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The review "Russian economy. Trends and outlooks" has been published by the Gaidar Institute since 1991. This is the 45th issue. This publication provides a detailed analysis of main trends in Russian economy, global trends in social and economic development. The paper contains 5 big sections that highlight different aspects of Russia's economic development, which allow to monitor all angles of ongoing events over a prolonged period: the monetary and budget spheres; financial markets and institutions; the real sector; social sphere; institutional changes. The paper employs a huge mass of statistical data that forms the basis of original computation and numerous charts confirming the conclusions.

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5.4. Russia in key international institutions in 2023¹

In 2023, the main trends in the system of international institutions were related with the US and its allies' continued efforts to form new rights and institutes, as well as the mounting pressure on other countries to condemn and isolate Russia in the existing multilateral mechanisms. Overall, it can be stated that isolation of Russia has failed, though in the Bank for International Settlements' committees which are entirely controlled by western countries they succeeded in suspending Russia's participation.² Developing and emerging market countries demonstrated greater resistance to pressure, their independence and weight. However, global institutions turned out to be unable to function fully as a result of adversarial positions between their member-countries. At the same time, the importance of non-western institutions, such as the BRICS and the Shanghai Cooperation Organization increased.

1. The Group of 20

In 2023, the G7 countries and their partners were stepping up confrontation with Russia at all levels and on all issues. India's presidency in the G20 was well aware of possible implications of differences between the organization's key member-countries for reaching a consensus on the priority issues of the agenda. The presidency's motto – "One Earth, One Family and we share One Future" – underlined a unifying attitude and Prime Minister Narendra Modi's declared commitment to steer cooperation within G20 towards achieving just and sustainable growth and equality "in the common world in which there are no first and third world countries."³ India which acted as a representative of the interests of the global South received support of its mission at the "Voice of the Global South" first summit in January 2023⁴ and endorsement of decisions taken at the second summit in November.⁵ Such an approach was of particular

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2 Participation was suspended in the work of the Payments and Market Infrastructure Committee (URL: <https://www.bis.org/cpmi/membership.htm>), the Global Financial System Committee (URL: <https://www.bis.org/cgfs/membership.htm>), the Markets Committee (URL: <https://www.bis.org/about/factmktc.htm?m=141>), the Committee on Central Bank Statistics (URL: <https://www.bis.org/ifc/members.htm?m=131>), the International Association for Insurance Supervision (URL: https://www.iaisweb.org/uploads/2023/08/iais_organisation_members.pdf). The Russian authorities do not participate in the meetings of the Financial Stability Board (URL: <https://www.fsb.org/about/organisation-and-governance/members-of-the-financial-stability-board/>).

3 Text of PM's address at unveiling of the logo, theme and website for India's G20 leadership. URL: <https://pib.gov.in/PressReleaseDetail.aspx?PRID=184781>

4 Summary of Deliberations: Voice of Global South Summit 2023. 12–13 January 2023. URL: https://www.mea.gov.in/bilateral-documents.htm?dti/36119/Summary_of_Deliberations_Voice_of_Global_South_Summit_2023_January_1213_2023

5 English rendering of PM's Opening Remarks during the 2nd Voice of Global South Summit. URL:

<https://pib.gov.in/PressReleaseDetail.aspx?PRID=1977540>

importance amid growing differences between countries of the global South and developed countries in assessment of the causes and consequences of the conflict in Ukraine, climate policy priorities, approaches to the solution of the sovereign debt problems, food security and reforming of global management multilateral institutes. Numerous efforts by G7 member-countries to persuade partners to provide more support to Ukraine, condemn Russia and join the western sanctions were unsuccessful.¹ Currently, many people in the global South countries regard the standoff between the Russian Federation and the NATO as the former's struggle on the frontline for a multipolar world.²

The new geopolitical situation, a consolidated position of the BRICS and other countries of the global South, pursuit of de-Ukrainization of the agenda, as well as political and diplomatic skills of the Indian Prime Minister's team facilitated the achievement of agreements reflecting the interests and positions of Russia and its partners. The G20 endorsed 290 concrete decisions aimed at ensuring sustainable, balanced and inclusive growth, implementing sustainable development goals (SDG), achieving the goals of the Paris Agreement and facilitating a just transfer to a low-carbon economy with national circumstances taken into account, promoting multilateralism, reforming international financial institutions, strengthening of digital ecosystems and other. India was seeking to separate geopolitical differences from substantive issues, declined to invite Ukrainian President Vladimir Zelensky to the summit and even include his online address to the program despite the pressure of the G7 countries. Russia's western adversaries insisted on including in the G20 documents the Bali summit wordings condemning Russia and blaming it for the conflict in Ukraine, but the presidency understood the position of Russia supported by other BRICS member-countries and made a lot of effort for balanced wordings to be approved. Though owing to the G7 countries' pressure the results of all ministerial meetings were reflected in the summary of the presiding representative of the Indian government, the summit succeeded in achieving the consensus and endorsing the agreed document.

As a result, the leaders' declaration does not include condemnations of or demands to Russia, but focuses on obligations of all countries in conformity with the goals and principles of the UN Charter "to refrain from the threat of force or application thereof for seeking territorial gains aimed against territorial integrity and sovereignty or political independence of any state," the need of peaceful settlement and openness to constructive initiatives facilitating the establishment of a just and lasting peace in Ukraine.³ Also, the declaration calls for putting an end to attacks on and destruction of critical energy and agricultural infrastructure. Though it was not said explicitly, but it refers to terrorist attacks on the North Streams, the Tolyatti-Odessa ammonia pipeline, attacks on the Kakhovskaya

¹ Winning back the Global South: difficult but not impossible. URL: <https://www.friendsofeurope.org/insights/critical-thinking-winning-back-the-global-south-difficult-but-not-impossible/>

² "Russia is spearheading almost alone the struggle for a multipolar world." Paulo Nogueira Batista Closing speech at the VII BRICS Conference USP. URL: <https://www.youtube.com/watch?v=QrxXNWnJ6zY>

³ The Delhi Declaration of G20 Leaders. September 10, 2023 r. URL: <http://www.kremlin.ru/events/president/news/72241>

Hydroelectric Power Station and drone attacks on the Zaporozhye Nuclear Power Plant.¹ So, the geopolitical part reflects Russia's position. To a great extent, the G7 countries and their allies agreed on a compromise because they feared losing the global South which countries sought to focus their attention on economic issues and sustainable growth challenges.²

Another important issue for Russia was the enforcement of implementation by western countries of the obligations under the Istanbul agreements of 2022 on free trafficking of grain, food products and fertilizers/components thereof from the Russian Federation to global markets. Despite the Bali summit agreements on complete and timely implementation of the Istanbul agreements, including the Initiative on a Safe Transportation of Grain and Food Products from Ukrainian Seaports and the Memorandum on the Mutual Understanding between the Russian Federation and the UN Secretariat on Facilitating the Promotion of Russian Food Products and Fertilizers on Global Markets³, the other part of the deal failed to materialize. Vessels with Russian fertilizers were delayed at European seaports and shipments to the global market were complicated because of problems related with bank payments, insurance and transport logistics, as well as a lack of spare parts. It is noteworthy that the countries which imposed sanctions were shifting the blame for risks onto Russia and when Russia made a decision to suspend its participation in the deal⁴, they accused Russia of violating its obligations, breaking up supply chains and aggravating food security risks.⁵ In this context, the affirmation of the need for complete implementation of all obligations under the Black Sea initiative in the Delhi Declaration was of particular importance.

The Green Development Pact for a Sustainable Future incorporating the "Lifestyles for Sustainable Development (LiFE)" concept put forward by Prime Minister Narendra Modi and aimed at facilitating the transition to sustainable models of production and consumption includes 87 obligations (30% of all summit decisions). Traditionally, the G20 reiterates its resolve to pursue further efforts to limit the increase to 1.5°C and achieve carbon neutrality by the mid-century. The Declaration makes a greater emphasis than before on the need for taking into account the national circumstances and different approaches and postulates the acceleration of sustainable and just energy transition based on the needs, priorities and national circumstances as a key factor in achieving balanced growth and climate goals. At the same time, despite calls for more financing to combat climate change, adaptation and acceleration of energy transition, no concrete obligations were made by developed countries.

¹ RF Foreign Minister Sergei Lavrov's remarks and answers to media questions on the G20 summit results. New Delhi, September 10, 2023 r. URL: https://mid.ru/ru/foreign_policy/news/1903728/

² The Geopolitics of G20. URL: <https://www.gatewayhouse.in/the-geopolitics-of-g20-summit/>

³ The Memorandum of Understanding between the Russian Federation and the United Nations Secretariat on Facilitation of Russian Food Products and Fertilizers on Global Markets. URL: https://www.mid.ru/ru/foreign_policy/news/1829558/

⁴ The RF Ministry of Foreign Affairs' Statement on the Istanbul agreements. URL: https://mid.ru/ru/foreign_policy/news/1897157/

⁵ For example, the G7 foreign ministers' statement. URL: <http://www.g7.utoronto.ca/foreign/231108-statement.html>

In complete contradiction to actual restrictive actions, but in the spirit of the G7 traditional rhetoric, the need for ensuring “uninterrupted supplies of different energy commodities from various suppliers and across different routes and development of open, competitive, nondiscriminatory and free international energy markets”¹ was documented as a condition for achievement of energy transitions. A number of decisions of the Delhi Declaration repeats almost verbatim the goals set by the G7 countries regarding the formation of new technologies and fuel based on market rules; this is evidence of the G7 countries’ ongoing pursuit of legitimization of their policy through the G20. Such decisions include the acceleration of production, utilization and negotiation of unified standards and development of global markets of hydrogen produced by means of technologies ensuring a zero or low level of emissions and facilitation of diversified and sustainable supply chains for energy transitions, including critical raw materials.² It is obvious that in its national and foreign policy Russia should take into account risks related with legitimization and promotion by the G7 countries of approved standards and interoperable schemes of certification of hydrogen production on global hydrogen markets.

