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The review “Russian Economy. Trends and Outlooks” has been published by the Gaidar Institute since 1991. This is the 44th 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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Russia in international institutes in 2022¹

In 2022, the process of gradual destruction of multilateralization gave way to an acute crisis. Multiple challenges, including a continued spread of new strains of coronavirus, disruptions in supply chains, appreciation of prices for food and energy, rising inflation, slowdown of economic growth rates, increased inequality and lagging behind in achieving sustainable development goals and targets of the Paris climate agreement required collective actions. However, after the recognition of the Donetsk People's Republic and the Lugansk People's Republic and the beginning of the special military operation (SMO) the USA and its allies took unprecedented efforts to isolate Russia in the system of multilateral institutes. The pressure put by G7 and their partners has led to an increased mistrust and tensions in the relations between the western countries and developing countries, as well as the risk of key international institutes' loss of functionality.

5.4.1. The G20: a critical period

The G20 presidency of Indonesia in 2022 started the chain of emerging market countries' presidencies, that is, India, Brazil and South Africa² in 2023, 2024 and 2025, respectively. This has become an important factor of a change in the balance of power in the context of the G7's mounting pressure on the G20 decision-making processes; this factor was already explicit as far back as 2021. Indonesia always sought to represent in the G20 the interests of the developing countries, particularly South Asian nations. The presidency agenda was based on the goal to develop the G20's collective decisions on the most topical global issues with the developing countries' priorities and national development goals taken into account. The three sectorial priorities included the strengthening of the global architecture of healthcare and its capacity to respond to crises; facilitation of an inclusive digital transformation as a source of economic growth; a switchover to low-carbon energy systems and achievement of energy security and "green" and sustainable future.

Geopolitical contradictions between the NATO and Russia became a challenge to the G20. The USA and its allies put an unprecedented pressure on the presidency demanding the exclusion of Russia from the work and threatening to boycott the meetings and approval of documents. The BRICS countries, as well as Indonesia, Mexico, Argentina, Saudi Arabia, Turkey and South Korea were against the exclusion of Russia.³ Indonesia put a lot of effort and resources in the

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2 *R. Duttagupta and C. Pazarbasioglu*. Miles to Go. URL: <https://www.imf.org/external/pubs/ft/fandd/2021/06/the-future-of-emerging-markets-duttagupta-and-pazarbasioglu.htm>

3 G20 members' views on Russia diverge, making expulsion unlikely. URL: <https://ihsmarkit.com/research-analysis/g20-members-views-on-russia-diverge-making-expulsion-unlikely.html>

preparation of the presidency and was determined to achieve success in terms of preservation of the G20's unity and credibility with developing countries. During its presidency, Indonesia sought by all means to preserve the G20 as the main economic cooperation forum and catalyst for global economic recovery.¹ The main factors which defined Indonesia's actions were the following: its relations with Russia as a key trade partner and a source of investments,² historical perception of Russia as an ally,³ public judgement of the US policy as hypocritical,⁴ concern over the risks of appreciation of prices for energy commodities and food and responsibility for regional stability and security,⁵ as well as the role of Ukraine as a major exporter of wheat to Indonesia.⁶ Indonesia took intense diplomatic efforts at all levels seeking to adjust the agenda and procedures in order to facilitate the G20 to overcome economic implications of the conflict and embark on the trajectory of sustainable and inclusive growth.

Based on the results of the April G20 summit of finance ministers and central bank governors, Shri Mulyani, Indonesian Finance Minister noted that a demonstrative exit of some delegations from the hall during the speech of Russian participants did not disrupt the discussion and search for solutions and a consensus on substantive matters.⁷ The following official position was declared: "The Presidency is obligated to invite all G20 members to all meetings in order to facilitate effective discussions and search for solutions."⁸

