, whose positive effects led to a recovery by the end of 2009. GDP growth rates rebounded in 2010 and have remained positive to date.

b) The plans of the Russian Federation for productive modernization and gradual fiscal rebalancing, as well as greater openness to the international economy, as evidenced by the country’s accession to the World Trade Organization, will consolidate these positive trends and will strengthen Russia’s position as one of the largest economies at the global level.

c) Russia’s foreign trade flows reveal that in the context of its foreign trade relations, despite the trend towards positive exchanges experienced before the crisis, Latin American and Caribbean exchanges continue to have a very low percentage share which is not in line with the region’s potential. Such exchanges, with surplus in favour of the region, were not immune to the crisis so that the recovery of growth and diversification, given the structure of the foreign trade of the parties and the relative weight of a small number of countries in the same region, were recognized as goals to be pursued by both parties.

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d) Similarly, participants considered that reciprocal direct investments flows between the Russian Federation and Latin America and the Caribbean also suffered the impact of the crisis, and in some cases it even experienced setbacks. Such flows are thought not to reflect existing possibilities yet despite the fact that important joint projects are being carried out in development in various countries of the region with Russian capital investments and technology in areas such as hydrocarbons, electricity, mining, construction, metal processing and transport, and in spite of the presence of some Latin American enterprises in the Russian market. For this reason, it would be advisable to make an effort to identify and overcome the obstacles that could inhibit them and promote their enhancement.

e) The meeting allowed for confirming the importance of cooperation in pursuing the goal of expanding and diversifying economic relations between Latin America and the Caribbean and the Russian Federation. The recent and very positive experiences in this area are based on commitments at the highest political level, which in turn result from foreign policy guidelines that have included mutual relations among the international priorities of SELA Member States and the Russian Federation within a context of pragmatism and mutual interest.

f) The meeting provided a unique opportunity to review the experiences of SELA Member States in their cooperation relations with the Russian Federation, their current status and their operational modalities. It was also valuable opportunity to learn about Russia's perspectives as regards the subject.

g) Both the national experiences documented in the report prepared by the Permanent Secretariat and those discussed by the representatives and experts of Member States reflect their significance for relations, regardless of the level they may have reached, the political will that underpins them, the similarity of approaches to development problems and international cooperation, and the institutional framework in which they are developed. In this connection, the participants in the meeting noted with satisfaction the priority and strategic nature in the long term that cooperation relations with Latin American and Caribbean countries have for the Russian Federation.

h) The main factors contributing to improve relations include: direct high-level contacts, the inter-governmental commissions for economic, trade, scientific and technological cooperation, the business committees or councils, and the chambers of commerce. Participants made special emphasis on the important role played by the National Committee for Economic Cooperation with Latin American Countries (CN CEPLA) in the Russian Federation in terms of coordination and promotion.

i) Aside from institutional factors, participants also underscored the importance of other factors such as contributing to the security and legal stability of relations as the basis for promoting and consolidating economic exchanges and cooperation links. Participants considered that, in this regard, the accession of the Russian Federation to the WTO will have a positive effect.

RECOMMENDATIONS

During the debates, the Regional Meeting highlighted the tremendous opportunities provided by the creation of the Community of Latin American and Caribbean countries (CELAC) for strengthening and projecting regional unity and solidarity in Latin America and the Caribbean. Established on the occasion of the Summit of Caracas, held in December 2011, CELAC sets guidelines to be taken into consideration in any joint international cooperation effort in line with regional interests, including that with the Russian Federation.

In considering possible areas for analysis and monitoring in which the Permanent Secretariat of SELA could contribute to enhance the relations between Latin America and the Caribbean and the Russia Federation, participants mentioned areas such as: investment, technology transfer, information and communications technologies, SMEs, databases, trade facilitation, institutional mechanisms to support cooperation and economic relations, promote synergies, and analyze the progress of regional relations. In this connection, a request was made to submit a specific proposal to the Latin American Council taking into account the results of this meeting and Decisions 521 and 527.

The Regional Meeting took note with satisfaction of the signing of the cooperation agreement between the Permanent Secretariat of SELA and the Institute of Latin America of the Russian Academy of Sciences, and expressed its confidence that it will contribute in meaningful and practical way to studying the development and formulation of proposals to enhance relations between Latin America and the Caribbean and the Russian Federation.