In conformity with the priorities of the global South countries, the presidency paid a particular attention to “the revival of multilateralism for adequately addressing modern global challenges of the 21st century and promoting representativeness, efficiency, transparency and accountability of global governance.”³ The G20 demonstrated its readiness to promote its own legitimacy and inclusivity by taking a decision on accepting the African Union as a permanent member. However, calls for democratization of international economic relations and reforming of international financial institutions, including the completion of the International Monetary Fund (IMF) quota and governance reform before mid-December 2023 proved futile. A vivid example is the decision of the 48th meeting of the IMF’s international monetary and financial committee to bring forward the review of quotas and the quota formula to the 17th General Review⁴, that is, de facto not earlier than June 2025.

At the second (virtual) G20 summit in November conceived by Prime Minister Narendra Modi for “comparing notes” on the implementation of decisions, Narendra Modi stressed that countries of the global South were looking forward to the reforms of global economic governance and implementation of the G20 key decisions on facilitating sustainable growth and development.⁵ These priorities will remain on the top of the G20 agenda in 2024 and 2025 and they meet Russia’s interests.

1 The Delhi Declaration of G20 Leaders. Paragraph 38. URL: https://mid.ru/ru/foreign_policy/news/1903711/

2 Ibid.

3 Ibid. Paragraph 47. URL: https://mid.ru/ru/foreign_policy/news/1903711/

4 Chair’s Statement: Forty-Eighth Meeting of the IMFC. URL: <https://www.imf.org/en/News/Articles/2023/10/14/pr23353-chairs-statement-forty-eighth-meeting-of-the-imfc?cid=em-COM-123-47305>

5 Prime Minister Narendra Modi’s opening remarks at G20 Virtual Summit. URL: <https://www.narendramodi.in/prime-minister-narendra-modis-opening-remarks-at-g20-virtual-summit-576201>

Owing to developing countries' solidarity, the balance of interests changed and due consideration was paid to the position of Russia and its partners in the G20 decisions in 2023. It is important to maintain this momentum and ensure the implementation of the endorsed decisions. In 2026, the G20's new work cycle will begin with the US presidency. Taking into account the G7 countries' pursuit of legitimization of their initiatives and policies through the G20, there is a risk of a change in the trend. In this context, it is crucial for Russia to maintain a close cooperation with its BRICS partners for consolidating common positions and priorities in the G20 agenda and decisions.

2. BRICS

The year 2023 saw the expansion of BRICS, a major event for the organization and particularly for Russia, which initiated the establishment of this forum. The intention of over twenty countries to join BRICS is the evidence of high political authority of the "group of five" which constantly upholds the formation of "a flexible, effective, efficient, representative, democratic and accountable international and multilateral system."¹ Also, this trend is closely associated with de-Westernization processes in societies and policies of global South countries and their growing pursuit of autonomy and freedom in determining their own policy and priorities (after 2020 and particularly in 2022). Though BRICS has constantly stood for reforming, rather than establishing an alternative global governance system and underlined its commitment to cooperation which is free of a revisionist or anti-western nature, numerous countries of the global South regard BRICS as the forefront of "de-Westernization."²

The "de-Westernization" trend was formed as a reaction to a failure to meet obligations in respect of developing countries in terms of provision of vaccines and medicines, as well as financing to combat climate change and adaptation, lack of reforms of international financial institutions, introduction of unilateral sanctions and use of the US Dollar as an instrument of pressure and double standards in respect of loyal and independent countries. The pressure by the G7 countries and their partners on developing countries to make them condemn and isolate Russia and join the anti-Russian sanctions because of the conflict in Ukraine was the catalyst for a new "active non-aligned movement." The active nonalignment³ is not only a political stance, but, sooner, a policy aimed at overcoming common challenges⁴ and "the most intense fight for unilateral global domination and the

¹ The Johannesburg Declaration. Paragraph 4. URL: <http://kremlin.ru/events/president/news/72103>

² Sidiropoulos E., Carvalho G. de (2023). The Global South and the Resurgence of Non-alignment: An African Perspective Elizabeth Sidiropoulos, Gustavo de Carvalho in «Is Africa Turning Against the West?». P. 40. URL: <https://www.ispionline.it/en/publication/is-africa-turning-against-the-west-154061>

³ Fortin C., Heine J., Ominami C. (2023). Latin American Foreign Policies in the New World Order: The Active Non-Alignment Option. Anthem Press. P. 271–272.

⁴ Sidiropoulos E., Carvalho G. de (2023). The Global South and the Resurgence of Non-alignment: An African Perspective Elizabeth Sidiropoulos, Gustavo de Carvalho in «Is Africa Turning Against the West?». P. 33. URL: <https://www.ispionline.it/en/publication/is-africa-turning-against-the-west-154061>

soul of the South.”¹ The decision on joining BRICS by the Arab Republic of Egypt, the Islamic Republic of Iran, the United Arab Emirates, the Kingdom of Saudi Arabia and the Federative Democratic Republic of Ethiopia has strengthened the BRICS political weight and influence on formation of a multipolar world and representative and equitable international order.

The group’s economic weight and the level of representativeness in terms of a share of the population have increased. The share of GDP of the enlarged BRICS based on purchasing power parity is equal to 36.9% and the share of the population, to 46.7% of the global one (compared to the G7 countries’ 29.95%² and 8.61%³, respectively). At the same time, the gap between the level of representativeness and the ability to influence decision-making in the IMF has widened. Thus, even after the expansion, the BRICS collective share of quotas and votes in the IMF will be equal to 19.32% and 18.57%, respectively, compared to the collective G7 share of 43.36% and 41.4%, respectively. Overall, this creates additional grounds for a more active position of BRICS on reforms and strengthening of the international financial architecture (IFA). And it concerns not only the Bretton Woods institutions, but also all components of the existing system, including global and regional financial safety nets, sovereign borrowing and debt mechanisms, multilateral development banks, financial market regulation and the financial and payment infrastructure. Taking into account the upcoming UN Summit of the Future⁴ in September 2024 (without any illusions regarding the effectiveness of the preparatory process and the outcome of the negotiations), it is important to ensure the coordination of positions and the development of proposals on the main aspects of the Pact on the Future,⁵ including reforms of the IFA.

The global South countries’ expectations from BRICS as a driver of the formation of a new economic order are associated with hopes for closer and more economically beneficial ties. In this regard, an important role could be played by an initiative to reduce import tariffs for developing countries, both the BRICS countries and their partners in integration associations.⁶ Such an initiative under

- 1 Statement by Dr Naledi Pandor, the Minister of International Relations and Cooperation of the Republic of South Africa, on the occasion of the General Debate of Summit of Heads of State and Government of the G77 + China, on the theme: «Current Development Challenges: The Role of Science, Technology and Innovation». 16 September 2023. URL: <https://www.dirco.gov.za/statement-by-dr-naledi-pandor-the-minister-of-international-relations-and-cooperation-of-the-republic-of-south-africa-on-the-occasion-of-the-general-debate-of-summit-of-heads-of-state-and-government/>
- 2 GDP based on PPP, share of world. URL: <https://www.imf.org/external/datamapper/PPPSH@WEO/OEMDC/ADVEC/WEOORLD>
- 3 Countries in the world by population (2023). URL: <https://www.worldometers.info/world-population/population-by-country/>
- 4 Summit of the Future. URL: <https://www.un.org/en/summit-of-the-future>
- 5 The Pact on the Future is a document which is planned to be prepared and approved at the summit in 2024; this document is expected to lay foundations of the new architecture of management and cooperation. The proposals on the IFA reform are set out in the position document of the UN Secretary-General. See: URL: <https://www.un.org/sites/un2.un.org/files/our-common-agenda-policy-brief-international-finance-architecture-en.pdf>
- 6 Yaroslav Lisovolik. “The Summit of Enlargement: Conceptualization of BRICS+ Format.” URL: <https://russiancouncil.ru/analytics-and-comments/analytics/sammit-rasshireniya-kontseptualizatsiya-formata-briks/>

the auspices of the Russian chairmanship could help strengthen the economic agenda and weight of BRICS.

BRICS faces a serious task of integrating new members into existing cooperation mechanisms. Expansion will pose a challenge to the group's internal unity. Added to territorial disputes and differences between China and India are the conflicts between Egypt and Ethiopia over water resources (the Blue Nile) and competition for intraregional influence between the countries of the Middle East.