The pressure put by the USA and the G7 countries did not ease throughout the entire presidency, nor did Indonesia's diplomatic efforts. Joko Widodo, President of Indonesia took part in the expanded format of the G7 summit and the "BRICS plus" summit, held numerous bilateral meetings with heads of states and international organizations, visited Kiev and Moscow where he personally extended the invitation to the summit to Vladimir Zelensky, President of Ukraine and Vladimir Putin, President of the Russian Federation. Retno Marsudi, Indonesian Foreign Minister and G20 Sherpa worked with all G20 members in multilateral and bilateral formats in a search for compromises and a common platform

- 1 Minister Retno Marsudi Discusses Preparations for G20 Summit at Global Governance Group Forum. URL: <https://kemlu.go.id/portal/en/read/4004/berita/minister-retno-marsudi-discusses-preparations-for-g20-summit-at-global-governance-group-forum>
- 2 Indonesia-Russia Committed to Remove Trade Barriers Between Two Countries. URL: <https://kemlu.go.id/portal/en/read/2218/berita/indonesia-russia-committed-to-remove-trade-barriers-between-two-countries>
- 3 Indonesia: Looking Up to Russia, and Away from Europe. URL: <https://www.institutmontaigne.org/en/analysis/indonesia-looking-russia-and-away-europe>
- 4 Ukraine war highlights differences between Indonesian and US foreign policy frameworks. URL: <https://www.eastasiaforum.org/2022/08/05/ukraine-war-highlights-differences-between-indonesian-and-u-s-foreign-policy-frameworks/>
- 5 A.W. Mantong and G.Kembara. Indonesia's G20 Presidency and the War in Ukraine. URL: <https://www.iai.it/en/pubblicazioni/indonesias-g20-presidency-and-war-ukraine>
- 6 H.Manurung. Indonesia-Ukraine Bilateral Relations. URL: https://www.researchgate.net/publication/353738760_INDONESIA_-_UKRAINE_BILATERAL_RELATIONS
- 7 G20 Press Conference: the 2nd Finance Ministers and Central Bank Governors Meeting. URL: <https://www.youtube.com/watch?v=3CvsumWiX7Y>
- 8 Press release following the G20 Finance Ministers and Central Bank Governors April 4 meeting. URL: https://www.ranepa.ru/images/media/g20/2022indoneziya/Ministers_of_Finance_and_Governors_of_Central_Banks_of_G20_Countries_Work_Together_on_Solutions_on_the_Current_Global_Economic_Challenges.pdf

between the G7 and developing countries. The US and its partners demanded a condemnation of Russia, declaring that a rise in prices for food and resources, inflation and a slowdown of economic growth were the implications of “Russia’s war against Ukraine” and dismissed calls for a peaceful settlement and rejection of unilateral restrictive measures. As a result, none of 15 ministerial meetings held after the start of the SMO ended up with an approval of the final document. The differences and agreed decisions were reflected in the Chairman’s statement which first part highlighted the differences in opinions: some member-countries condemned Russia, while others expressed the opinion that the forum was not the place for discussion of geopolitical issues and still others called for the end of war and restoration of stability. The other part of the statement dealt with agreed decisions.¹

Russia sought to reduce the level of confrontation and form a positive agenda on substantive issues and a reasoned dialogue though it was often infeasible. For example, in response to the assessment of the effect of sanctions on global food security, sanctioning countries consistently stated that these measures were not aimed at agricultural products and fertilizers, ignoring the impact of financial sanctions, insurance limitations and an economic uncertainty around exports from Russia, the fact that appreciation of prices for energy commodities and fertilizers transformed into increased costs of production and a rise in future prices for food,² as well as the UN’s warning that “an effective resolution of the food crisis was infeasible without reintegration of Ukraine’s food products, as well as Russia’s food products and fertilizers into global markets.”³ The differences prevented from negotiating decisions for the sake of market stabilization.

