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Russia's Putin Aims at Sending Message of Strength With BRICS Summit

By The Moscow Times

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L-R) Russian President Vladimir Putin, Indian Prime Minister Narendra Modi, Brazilian President Dilma Rousseff, Chinese President Xi Jinping and South African President Jacob Zuma at a group photo session during the 6th BRICS summit in Fortaleza, July 15, 2014.

The BRICS emerging economies will launch a development bank at a summit this week which President Vladimir Putin hopes will help reduce Western dominance of world financial institutions and show Moscow is not isolated.

At a meeting in the remote Russian city of Ufa, originally a fortress built on the orders of Tsar Ivan the Terrible, Brazil, Russia, India, China and South Africa also aim to put the last touches to a $100-billion contingency currency reserves pool.

The BRICS account for a fifth of the world's economic output and 40 percent of its population. The pool and New Development Bank, with an initial $50 billion in capital, are central to their efforts to reshape the Western-dominated financial system.

"At this meeting we will make operational our two biggest institutions, which is key for us to advance as a group and learn more from each other," said a Brazilian official involved in the preparations for the meeting. "Nobody thought that was going to be possible a year ago when we ratified the proposals."

The official asked not to be named as he is not allowed to speak publicly about the two-day summit starting on Wednesday in Ufa, nearly 1,170 km (730 miles) southeast of Moscow.

For Putin, whose focus has shifted to the emerging economies and especially Asia since the West imposed sanctions on Moscow over its role in the Ukraine crisis, the summit is also a chance to show the West that Russia can get along fine without it.

"The BRICS, in addition to their economic and pragmatic agenda, have become an influential factor in world politics," Russian Foreign Minister Sergei Lavrov said last week.

He denied the five countries' efforts to join forces were aimed against anyone else and praised their "important stabilizing role" in international affairs.

Slow in Coming

The unity of the BRICS nations is important for Putin in his standoff with the West over Ukraine, especially as Russia suffered the symbolic blow of being suspended from the Group of Eight industrial powers over its seizure of the Crimea region.

But independent foreign policy experts say the BRICS group is still a long way from achieving its main goals and Russian ties with China remain less developed than Moscow would like.

Progress on the New Development Bank, first proposed in 2012, has also been slow.

At last year's BRICS summit in Brazil it was agreed the headquarters would be in Shanghai but China ratified the bank only last week and it is not expected to be operational until next year. Its capital still has to be rated to issue debt.

Other emerging markets such as Turkey, Mexico, Indonesia and Nigeria could join as partners at a later date.

The contingency reserves pool is expected to start operating immediately to help members if they are hit by a sudden exodus of foreign capital.

The summit coincides with a meeting in Ufa of the Shanghai Cooperation Organization (SCO), a security bloc grouping China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan, which India and Pakistan are set to join.

Putin is also expected to hold talks with Iranian President Hassan Rouhani in Ufa. Iran has observer status in the SCO.

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