It is necessary to define the parameters for new BRICS members' accession to the New Development Bank (NDB), including the size of quotas and allocated capital and the nature of participation in the management of the bank, with taking into account the fact that according to Article 6a of the Agreement on the NDB the number of votes of a shareholder is equal to its share in the bank's allocated capital. At the same time, in accordance with Article 8c changes in the subscribed capital cannot lead to a decrease below 55% in the share of the founders of the bank and to an increase above 7% in the share of votes of a non-founder member. It is obvious that new members will be claiming participation in the management of the bank, and a decision will have to be made regarding Article 13c under which each founding country is represented by at least one vice-president, except for a country represented by the president.¹

Enlargement is unlikely to make it easier for BRICS to agree on a single settlement unit within the group. For many years, the idea of creating a single BRICS currency has been debated at the expert and working level. This issue was not reflected in official documents. At the same time, the BRICS countries have noted the need to use national currencies in trade and investment since 2015. In 2023, Brazilian President Lula da Silva raised the issue of creating a single settlement unit to the political level. The Johannesburg summit emphasized the need to encourage the use of national currencies in international trade and financial transactions between the BRICS countries and their trading partners, as well as cooperation on the payment infrastructure to facilitate trade and investment flows. The leaders instructed finance ministers and central bank governors of the BRICS countries to consider the use of national currencies, payment instruments and platforms and report on the results at the next summit.² A single currency is not mentioned in the order, probably, because of India's opposition to this idea. However, there is still a chance that debates will begin on possibilities and practical steps to create a single BRICS settlement unit which would be instrumental in solving the issue of bilateral trade surpluses in national currencies. Specific proposals for the implementation of the idea, including the creation of an "issuing bank" and the provision of securities guaranteed by member countries, were formulated by Paulo Nogueira Batista, Brazilian economist and former NDB vice-president. The settlement unit can be formed by analogy with the special drawing rights on the basis of a basket of national currencies, reflecting the relative economic weight of

1 Agreement on the New Development Bank – Fortaleza. 15 July. URL: <https://www.ndb.int/wp-content/uploads/2022/11/Agreement-on-the-New-Development-Bank.pdf>

2 The Johannesburg Declaration. Paragraph 45. URL: <http://kremlin.ru/events/president/news/72103>

the member countries' economies. At the first stage, it could function as a digital unit of denomination for government transactions and official accounting, as well as for replacing the US Dollar in the NDB's internal accounting and the Contingent Reserve Arrangement. With a single settlement unit available, countries with a trade surplus would be able to use it in bilateral transactions with other member countries. The NDB could promote dedollarization by accelerating the use of the new settlement unit in its loans and other financial transactions, as well as in issuing of securities.¹

The implementation of the initiative could become an important contribution of BRICS to the reform and democratization of the international financial system. It undoubtedly meets Russia's priorities in ensuring economic security, economic sovereignty, sustainable economic growth and a higher international competitiveness of the national economy.² Probably, at the first stage not all BRICS members would like or be able to join the mechanism. One should be prepared that this movement will take place at different speeds. Given the commitment of Brazil's leaders to this idea, there is a chance of launching the mechanism in the next two years. BRICS has entered a new stage of development and its efficiency will depend in particular on the quality of cooperation within the framework of Russia's BRICS chairmanship in 2024.

3. The Shanghai Cooperation Organization (SCO)

The outputs of the SCO's work under the chairmanship of India were generally positive for Russia, but very modest. There are several reasons. Firstly, the differences between India and China, India and Pakistan, India's desire to limit China's influence in the region³ and policies to strengthen economic, technological and military-industrial cooperation with the United States⁴ have become constraints for promoting cooperation between partners. It is probably for this reason China did not confirm the arrival of Chinese President Xi Jinping, and at the last minute a decision was made to hold the summit of heads of state in a virtual format.⁵ Secondly, India, which held two simultaneous presidencies of the SCO and the G20 in 2023, devoted much more attention and resources to the G20. Thirdly, the traditional prioritization of political and security issues, including by Russia, on the agenda did not allow the organization again to use the full potential for developing trade and investment ties and promoting economic cooperation.⁶ And

1 *Batista P.N. Jr.* A BRICS currency? URL: <http://kremlin.ru/events/president/news/72103> <https://www.nogueirabatista.com.br/wp-content/uploads/2023/09/Aug-2023-On-possible-BRICS-currency.pdf>

2 The Foreign Policy Concept of the Russian Federation. Paragraph 39. URL: <http://kremlin.ru/events/president/news/72103> <https://www.mid.ru/ru/detail-material-page/1860586/>

3 The Second Johannesburg Declaration of BRICS countries. URL: <http://kremlin.ru/events/president/news/72103>

4 *Austin Marks.* 'Transformative' Ties With India at Talks in New Delhi. URL: <https://www.defense.gov/News/News-Stories/Article/Article/3586231/austin-marks-transformative-ties-with-india-at-talks-in-new-delhi/>

5 India's SCO Challenge. URL: <https://www.gatewayhouse.in/indias-sco-challenge>

6 Akylbek Zhaparov, Head of the Cabinet of Ministers at the SCO summit: "Our organization is open and in demand; evidence of this is the expansion of the "SCO family." URL: <https://www.gov.>

yet, the participants managed to agree on more than 20 documents and ensure further institutional development and expansion of the SCO. Let us highlight some key results of the presidency, which, like the G20, was held under the motto "One Land, One Family, One Future."

It was important for Russia that the SCO leaders declared their commitment to the principle of indivisible security,¹ opposed the use of economic sanctions, except for those adopted by the Security Council (UNSC), and reiterated their "commitment to respect peoples' right to an independent and democratic choice of their political and socioeconomic ways of development and resolve peacefully differences and disputes between countries through dialogue and consultations."² The conflict in Ukraine is not mentioned in the text of the declaration, but these statements reflect Russia's position on its causes and possible settlement.

The participants showed unity on an issue, which is important to Russia, of ensuring "equal rights for all countries to regulate the Internet and the sovereign right of states to manage it in their national segment." SCO members spoke out "against the militarization of the sphere of information and communication technologies (ICT)" and supported Russia's position on the need to develop universal rules, principles and norms for responsible behavior of states in relation to ICT and the development, under the auspices of the UN, of a comprehensive international convention on countering the use of ICT for criminal purposes.³ This position is especially important in the context of the efforts of the United States and its OECD partners to extend the "rules-based order" to the digital sphere and the policy of compliance with rules and regulations only towards allies and friendly states⁴ reflected in the OECD Declaration on a trusted, sustainable and inclusive digital future.⁵

The leaders' summit marked the completion of the procedure for the accession of the Islamic Republic of Iran to the SCO as a full member state and the beginning of the process of accession of the Republic of Belarus, whose membership in the organization Russia always supported.

On the economic track, a step towards further promotion of cooperation was the adoption – albeit not by all members of the organization – of the SCO Economic Development Strategy for the Period until 2030 proposed by Emomali Rahmon, President of the Republic of Tajikistan in September 2021. It took more than a year and a half to develop the strategy. However, India did not join the "Strategy" viewing it as a Chinese initiative because of references to global and regional projects of the PRC. According to the SCO Charter, the disinterest of one or more member states in the implementation of individual projects does

kg/ru/post/s/23593-minkab-toragasy-akylbek-zaparov-skunun-sammitinde-bizdin-uyum-acyk-zana-suroo-talapka-ee-munun-dalili-sku-ui-bulosunun-keneiisi

1 The New Delhi Declaration of the Council of Heads of State – members of the SCO. pp. 5–6. URL: <http://kremlin.ru/supplement/5963>.

2 Ibid p. 2. URL: <http://kremlin.ru/supplement/5963>

3 Ibid p. 4. URL: <http://kremlin.ru/supplement/5963>

4 *Zinovieva E.* Digital Sovereignty in the Practice of International Relations. URL: <https://interaffairs.ru/jauthor/material/2798>

5 Declaration on a Trusted, Sustainable and Inclusive Digital Future. URL: <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0488>

not prevent interested member states from implementing such cooperation projects.¹ This provision makes it possible to implement the “Strategy” without India’s participation and leaves the door open for India to join it in future.

The strategy outlines a wide range of areas, including the digital economy; high technology and innovation; creation of new international routes for road and rail transport and modernization of the existing ones, multimodal transport corridors and logistics centers; finance and investment; energy and food security; reliable, sustainable and diversified supply chains; industrial cooperation. Russia supports promotion of cooperation in these areas.² The heads of government have instructed the relevant ministries and agencies to develop an “Action Plan for the Implementation of the Strategy” which is likely to be endorsed during Kazakhstan’s chairmanship in 2024.

The implementation of the “Strategy” will help consolidate regional integration, especially if differences can be overcome and India’s participation in the most significant and mutually beneficial projects is ensured. This is possible, although the experience of interaction within the SCO has shown that India is not inclined to change its position regarding Chinese initiatives. Thus, India again did not join the statement of other SCO members in support of China’s “One Belt, One Road” (OBOR) initiative and efforts to link the building of the Eurasian Economic Union and the OBOR.