The G7 moves often ran counter to the G20 decisions and presidency’s priorities. For example, in connection with the G7 decision to ban all services related with transportation of Russian oil and petrochemicals in case of an excess of the price cap⁴ which was not established at that time many G20 members opposed unilateral restrictive measures at the meeting of G20 energy ministers.⁵ However, despite the G20 statement that energy should never be used as an instrument of political pressure and the assessment of a prospective global production decline of 0.8% by 2023 owing to price rises caused by the ban on hydrocarbons from Russia⁶ the G7 finance ministers declared on the same day their intent to complete

1 For example, see: G20 Chair’s Summary: Trade, Investment and Industry Ministers Meeting. URL: <http://www.g20.utoronto.ca/2022/220923-trade-investment-industry.html>

2 The impacts and policy implications of Russia’s aggression against Ukraine on agricultural markets. URL: <https://www.oecd.org/ukraine-hub/policy-responses/the-impacts-and-policy-implications-of-russia-s-aggression-against-ukraine-on-agricultural-markets-0030a4cd/#figure-d1e267>

3 Also, they ignored the fact that the FAO food price index reached the record-high level in February 2022 before the start of the SMO and fell somewhat in April and May 2022. See: Global impact of the war in Ukraine: Billions of people face the greatest cost-of-living crisis in a generation. URL: https://news.un.org/pages/wp-content/uploads/2022/06/GCRG_2nd-Brief_Jun8_2022_FINAL.pdf

4 G7 Leaders’ Communiqué, Elmau, 28 June 2022. URL: http://www.g7.utoronto.ca/summit/2022elmau/FINAL_20220628_G7%20Statement%20Elmau%202022.pdf

5 Chair’s Summary: Energy Transitions Ministers Meeting 2022. URL: <http://www.g20.utoronto.ca/2022/220902-energy-chair-summary.html>

6 Stagflation Risk Rises Amid Sharp Slowdown in Growth. URL: <https://www.worldbank.org/en/publication/global-economic-prospects>

preparations and implement a comprehensive ban on maritime transportation of Russian oil and petrochemicals in case of the price cap being surpassed.¹

Amid the sanctions build-up and increased confrontation, the approval of the declaration on the results of the leaders' summit² became the presidency's achievement and demonstration of developing countries' capacity to consolidate positions. The declaration fixes the differences in the assessments of the situation in Ukraine and sanctions, the supremacy of the international law, the need of a peaceful settlement of conflicts and the inadmissibility of use of nuclear weapons. At the same time, the G20 reaffirmed "the joint responsibility and need of cooperation in order to facilitate global economic recovery".³ It is noteworthy that 223 responsibilities were formulated with over a half of them aimed at preventing crisis phenomena impeding the achievement of the 2030 agenda and acceleration of the implementation of SDGs.

The key decisions concerned facilitation of food and energy security and building up of the potential to fight pandemics on the national, regional and global levels. The G20 countries committed themselves to take urgent actions to prevent famine and food and fertilizer shortages, enhance market predictability and speed up a switchover to sustainable agricultural and food systems and delivery chains. The G20 leaders reaffirmed their commitment to achieve SDG 7 (one of 17 goals in the field of sustainable development) to facilitate an access to energy, particularly by means of diversification of energy balances, transfer to low-emission energy systems, achievement of stability, transparency and accessibility of energy markets and acceleration of energy transition. The declaration introduced a system of measures aimed at achieving the Paris agreement and limiting the temperature rise to 1.5°C, including a new obligation on climate finance in the volume of at least \$100 bn annually to support developing countries. Leaders committed themselves to build up the developing countries' potential to fight pandemics via facilitation of a timely and comprehensive access to safe, inexpensive, high-quality and effective vaccines, therapeutics and diagnostics, deployment of local production and elimination of critical funding gaps by means of the World Bank's Pandemic Fund.

