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Putin's Latin (anti)American offensive

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Between 11 and 15 July, President Vladimir Putin made a series of visits to Latin America, visiting Cuba, Nicaragua, Argentina and Brazil. The Russian president also took part in the BRICS summit (Brazil, Russia, India, China, South Africa), held on 15-17 July in Brazil, during which a decision on establishing a BRICS New Development Bank and a BRICS Contingent Reserve Arrangement was taken.

The attempt to strengthen economic cooperation (mainly energy) with the Latin American countries serves not only to increase the Russian presence in the regional market (in particular in Brazil and Argentina), but it is also a reaction to the deterioration in the investment climate and business relations with the West. However, given the current scale of economic ties, it can hardly be expected that increased cooperation with the countries of Latin America could offset the economic interdependence of Russia and Europe.

Politically, Vladimir Putin's diplomatic offensive in Latin America is on one hand a demonstration of Russia's traditional imperial ambitions, but in the present circumstances, most of all it represents an attempt to break Russia's international isolation and create for itself a political alternative to the deteriorating relations with the West (especially the United States). It is also a response to – in the perception of Russia – its intensifying political-military 'encirclement' by the West.

The economic dimension

During his talks with the region's leaders, Vladimir Putin repeatedly stressed the need to intensify trade and strengthen economic cooperation between regional integration groupings and the Eurasian Economic Union made up of Russia, Kazakhstan and Belarus. A result of Putin's visit was the signing of a number of economic agreements, especially concerning energy cooperation: in the sphere of oil between Rosneft and the Cuban state-owned corporation Kupet; a memorandum on developing gas monetisation schemes (exchange for cash) between RN-Brasil (a subsidiary of Rosneft) and the Brazilian corporation Petrobras; on cooperation in the field of civil nuclear power (with Brazil and Argentina; in the case of Argentina, Rosatom declared its willingness to participate in the tender for the construction of the Atucha III nuclear power plant); and an agreement on cooperation in the field of electricity (Cuba). Moscow also redeemed 90% of Cuba's US$35 billion debt to Russia, deciding to allocate the remaining 10% to finance joint energy projects in Cuba.

Regardless of the optimistic statements, economic cooperation between Russia and the countries of Latin America is limited in scope. The volume of trade between Russia and the countries of the region in 2013 amounted to approximately US$13 billion, which bears no comparison with the level of trade with the European Union (US$410 billion last year).

The most intensive cooperation is in the energy sector. The agreements signed here are part of Russia's strategy over several years of strengthening its presence in the region. The regional projects involve key Russian companies such as Gazprom (extraction projects in Venezuela and Bolivia), Rosneft (extraction projects in Venezuela and Brazil), and Zarubezhneft (extraction work on the Cuban shelf). The occasion of President Putin's visit also saw the announcement of more projects: Rosneft in Bolivia, Gazprom in Argentina (talks on Russian LNG supplies on the Argentine market, likely Gazprom's accession to German company Wintershall projects in the fields of extraction , based on a bilateral agreement on the exchange of assets concluded in 2013). The presence of Russia in the energy sector in Latin American countries, although important in the context of diversification, does not in fact have as much strategic importance as Russian activity in Asia or in Europe, and nor will it do so in the coming years.

The political dimension

During his talks with the region's leaders, Vladimir Putin emphasised a commonality of values and interests, and in particular his attachment to the idea of building a multipolar world based on the fundamental principles of international law, with a central role for the UN. He spoke often appreciatively of the independence of Latin American countries, referring *inter alia* to developing cooperation within the framework of the integration groupings created in the region. In turn, in his speech at the BRICS summit in the Brazilian city of Fortaleza, Putin stressed not only the importance of developing economic cooperation, but also the increasing political role of the BRICS, including the important contribution of member states, in particular Russia and China, in resolving international crises (Syria). An agreement was signed at the BRICS summit on creating a BRICS New Development Bank (which is expected to begin operations in 2016 in Shanghai, accumulating $100 billion of capital after nine years) and a BRICS Contingent Reserve Arrangement (Russia was the initiator of the founding of these new institutions), whose purpose will be to support financial members of the organisation in case of problems with the balance of payments, a significant decrease in the exchange rate of their currencies, short-term liquidity and other financial problems.

Both the number of meetings held and the content of the talks indicate that, in the face of deteriorating relations with the West, the main objective of Putin's visit to the countries of Latin America was an attempt to neutralise the negative effects for Moscow of the Ukrainian crisis (Russia's exclusion from the G8 meetings, the suspension of EU/Russia summits, sanctions imposed on Russia by the US and the EU). The Kremlin sees the involvement of the West, mainly the United States, as an attempt to intervene in the space of its own privileged interests. Hence the intensification of political contacts with Latin American countries could also be interpreted as an attempt to gain diplomatic revenge on the White House. Although unable to obtain direct political support for its actions towards Ukraine (none of the countries have formally recognised Russia's annexation of Crimea), the benevolent neutrality of the host countries and the climate of the talks represent a diplomatic success for Russia.

Deeper cooperation within the BRICS, including the establishment of new financial institutions, is intended to be an attempt to create an alternative to the financial system – dominated by the US and the industrialised nations – with the World Bank and the International Monetary Fund at the helm; in Moscow's perception, this would form the foundation of lasting political cooperation between the BRICS nations. However, given the countries' varying levels of economic potential (the disparities between China's GDP growth rate [7.5%] and India [5.4%] and the other BRICS countries: Brazil 1.7%, Russia 1.3%, South Africa 2.4%), the distribution of forces in the BRICS Contingent Reserve Arrangement (the largest contributions are to be paid by China [US$41 billion], Russia, India and Brazil [$18 billion each], and South Africa [US$5 billion]), and the economic and political objectives of the BRICS member states, the prospect of building a real and effective alternative to the Bretton Woods monetary system is unlikely.

Cooperation: *Ewa Fischer*