At the same time, there are positive trends. India is expanding the use of national currencies, including the yuan, in mutual trade with partners, which is important for the implementation of the Roadmap for Increasing the Share of National Currencies in Mutual Payments approved in 2022. Russia stands for increasing cooperation on the implementation of the Roadmap: elimination of regulatory barriers, building of a modern payment infrastructure, formation of an independent regional payment and settlement mechanism and creation of conditions for the conversion of currencies of member countries on national exchanges.³

Particular attention was paid to energy and environmental issues. The energy ministers adopted a Joint Statement on cooperation between SCO member states on new types of fuel and modeling in the energy sector. Russia supported the initiative of Kassym-Jomart Tokayev, Leader of Kazakhstan to prepare and adopt the “Strategy for the Development of Energy Cooperation among the SCO Member States until 2030” and Iran’s initiative to create an energy hub within the SCO for trade and energy exchange and ensure the energy security of the organization’s member countries.

Both leaders and heads of government again emphasized the need to upgrade and reform the architecture of global economic governance, but concrete

¹ The SCO Charter. Article 16. URL: <http://www.kremlin.ru/supplement/3450>

² The meeting of the Council of Heads of State – SCO members. Russia’s Head of State took part in the meeting of the Council of Heads of State – members of the Shanghai Cooperation Organization via videoconference. URL: <http://kremlin.ru/events/president/news/71578>

³ The speech by Mikhail Mishustin at the meeting of the Council of Heads of Government – SCO member countries. URL: <http://government.ru/news/49883/>

decisions on the formation of regional economic governance institutions within the SCO were never made. Despite the need recognized by almost all participants to provide financial support for project activities and the need to create financial mechanisms to promote economic cooperation, as well as many years of negotiations on the creation of the SCO Development Bank and the SCO Development Fund (Special Account), participants of the Council of Heads of Government limited themselves as before to an agreement to continue consultations. Russia, which was previously wary of China's initiative, is now interested in creating non-Western financial institutions in the new conditions. So far, India is against it, but there is a hope that within the framework of Kazakhstan's chairmanship the process will gain new dynamics because the leadership of Kazakhstan, like most other SCO members, is actively promoting the idea. If it is not possible to agree on common positions on the establishment of the Bank, then there is an option of using Article 16 of the SCO Charter and establishing the Bank by interested members with the possibility of India joining it at a later stage. Though it is not a desirable approach because it erodes the fragile unity of the organization, it is more preferable than further delaying of a decision on an important economic cooperation which most members are interested in.

After the leaders' summit, the chairmanship of the SCO Council of Heads of State for 2023–2024 passed to Kazakhstan. Serious work is to be done to agree on the "Strategy for the Development of Energy Cooperation" and the parameters of the SCO energy hub, determine priorities in the implementation of the "Strategy of Economic Development", create conditions for expanding payments in national currencies, finalize the accession of Belarus and Mongolia to the organization and implement many other tasks. Despite the existing differences, the SCO is consolidating the positive dynamics of cooperation and remains the most important multilateral platform for the development of mutually beneficial cooperation between Russia and its partners in Eurasia.

4. The International Monetary Fund

In 2023, despite calls by a number of politicians to exit the International Monetary Fund (IMF)¹ Russia retained its status as a full member of this international institution. Representatives of the Russian executive authorities noted the invariability of Russia's position regarding its membership in the IMF. Thus, Alexander Pankin, Deputy Minister of Foreign Affairs of the Russian Federation declared that the IMF is an important element of the "economic world order," and participation in its activities has "an image value" and opens access to "the advanced international financial expertise." In addition, Russia is interested in

¹ For example, a relevant initiative was made by a group of State Duma deputies from the Communist Party of the Russian Federation. See: The draft law on withdrawal from the IMF was submitted to the State Duma. URL: <https://www.rbc.ru/politics/26/07/2023/64c04e8f9a794744fbc3b2c7>

continuing its participation in the activities of the Fund because of “involvement in the process of agreeing on global economic initiatives and projects.”¹

Thus, Russia continues to fulfill its financial obligations to the IMF and contribute to the formation of its credit resources. First of all, they consist of quotas of member countries. The Russian Federation’s quota has remained unchanged since 2016 and is equal to 12.9037 bn units of special drawing rights (SDR) (as of December 10, 2023, the SDR exchange rate to the US Dollar was about 1.33).² Also, Russia’s obligations continued within the framework of the IMF’s “second and third lines of defense” – new borrowing agreements (Russia’s potential obligations of 8.88 bn SDR are valid until the end of 2025) and bilateral borrowing agreements (obligations equivalent to USD3.9 bn are valid until the end of 2023 and can be extended for another year).³ At the same time, Russia’s ability to use the IMF resources if necessary is extremely limited.

In addition to financial relations, Russia previously regularly held consultations with the IMF on various aspects of the state and development of the economy, but after the start of the special military operation, contacts with the IMF in this area were stopped and never resumed. Nevertheless, IMF experts continued to study the prospects of and risks for the Russian economy as part of their work to forecast global economic trends. However, IMF forecasts are constantly changing amid the unstable global economic situation and are often unsubstantiated.

Thus, in 2023 Russian GDP growth rates forecasts varied from 0.3% to 2.2%, while the actual figure was equal to 3.6%.⁴ In the expert community, opinions are increasingly voiced about the discrepancies between the IMF forecasts and recommendations and the current economic realities.⁵

The problem in the relations not only of Russia, but also of other emerging market and developing countries with the IMF is still a lack of progress in implementing capital and governance reforms, including an increase in the share of quotas and votes of underrepresented members and revision of the quota formula. Within the scope of the 16th General Review of Quotas in November 2023, a proposal was adopted to increase quotas by 50% in proportion to current values; from experience of the previous review the approval and enactment of the proposal may take quite a long time.⁶ Proposals on the redistribution of quotas and the new quota formula are expected to be presented not before mid-2025.⁷

1 Interview of Alexander Pankin, RF Deputy Foreign Minister to the TASS News Agency. February 28, 2023. URL: https://www.mid.ru/ru/foreign_policy/news/1855987

2 Russian Federation: Financial Position in the Fund as of 30 November 2023. URL: <https://www.imf.org/external/np/fin/tad/exfin2.aspx?memberKey1=819&date1key=2099-12-31>

3 Russian Federation: Lending to the Fund. URL: <https://www.imf.org/external/np/fin/tad/extlend1.aspx?memberKey1=819&date1key=2022-11-30>

4 Rosstat estimated GDP growth at 3.6% in 2023. URL: https://minfin.gov.ru/ru/press-center/?id_4=38851-rosstat_otseuil_rost_vvp_v_2023_godu_v_36_protsesta

5 The global economy under pressure of high interest rates. URL: https://raexpert.ru/researches/world_economy_2023/

6 IMF Executive Board Approves a Proposal to Increase IMF Quotas. URL: <https://www.imf.org/en/News/Articles/2023/11/07/pr23383-imf-executive-board-approves-a-proposal-to-increase-imf-quotas>

7 Chair’s Statement: Forty-Eighth Meeting of the IMFC. URL: <https://www.imf.org/en/News/Articles/2023/10/14/pr23353-chairs-statement-forty-eighth-meeting-of-the-imfc>

Another failure of the quota reform perpetuates governance imbalances and undermines the legitimacy and credibility of the Fund.¹

5. Multilateral development banks

In 2023, as a year before, Russia's interaction with large multilateral development banks (MDBs) was frozen. Thus, the World Bank Group (WBG), whose experts previously carried out expert and analytical work in economic forecasting and upgrading financial regulation in cooperation with representatives of the Russian authorities, announced back in March 2022 the suspension of all types of activities in Russia and Belarus².

The moratorium on the approval of new projects in Russia introduced in 2014 by the International Bank for Reconstruction and Development (IBRD) continued. As of early December 2023, all IBRD projects in Russia that had been approved before the moratorium was introduced were completed or cancelled.³ Other WBG institutions also left in force financial restrictions introduced back in 2014 on interaction with Russia.

The cooperation between Russia and the WBG in the expert and analytical area has also been suspended. The implementation of the Russian Financial Sector Assessment Program and the publication of regular reports on the Russian economy ceased in 2021. Like the IMF, the WBG was constantly changing forecasts for Russia in its publications on global and regional trends and turned out to be inaccurate in them (1.6%⁴ versus actual 3.6%). As in the case of the IMF, in addition to restrictions on financial and expert-analytical networking, there is a lack of progress in implementing WBG equity capital and governance reforms in the interests of "underrepresented" emerging market and developing countries, including Russia. The activities of other MDBs, including those which Russia is a member of (the European Bank for Reconstruction and Development (EBRD), the New Development Bank (NDB), the Asian Infrastructure Investment Bank (AIIB)) also shrank to the minimum in 2023 due to the current geopolitical situation and financial restrictions against the Russian Federation.

Although Russia has retained its status as a full shareholder of the EBRD, there is virtually no interaction.⁵ Back in 2022, the bank's Moscow office was closed. EBRD representatives' statements and actions are highly politicized. In October 2023, the bank announced a full allocation of euro 3 bn to Ukraine over the period 2022–2023. The EBRD positions itself as "the largest institutional investor

¹ *Kring W.N., Uy M., Mohan R., Gao H.* Quote Reform is an Opportunity for the IMF to Restore its Legitimacy. URL: <https://oecd-development-matters.org/2023/10/30/quota-reform-is-an-opportunity-for-the-imf-to-restore-its-legitimacy>

² World Bank Group Statement on Russia and Belarus. URL: <https://www.worldbank.org/en/news/statement/2022/03/02/world-bank-group-statement-on-russia-and-belarus>

³ Projects. URL: https://projects.worldbank.org/en/projects-operations/projects-list?os=0&countryshortname_exact=Russian%20Federation

⁴ Europe and Central Asia Economic Update. URL: <https://www.worldbank.org/en/region/eca/publication/europe-and-central-asia-economic-update>

⁵ The EBRD in Russia. URL: <https://www.ebrd.com/russia.html>

in Ukraine”, pledging to continue support “as long as necessary” and to increase financing in key areas.¹

Despite Russia’s cancellation of special economic measures in respect to the NDB and the AIIB² at the end of 2022, banks are building policies taking into account risks associated with current restrictions on the international capital market and are not considering the financing of new projects in the Russian Federation.³ The implementation of the already approved projects has been suspended.⁴ Nevertheless, Russia continues to consider interaction with new financial institutions, in which friendly countries play a leading role, as a priority. Thus, at the meeting with NDB President Dilma Rousseff, Russian President Vladimir Putin noted Russia’s active participation in the bank’s activities and the possibility of jointly solving challenges facing the NDB and the BRICS as a whole (for example, reduction in dependence on the US Dollar in mutual settlements). In turn, Dilma Rousseff stated that the NDB development strategy for the period 2022–2026 “suggests that about 30% of funds should be raised in domestic markets. It is also important to raise funds in different currencies, not just dollars or euros.”⁵

Although technical restrictions and risks related with financial transactions with Russia have led to the suspension of activities of the main MDBs, including the NDB⁶ and the AIIB⁷ on new and previously approved projects in Russia, beyond the framework of the implementation of projects in the Russian Federation interaction with institutions, in which Russia and friendly countries are the main shareholders, is preserved and built for the future with taking into account the potential role of new MDBs in the transformation of the international financial system.

51 6. The United Nations

Along with unilateral sanctions, Western countries continued their attempts to turn the UN into an instrument of pressure on Russia, trying to limit its influence on the constructive solution of key issues on the agenda.

¹ The EBRD granted Ukraine euro 3 bn. URL: <https://ria.ru/20231023/ukraina-1904646556.html>

² Special measures envisage a ban on certain financial transactions, in particular those related to the transfer of the ownership title to securities. In addition, the measures related with restrictions on withdrawal of foreign exchange from Russia suggest redemption of foreign currency-denominated obligations to foreign creditors in rubles. Special measures were introduced in response to “unfriendly actions of the United States and foreign countries and international organizations that have joined them.” The withdrawal of the NDB and the AIIB from the measures is likely owing to Russia’s desire to fulfill its obligations to these institutions in a “normal” mode and to ensure the earliest possible resumption of financial interaction and positioning of these banks as Russia-friendly organizations.

³ Executive Order No.738 of October 15, 2022 of the President of the Russian Federation “On Application of Some Executive orders of the President of the Russian Federation.” URL: <http://publication.pravo.gov.ru/Document/View/0001202210150001>

⁴ Our Projects. URL: https://www.aiib.org/en/projects/list/year/All/member/Russian%20Federation/sector/All/financing_type/All/status/All

⁵ The meeting with NDB President Dilma Rousseff. URL: <http://www.kremlin.ru/catalog/persons/236/events/71809>

⁶ A Statement by the New Development Bank. URL: <https://www.ndb.int/news/a-statement-by-the-new-development-bank/>

⁷ AIIB Statement on war in Ukraine. URL: <https://www.aiib.org/en/news-events/news/2022/AIIB-Statement-on-war-in-Ukraine.html>

In October 2023, a vote took place on the issue of filling the vacancies on the UN Human Rights Council for 2024–2026. As a result of the vote, Russia received 83 votes and was not elected for the upcoming term; its rivals in the regional group – Bulgaria and Albania – received 160 and 123 votes, respectively, and joined the Council.¹ According to Maria Zabolotskaya, Deputy Permanent Representative of the Russian Federation to the UN for Legal Affairs, Human Rights and Counter-Terrorism, the decisive role was played by the “unprecedented” anti-Russian campaign launched by the United States.² According to the Ministry of Foreign Affairs of the Russian Federation, Russia’s competitors in the voting were openly supported not only by the United States, but also “London, Brussels and their allies,” who used the UN Security Council platform for open anti-Russian agitation. Nevertheless, Russia views the Human Rights Council as a key body in the UN system and seeks to reverse the trend of politicization of its work. For the coming period, Russia will maintain its status as an observer state with the Council.³

In April 2023, as a result of a regular rotation Russia became the chairman of the UN Security Council (UNSC). All planned events on global agenda issues were carried out within a month.⁴ The UN Security Council held debates on the risks associated with violation of agreements on regulation of exports of military purpose products; high-level debates took place with the participation of Sergei Lavrov on the issues of forming a “fair multipolar system” based on the principles of the UN Charter; open quarterly debates on security issues in the Middle East were held. A number of informal meetings were organized in conformity with the “Arria formula” on the issue of ensuring the safety of children in the area of the special military operation. Also, on the sidelines of the UN Security Council, multilateral discussions were held on the issues of achieving social consolidation in Afghanistan and normalizing the situation around the Korean Peninsula, in Sudan, Yemen and Columbia.

The support of the United States and its partners for Israeli military actions in the Gaza Strip after the Hamas attack on October 7, 2023 led to an open confrontation in the UN Security Council on the issue of preventing further development of the conflict. The United States with the support of France, Japan and the UK rejected the draft resolution on a humanitarian ceasefire proposed by Russia immediately after the start of the armed confrontation.⁵ Then the United States vetoed Brazil’s draft resolution, which Russia proposed to amend to condemn attacks on civilians and call for a humanitarian truce, citing the lack

1 Russia failed to be reelected to the UN Human Rights Council. URL: <https://www.rbc.ru/politics/10/10/2023/65254ef69a79475a805b114e>

2 Russia fails to return to UN rights body after losing vote. URL: <https://www.reuters.com/world/russian-bid-return-un-rights-body-fails-after-vote-2023-10-10/>

3 On elections to the UN Human Rights Council for 2024–2026. URL: https://mid.ru/ru/foreign_policy/news/1909016/

4 On the results of Russia’s chairmanship in the UN Security Council in April 2023. URL: https://www.mid.ru/ru/foreign_policy/news/1866290/

5 The UN Security Council rejected Russia’s resolution on Gaza. URL: <https://news.un.org/ru/story/2023/10/1445852>

of language in the text on Israel's right to self-defense.¹ After two months of efforts to agree on the UN Security Council decision, on December 9 the United States vetoed the draft resolution demanding an immediate ceasefire proposed by the UAE and supported by 13 UN Security Council members and 97 UN member states. In fact, the UN Security Council found itself "paralyzed by geostrategic differences, its authority and trust in it have been seriously undermined."²

The achievement of 2023 is the continued broad support on the part of the General Assembly (UNGA) for Russia's activities within the framework of the Open Working Group (OWG) in the field of international information security (IIS). In November 2023, the First Committee of the UN General Assembly adopted the Russian draft resolution on the format of decision-making in the OEWG based on consensus which took into account the opinions of all participants.³ The support of the majority of UN member states makes it possible to maintain the progress achieved in the field of international information security and create the preconditions for continuing negotiations in the future.

In September 2023, during the high-level week of the 78th session of the UN General Assembly, a summit was held to "mark the beginning of a new stage of accelerated progress in achieving the SDGs."⁴ The final documents of the summit, in particular, the declaration of the UN High-Level Political Forum on Sustainable Development did not include new commitments in respect of specific ways of speeding up progress in achieving the Goals, mechanisms for reforming the 2030 Agenda with taking into account new thematic sectors (in particular, digitalization), as well as instruments for monitoring and evaluating results.⁵

At the summit, on behalf of the member states of the Eurasian Economic Union (EAEU) Russia's representative delivered a report on achievement of the SDGs within the framework of the association. According to the representative of the Russian Federation, the lack of progress in implementing the SDGs is due to the following: miscalculations made by the United States and the European Union in the macroeconomic policy during the pandemic; forced "greening" of the economy without taking into account the social effects of the proposed measures; the reluctance of donors to fulfill their obligations to developing countries, as well as the "policy of illegal unilateral sanctions."⁶

1 The UN Security Council: the USA vetoed Brazil's resolution on the Middle East. URL: <https://news.un.org/ru/story/2023/10/1445912>

2 'I will not give up' on push for Gaza humanitarian ceasefire: Guterres. URL: <https://news.un.org/en/story/2023/12/1144622>

3 On adoption of Russia's draft resolution on international information security by the First Committee of the UN General Assembly. URL: https://mid.ru/ru/foreign_policy/news/1913423/

4 The UN summit of the future in 2024. The UN. URL: <https://www.un.org/ru/common-agenda/summit-of-the-future>

5 Political Declaration of the high-level political forum on sustainable development convened under the auspices of the General Assembly. URL: https://hlpf.un.org/sites/default/files/2023-09/A%20HLPF%202023%20L1.pdf?_gl=1*13h3m9w*_ga*MTk3MDU3NjU3OS4xNzAxOTQ2ODE0*_ga_TK9BQL5X7Z*MTcwMTk0Njg4My4xLjEuMTcwMTk0ODk2Mi4wLjAuMA

6 The report on the impact of the Eurasian economic integration on the achievement of the UN Sustainable Development Goals within the EAEU during the Sustainable Development Goals Summit under the auspices of the UN General Assembly (September 18–19, 2023). The UN. URL: https://estatements.unmeetings.org/estatements/10.0010/2023091809000000/m2I3qkeWGcpM/k5xFeQj02Mx1_ru.pdf

Despite the negative forecast regarding the prospects for the implementation of the SDGs until 2030, as well as the need recognized by the UN to adopt an action plan to stimulate the achievement of the Goals (SDG Stimulus), no practical steps have been taken to structurally transform the 2030 Agenda. The existing SDG framework provides limited space for integrating the commitments from the Political Declaration and ensuring the monitoring of their implementation because it does not include a sufficient number of targets and indicators in key areas, such as digitalization. The lack of efforts towards structural transformation and renewal of the SDGs calls into question the expected results of the upcoming Summit of the Future in 2024 and worsens the prospects for achieving the Goals by 2030.

7. The World Health Organization

In 2023, the trend towards curtailing cooperation between Russia and the World Health Organization (WHO), associated with the aggravation of the geopolitical situation, continued.

On May 15, 2023, by decision of the WHO Regional Committee for Europe, the Moscow office for the prevention and control of non-communicable diseases was closed. The implementation of the functions of the office was entrusted with the regional office in Copenhagen.¹ The Ministry of Health of the Russian Federation described this decision as politicized: Deputy Minister Sergei Glagolev noted its contradiction to the “spirit of cooperation and the charter of the WHO Constitution”, as well as the creation of a precedent for curtailing cooperation “in the political interests of a narrow group of countries.”²

On May 21-30, 2023, the 76th session of the World Health Assembly was held with the active participation of Russia. On May 22, 2023, Russia together with the Arab Republic of Syria came up with a draft resolution “Health Emergency in and around Ukraine.”³ According to Sergei Glagolev, Deputy Minister of Health of the Russian Federation, “the Russian side has prepared a politically neutral draft resolution which allows all countries to effectively interact in the interests of resolving the health emergency in Ukraine and increase the effectiveness of this line of work of the World Health Organization.” The representative of the Ministry of Health praised WHO’s activities in health emergencies and also outlined the role of Russia as an important donor in these efforts.⁴ However, the Russian draft resolution failed to receive support of the Assembly with 62 votes against, 13 in

- 1 Closure of the WHO European Office for the Prevention and Control of Noncommunicable Diseases (NCD Office) in Moscow (the Russian Federation) and transfer of its functions and management to Copenhagen (Denmark). URL: <https://iris.who.int/bitstream/handle/10665/367820/ss3rs2r-NCD-230440.pdf?sequence=1>
- 2 The Ministry of Health called the closure of the WHO office in Moscow a politicized decision. URL: <https://tass.ru/obschestvo/17811099>
- 3 Health emergency situation in and around Ukraine. URL: https://apps.who.int/gb/ebwha/pdf_files/WHA76/A76_ACONF4-ru.pdf
- 4 Russia prepared a draft resolution on work with the WHO in Ukraine. URL: <https://ria.ru/20230523/proekt-1873753098.html>

favor and 61 abstentions.¹ An alternative resolution with political assessments of the situation around Ukraine and condemnation of Russia was adopted, but it did not actually imply specific practical steps aimed at combating the consequences of the conflict in the healthcare sector.

At the practical level, the joint work of Russia and the WHO, although in a truncated format, continues. At a meeting held on October 23, 2023 in Astana, Mikhail Murashko, Minister of Health of the Russian Federation and Tedros Adhanom Ghebreyesus, Director General of the World Health Organization agreed to hold joint activities in the territory of the Russian Federation, in particular, in the field of combating infectious diseases, tuberculosis and HIV, as well as the regulation of medical products. The inclusion of Russian specialists in WHO working bodies was also discussed at the meeting.²

Despite the reduced level of cooperation, the closure of the regional office in Moscow and the general politicization of the process within WHO, the organization remains relevant for Russia. Thus, Health Minister Mikhail Murashko spoke in favor of maintaining ties with the WHO, since the organization can be used "as a platform for the exchange of information, as well as for promoting and upholding one's point of view."³

8. The EAEU

In 2023, the EAEU continued to adjust internal processes amid growing sanctions imposed on Russia and Belarus, search for a compromise on key issues of integration development (for example, in the energy sector and e-commerce) and work on an agreement on data circulation.

In 2023, the climate agenda was a priority and dynamically developing line of cooperation in the EAEU. The adoption of criteria for green projects of the EAEU member states (model taxonomy) can be called the main achievement.⁴ It is meant to simplify the access of investor companies from the EAEU to capital markets through the placement of financial instruments on the exchanges of the EAEU countries. The model taxonomy of the EAEU's green projects should help reduce possible barriers to attracting investments in innovative projects in the EAEU space, as well as can also be used in the development of national systems for verifying financial instruments as "green" by member states which do not have such systems. As a pilot project, it is planned to issue "green" financial instruments for a cooperative Eurasian project in conformity with the Union's model taxonomy. In addition, Andrei Slepnev, Minister of Trade of the EAEU, noted that in order to

1 The daily news from the 76th session of the World Health Assembly – May 24, 2023. URL: <https://www.who.int/ru/news/item/24-05-2023-seventy-sixth-world-health-assembly---daily-update--24-may-2023>

2 Mikhail Murashko has declared that the Ministry of Health of the Russian Federation preserves contacts with the WHO . URL: <https://tass.ru/obschestvo/19091103>

3 Mikhail Murashko explained the need to preserve the relations between Russia and the WHO. URL: <https://www.rbc.ru/politics/01/02/2023/63da60d99a7947f4af9faafb>

4 "Green" projects criteria of the EAEU member states. URL: https://eec.eaeunion.org/upload/medialibrary/df7/Kriterii-dlya-opublikovaniya-_Modelnaya-taksonomiya_.pdf

eliminate trade barriers, a common market for carbon units would be preferable and this would require the development of general regulation on infrastructure issues and harmonization of sectoral decarbonization plans.¹ In 2023, the Board of the Eurasian Economic Commission adopted recommendations on the concept of introducing the principles of a “green” economy in the Eurasian Economic Union. The document defines four principles of the “green” economy: transparency and cooperative attractiveness in the implementation of “green” projects, exchange of experience and best practices of national climate control systems between member states, economic efficiency and an increase in the gap between economic growth and anthropogenic impact on the environment.²

The EAEU is discussing the prospects for cooperation in the field of hydrogen production. In 2023, a special report was presented; it includes information on the main technologies for the production, transportation, storage and use of hydrogen; review of global experience in the field of hydrogen energy based on the example of individual countries and trends in the development of hydrogen energy in the EAEU states. Promising lines of the development of scientific and technical cooperation in the field of hydrogen energy in the EAEU have been identified; they include the production of low-carbon hydrogen by water electrolysis through the use of electrical energy from nuclear power plants, small hydroelectric power plants and renewable energy sources; production of low-carbon hydrogen by various methods from hydrocarbons; compressing, liquefaction, storage and transportation of hydrogen; hydrogen transport and the infrastructure required for its application; materials for solid oxide electrolyzers and fuel cells, as well as for the use of advanced hydrogen storage technologies.³

The EAEU single energy market is expected to start its work in 2025; it was planned to complete the approval of all the necessary agreements for its launch by 2023, but it was not feasible to complete this work within the set time frame. In 2023, progress was achieved in respect of the electricity market. The Rules for Mutual Trade in Electrical Energy were approved, as well as the Rules for Determining and Distributing the Capacity of Interstate Cross-Sections. These are two of the four main sets of rules that must be adopted by the Union for the successful functioning of the common electricity market.⁴ Also in 2023, the Council of Heads of Authorized Bodies of the Member States of the Eurasian Economic Union in the field of energy began its work with a main objective to

1 *Andrei Slepnev*: “Climate agenda suggests technological transformation and success which will determine competitiveness in the coming decades.” URL: <https://eec.eaeunion.org/news/andrey-slepnev-klimaticheskaya-povestka-predpolagaet-tekhnologicheskuyu-transformatsiyu-uspekhi-kotor/>

2 The EAEU has adopted the concept for introduction of the principles of the “green” economy. URL: <https://eec.eaeunion.org/news/v-eaes-prinyali-kontseptsiyu-vnedreniya-printsipov-zelenoy-ekonomiki/>

3 On the results of the analysis on the prospects for the development of hydrogen energy in the Eurasian Economic Union. URL: <https://eec.eaeunion.org/upload/medialibrary/5ab/HYDROGEN-REPORT-2023.pdf> (date of access: December 19, 2023).

4 The other two rules concern the rules of access to services for interstate electricity transmission and information exchange. The next stage of development of the EAEU common electricity market has completed URL: <https://eec.eaeunion.org/news/zavershilsya-ocherednoy-etap-razvitiya-obshchego-elektroenergeticheskogo-rynka-eaes/>

ensure the approval and adoption of missing agreements, primarily for the oil and gas markets, but so far it appears to be an extremely difficult task. Three main lines of differences between member countries are named. Firstly, this is pricing for gas transportation services. Russia and Kazakhstan are in favor of separate pricing in the domestic and foreign markets, while Belarus, Armenia and Kyrgyzstan are in favor of equal conditions for all members of the EAEU. Secondly, the issue of the continuation of bilateral gas agreements because it is not yet clear whether they will be brought into line with the prospective international agreement or remain in force in their current version. Thirdly, the issue of non-discriminatory conditions for gas transit from third countries.¹ A compromise on these issues is needed to launch a single market, which is regarded as a key line of integration in the Treaty on the EAEU.

In 2023, the EAEU made progress in the development of electronic commerce regulation. The Board of the Eurasian Economic Commission approved general approaches to the protection of consumer rights in electronic commerce and recommended them for inclusion in the legislation of member countries. The document contains a list of information, including the price and conditions for the purchase and return of goods that must be provided to the consumer, as well as characteristics of unfair actions and grounds for establishing liability for violation of consumer rights in electronic commerce. In June 2023, the EEC presented a draft Agreement on Electronic Commerce. Its analysis has shown that Russia's interests, including the right to establish the maximum permissible shares of foreign capital in trading platforms, as well as the right to use the national payment system (MIR) for transactions, were taken into account by the EEC. However, with further negotiation of the project, differences may arise, for example, due to data localization requirements, so mutually beneficial solutions will have to be searched for. Finally, a new legal institution – an e-commerce operator – was established to comprehensively provide logistics for operations with relevant goods, as well as networking with Internet platforms and customs authorities.

In 2023, the development of the digital agenda slowed down, and the extent of public coverage of the Union's activities in this area decreased significantly. The draft international agreement on data circulation failed to be agreed on, although it should have been presented at the beginning of 2023, and before that, in mid-2022. Without agreement on the data circulation regime in the EAEU and all aspects of their cross-border transfer, it will be difficult to implement joint digital projects that form the basis for the development of integration because businesses will encounter different requirements in each member country. The absence of an agreement on data, not necessarily only personal data, deprives the EAEU of a serious resource for the development of the economy. According to calculations of the EEC and the World Bank, despite the fact that today the data industry at the regional level of the EAEU is at an early stage of development, in

¹ *Zakrevsky V.* When common energy markets in the EAEU will start working and what benefits consumers will receive. URL: <https://eec.eaeunion.org/news/speech/vadim-zakrevskiy-kog-dazarabotayut-obschie-energeticheskie-rynki-v-eaes-i-kakuyu-vygodu-poluchat-potrebiteli/>

future the “data economy’s” active growth is expected and on the back of it the EAEU’s GDP can grow by 2% until 2025.¹

In December 2023, a number of key documents were adopted: “The EAEU Main Guidelines for International Activities in 2024”, “The Main Guidelines for Macroeconomic Policy for 2024–2025” and “The Declaration on the Further Development of the Economic Processes within the EAEU till 2030 and for the period until 2045 “Eurasian Economic Path”. The declaration envisages the expansion and promotion of integration and strengthening of networking with partners in the CIS, BRICS and SCO. In the coming years, important integration challenges for the EAEU will be the following: to promote cooperation on the climate agenda, strengthen integration and ensure harmonization, create conditions for the joint implementation of climate projects and verification and validation of such projects’ results and complete integration processes on energy markets. It is necessary to assess the adequacy of the relevant regimes and agree on interstate agreements on the adequacy and sufficiency of personal data protection between members of the EAEU. Within the EAEU, an agreement on electronic commerce should be adopted. Simultaneously, networking should continue between relevant agencies in order to harmonize the regulation.

9. The EU

In 2023, the European Union continued its policy of diversifying energy sources, completed the filling of gas reservoirs in advance in preparation for winter and developed alternative energy sources. At the same time, in Q1 2023 the EU demonstrated a reduction in greenhouse gas emissions, while its GDP increased on the same period of 2022.² Russia’s share in EU imports of petroleum products and natural gas has been continuously declining since Q2 2022. Oil imports from Russia fell from an average monthly figure of 8.7 million tons in Q2 2022 to 1.6 million tons in Q2 2023 (-82%), while imports from countries outside the EU, except Russia, on the contrary, increased from 31.5 million tons to 37.3 million tons over the same period. Russia’s share of total imports of petroleum products to the EU was equal to 4.0% in Q2 2023, which is significantly different from 21.6% seen in the same quarter of the previous year.

A similar situation developed with gas: Russia’s share decreased by 14.5 p.p. to 13.8% of the EU total imports, while the shares of Algeria (+9.3 p.p.) and Norway (+6.2 p.p.) increased considerably. Thus, the EU managed to successfully overcome its dependence on energy supplies from Russia and find other suppliers. However, imports of liquefied gas (LNG) from Russia increased in 2023 as it is not yet subject to sanctions and European buyers are taking advantage of this opportunity. EU countries purchased 22 million cubic meters of Russian LNG in January-July 2023

1 The EAEU’s Digital Agenda till 2025: Prospects and Recommendations. URL: <https://eec.eaeunion.org/upload/medialibrary/864/Obzor-VB.pdf>

2 Which EU countries are making the most progress with their emissions reductions? URL: <https://www.weforum.org/agenda/2023/09/eu-greenhouse-gas-co2-emissions/>

compared to 15 million in the same period of 2021.¹ According to the Aurora Energy Research, in January–July Russia provided about 16% of total LNG imports to the EU, ranking second after the United States.

In December 2023, the EU passed a decision under which any EU member country would be able to ban companies from Russia and Belarus to buy capacities in European gas pipelines and LNG terminals. This proposal lays grounds for EU energy companies to terminate contracts with Russian gas suppliers without paying a significant compensation.²

In 2023, the EU kept increasing sanctions pressure on Russia and adopted the tenth and eleventh packages of restrictive measures, which affected sensitive dual-use technologies, bitumen and related materials (asphalt), synthetic rubber and technical carbon. An “anti-circumvention tool” has been introduced: it will allow the EU to restrict the export of certain sanctioned goods and technologies to third countries whose jurisdictions are considered to be subject to a persistent and high risk of circumvention. Also, restrictions have been tightened on imports of iron and steel goods from third countries which have now to prove that the raw materials used do not come from Russia.

The EU and its allies are increasing pressure on the Russian economy, but not all measures ultimately prove effective. The price cap of \$60 per barrel on Russian oil introduced in December 2022 is not complied with; oil is sold at a price of about \$70 per barrel.³ This also demonstrates the limited ability of the EU and its G7 partners to influence world markets and all global actors.

In 2023, the EU finally agreed on the instruments of the Fit for 55 package, including the reform of the European Emissions Trading System (EU ETS) and the introduction of a cross-border carbon adjustment mechanism (CBAM). The CBAM transition phase came into force on October 1, 2023 and will last until the end of 2025. During this period, European importers of non-EU goods subject to the CBAM are required to report the carbon intensity of their imports without incurring any financial obligations. The obligation to purchase and submit CBAM certificates will apply from 2026, actually setting a price on carbon that is expected to reflect the price level of quotas in the EU ETS.⁴ As in the current situation, Russian aluminum, steel and fertilizers are subject to international sanctions and, accordingly, their exports to the EU countries are actively declining, adaptation to CBAM criteria is no longer a priority for their manufacturers.

The EU faces a new challenge: the insufficient scale of production of climate-neutral technologies and raw materials for them. Therefore, two broad strategies

¹ Persistent increase of Russian liquefied natural gas imports in the EU. URL: https://www.europarl.europa.eu/doceo/document/E-9-2023-001887_EN.html

² EU to give member states power to block Russian gas imports. URL: <https://www.ft.com/content/d6a06e26-7256-4b97-92dd-7131fb676ad8>

³ Russian oil price cap has largely failed, new report finds. URL: <https://www.politico.eu/article/russia-oil-price-cap-ukraine-war-centre-research-energy-clean-air/>

⁴ EU Carbon Border Adjustment Mechanism (CBAM) takes effect with transitional phase. URL: <https://icapcarbonaction.com/en/news/eu-carbon-border-adjustment-mechanism-cbam-takes-effect-transitional-phase>

were introduced to prevent new dependency: the Green Deal Industry Plan¹ and the Critical Raw Materials Strategy.² In the field of development of technologies, the Commission decided to take an unusual step and expanded the range of government support tools. Guaranteed funding for the industry amounts to euro 439.6 bn until 2027 from the Recovery and Sustainability Fund, the Fair Transition Fund, the Horizon Europe and Funding Important Projects of Common European Interests programs. With the attraction of private investments, the EU expects to double this amount.

The EU is seeking to find like-minded partners with whom it can coordinate policies to prevent carbon leakage and provide better business conditions through the creation of clubs. The attempt to extend the same restrictions and standards to the main actors in exchange for a more predictable environment and funding, investment and technology, while protecting against those who are not ready to tighten the requirements, is the basis for forming a climate club. The establishment of limited clubs can undermine efforts within the scope of generally accepted instruments and forums, most notably the United Nations Framework Convention on Climate Change (UNFCCC), and increase fragmentation. Therefore, such initiatives that may discriminate against those who did not join should be treated with caution.

In 2023, the Digital Services Law (DSL) and the Digital Markets Law (DML) came into force. These laws are an example of *ex ante* regulation of digital services. The DSL regulates a wide range of digital services provided by online intermediaries and platforms, including marketplaces, social networks, content sharing platforms, app stores, and travel and accommodation search platforms. The DSL regulates platforms that are guardians of entry to the market, have systemic importance in the domestic market and represent a “bottleneck” in relations between businesses and consumers. The risks of the EU policy regarding digital platforms’ activities, as well as the interests of users are associated with the development and adoption by the European Commission of delegated acts, methodologies and recommendations on specific aspects of the implementation of regulations, which content, as shown by the recently published report on the methodology for assessing the effectiveness of measures taken by platforms against disinformation on the basis of the risk management principles and risk mitigation requirements of the Digital Services Regulation³, may have a potentially negative impact on users as a result of excessive self-regulation of platforms. The proposed use of “qualitative assessments of the level of risk in context” creates the preconditions for the influence of ideological and political considerations on the process and result of assessing content and moderation measures and the relevant impact on the behavior of platforms that may prefer

¹ European Commission (2021) COM/2021/775 final. URL: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52021PC0775>.

² European Commission (2023) COM/2023/165 final. URL: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52023DC0165>

³ Digital Services Act. Application of the risk management framework to Russian disinformation campaigns. URL: <https://op.europa.eu/en/publication-detail/-/publication/c1d645d0-42f5-11ee-a8b8-01aa75ed71a1>

tough moderation or blocking of Russian user accounts to fines for violating the Commission's recommendations in respect of the DSL requirements.

Thus, the EU managed to overcome its dependence on Russian energy supplies, expanded the list of suppliers, improved its energy efficiency indicators and even reduced emissions while its GDP increased. The sanctions pressure on Russia continues to grow, but the negotiation of new packages of sanctions is becoming more and more difficult and slower, sanctions are becoming more targeted and limited, and differences between member countries increase.

Some instruments do not yield the expected result as even the group of major developed economies finds it difficult to influence global markets. At the same time, the EU has adopted a range of measures aimed at protecting its own industry and expected to influence the global competition in the markets for climate-neutral technologies and critical raw materials. There is a risk of isolating Russia and closing its access to markets and, as a result, its inability to carry out decarbonization and achieve its climate goals. The beginning of the implementation of the EU DSL and DML has shown that Russian end users and business users may face restrictions as regards the provision of information and EU citizens will be limited in their ability to obtain information from the Russian side. In this regard, it is necessary to monitor and analyze the content and identify risks associated with the adoption by the EC of delegated acts, methodologies and recommendations for the implementation of regulations.

10. UNFCCC

The 28th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP28 UNFCCC), an annual key event in the field of climate policy was held from November 30 to December 12, 2023 in Dubai. The Conference completed the first "global inventory" that began at COP26 in Glasgow. This process was meant to identify which policies should be a priority and stimulate countries to speed up the climate transition. As a result of lengthy negotiations, the following lines for reducing emissions were fixed:

- increasing by 200 percent the capacity of renewable energy sources (RES) and doubling the average annual rate of increase in energy efficiency by 2030. To implement efforts in this direction, the "Global Commitment on Renewable Energy and Energy Efficiency" was adopted at COP-28, signed by 130 national governments (as of December 11, including the European Union). Russia and its BRICS partners, with the exception of Brazil, did not join the obligation, including due to problems of financing the development and implementation of technologies, as well as non-compliance with the principle of fairness. It was noted that developed countries used the potential of hydrocarbons for their growth, while depriving developing countries of such an opportunity;
- accelerating efforts to gradually phase out coal energy;
- accelerating efforts to create zero-emission energy systems using zero- and low-carbon fuels well before or around mid-century;

- a gradual transition in a fair, orderly and equitable manner from fossil fuels in energy systems, accelerating of actions to achieve zero net emissions by 2050. This point of the final document caused the greatest controversy. Initially, a group of countries, which mainly included EU members and other importers, tried to push for the inclusion in the text of a decision on a complete phase-out of all types of fossil fuels, including gas. Hydrocarbon-exporting countries, including the presidencies of the UAE, Saudi Arabia and Russia, were categorically against such wording, emphasizing the right of countries to choose their own decarbonization path, the risks of worsening poverty and energy security problems in the context of a hasty abandonment of hydrocarbons, and the potential of gas as a transition fuel, the use of which can significantly reduce emissions in developing economies. This position was supported by developing countries, for which the energy transition and complete abandonment of fossil fuels at this stage is impossible without damage to the social and economic development;
- accelerating the introduction of zero- and low-emission technologies, including, in particular, renewable energy sources, nuclear power, pollution control and removal technologies such as carbon capture, utilization and storage, and low-carbon hydrogen production;
- significant reduction in greenhouse gas emissions (in addition to carbon dioxide), including, in particular, methane emissions, by 2030;
- accelerating the reduction of emissions from road transport, including through infrastructure development and the rapid introduction of zero- and low-emission transport vehicles;
- phasing out ineffective fossil fuel subsidies that do not address energy poverty or a just transition.¹

Also, a number of sectoral initiatives were launched. Thirty-seven national governments participating in the Declaration on Mutual Recognition of Certification Schemes for Renewable and Low Carbon Hydrogen and Its Derivatives will seek mutual recognition of their respective schemes.² The initiators of the agreement were the G7 countries. For Russia, the exclusion from mutual recognition of clean hydrogen standards can close an access to markets. The 52 signatories to the Oil and Gas Decarbonization Charter commit to achieve net-zero production emissions not later than 2050, end routine gas flaring by 2030 and reduce methane emissions from production to zero. The Russian company LUKOIL joined the initiative.³ 22 countries have adopted a declaration to triple nuclear power capacity by 2050, recognizing the key role of nuclear energy in achieving “net zero”.⁴

¹ Outcome of the first global stocktake. URL: https://unfccc.int/sites/default/files/resource/cma2023_L17_adv.pdf

² Mutual Recognition of Certification Schemes For Renewable And Low-Carbon Hydrogen And Hydrogen Derivatives. URL: <https://www.cop28.com/en/cop28-uae-declaration-on-hydrogen-and-derivatives>

³ Oil & Gas Decarbonization Charter launched to accelerate climate action. URL: <https://www.cop28.com/en/news/2023/12/Oil-Gas-Decarbonization-Charter-launched-to-accelerate-climate-action>

⁴ Declaration Recognizes the Key Role of Nuclear Energy in Keeping Within Reach the Goal of Limiting Temperature Rise to 1.5 Degrees Celsius. URL: <https://www.energy.gov/articles/cop28->

Within the framework of the previous COP-27 summit, its participants agreed to create a UN Fund to compensate climate change-related losses and damage to developing countries. Then the parties disagreed on whether it was necessary to compensate all the losses suffered by the countries of the South during the global warming or only new ones (the western countries were in favor of the latter option). In November 2023, the parties agreed to locate the Fund within the framework of the World Bank, although developing countries preferred a separate secretariat, which would be served by a separate legal entity.¹ 18 states, including Germany and Japan, agreed to allocate funds to the Damage Compensation Fund. China and India opposed it, insisting on their status as developing countries. Russia is considering the possibility of financing the Fund using frozen national reserves.² In general, for developing countries the issue of financing remains the main one for global climate regulation. The insufficient amount of resources provided by developed countries, the borrowed nature of financing in the context of the worsening debt problem of developing and least developed countries create obstacles to a just transition and risks of increasing global inequality.

At COP-28, Russia once again confirmed its goal of achieving carbon neutrality by 2060. The main task of the delegation was to prevent discrimination against any types of fuel and energy in the final documents. In a coalition with partners, it became possible to achieve the adoption of a softer wording regarding a gradual transition from fossil fuels.

Russia joined none of the initiatives, however, national documents, primarily the "Strategy for Long-Term Development with Low Emissions" and the new "Climate Doctrine" published in 2023 set out goals for reducing emissions, doubling the share of renewable energy sources and increasing nuclear power capacity. The growing recognition of nuclear energy as "green" meets the interests of Russia, which has a significant potential for implementing international projects in this area. Azerbaijan's chairmanship at COP-29 in 2024 also provides grounds for successful upholding of Russia's interests in respect of the use of hydrocarbons and other issues of the agenda.

* * *

A trend has emerged in the system of international institutions towards a change in the balance of influence. The countries of the global South demonstrate growing autonomy and independence in making a political choice on key issues of global and regional governance. The new movement of "active" non-alignment seeks to overcome the unilateral global domination of the United States and its allies and create a representative and fair international order. Russia (more precisely, the USSR) historically showed solidarity with the struggle

countries-launch-declaration-triple-nuclear-energy-capacity-2050-recognizing-key

1 Adaptation to climate change – the key lines of cooperation in the 21st century. URL: <https://fedpress.ru/article/3281126>

2 The Russian Federation is considering the issue of financing the Damage Compensation Fund using its frozen reserves. URL: <https://tass.ru/ekonomika/19497629>

for a new international economic order in the 1970s and 1980s. At present, the process of forming a multipolar world has entered a new stage. Non-Western institutions have become a kind of vanguard of transformation. At the same time, G7 countries and their partners continue to promote their priorities and rules through the existing mechanisms and form new platforms for economic, climate, and digital governance. The experience of the 1970s – 1980s, as well as the results of attempts to reform international economic institutions over the past 15 years show that without the creation of alternative mechanisms and the risks of replacing old structures, reform of the existing system is unlikely.

The success of the new stage of transformation will largely depend on the extent to which new non-Western institutions are able to overcome differences between their members, create their own mechanisms and come up with coordinated positions on reforms, including during the preparations for and at the Summit of the Future in 2024. For Russia, it is particularly important. Its BRICS presidency in 2024 provides additional opportunities to influence transformation processes.