The G20 countries reaffirmed their commitment to promote cooperation in the field of the macroeconomic policy, ensure financial and long-term fiscal stability and protection from downside risks and adverse effects on developing countries as a result of the tightening of the monetary policy. The G20 reiterated the commitment to the quota review, the IMF governance reform, cooperation in the development of a comprehensive international approach to the regulatory activity in respect of crypto assets and upgrading of transborder payments. The leaders endorsed the speedy implementation of the decision by the G20 and the OECD on redistribution of 20%-30% of TNC's profit in excess of the established limit in

1 G7 Finance Ministers' Statement on the United Response to Russia's War of Aggression against Ukraine. URL: <http://www.g7.utoronto.ca/finance/220902-ukraine.html>

2 Russia was represented at the summit by Sergei Lavrov, RF Foreign Minister and Anton Siluanov, RF Finance Minister.

3 The Bali Declaration of the G20 leaders. URL: <http://kremlin.ru/events/president/news/69844>

favor of jurisdictions on which markets TNC carried out their operations and the introduction of the minimum global tax of 15% on TNC and emphasized the need of the WTO reform, including the reform of the dispute settlement mechanism.

Indeed, the gap between the level of the declared decisions rhetoric and real actions remains considerable. However, the G20 has retained its role as a leading forum of international cooperation. Amid unfriendly countries' efforts to isolate Russia, the G20 has become an important mechanism of networking with partners and participating in the collective decision-making process.

5.4.2. The BRICS: consolidation of the partnership

Amid large-scale sanctions and pressure to isolate Russia, the BRICS have become a substantial pillar of Russia. The solidarity of the BRICS partners did not mean the approval of the SMO, but reflected the understanding of the causes of Russia's actions; and possible consequences of the confrontation with the NATO in Ukraine,² concern over the NATO's intension to globalize its zone of responsibility and weariness of double standards of "the international order based on the US rules."³ The BRICS have consistently stood for a peaceful settlement of the crisis. Though China alone opposed openly sanctions against Russia,⁴ the freezing of the two-thirds out of \$630 bn worth of the Central Bank of Russia's reserves⁵ and \$30 bn of individuals' funds⁶, the disconnection of Russian banks from the SWIFT⁷ and other financial restrictions highlighted explicitly to all BRICS member countries the risks associated with a lack of progress in reforming the international currency and financial system, which reform the BRICS had consistently stood for since the 2008 financial and economic crisis, and the need to speed up the implementation of the BRICS's decisions on the use of national currencies in mutual settlements and cooperation in the field of payment systems.⁸

Peace and security, the reform of the global governance system, economic recovery and promotion of the BRICS cooperation became the key lines in the BRICS work within the frameworks of China's chairmanship. Over 160 events in a hybrid and virtual formats were held. Based on the results of the 14th BRICS summit under the motto "Forging High-Quality Partnership for a New Era of Global Development", 60 concrete decisions were approved. The BRICS member-

1 *Abelow B.* (2022) How the West Brought War to Ukraine: Understanding How U.S. and NATO Policies Led to Crisis, War, and the Risk of Nuclear Catastrophe. Siland Press.

2 *Mearshaimer J.J.* Playing with Fire in Ukraine. The Underappreciated Risks of Catastrophic Escalation. URL: <https://www.foreignaffairs.com/ukraine/playing-fire-ukraine>

3 *Robinson N.J., Chomsky N.* If We Want Humanity to Survive, We Must Cooperate with China. URL: <https://chomsky.info/20220815/>

4 Foreign Ministry Spokesperson Hua Chunying's Regular Press Conference on February 23, 2022. URL: https://www.fmprc.gov.cn/mfa_eng/xwfw_665399/s2510_665401/2511_665403/202202/t20220223_10644886.html

5 Reserves freeze sends shivers through Moscow. URL: <https://www.omfif.org/2022/03/reserves-freeze-sends-shivers-through-moscow/>

6 A US-backed global task force says it has frozen more than \$330 billion of assets from Russian oligarchs and the country's central bank in 100 days. URL: <https://www.businessinsider.com/repo-global-task-force-freeze-330-billion-russia-oligarch-assets-2022-6>

7 An update to our message for the Swift Community. URL: <https://www.swift.com/ru/node/308383>

8 The BRICS economic partnership strategy till 2025. URL: <https://brics-russia2020.ru/images/114/81/1148133.pdf>

countries stated their commitment to the peaceful settlement of differences and support of negotiations between Russia and Ukraine, declared about the need to preserve the integrity of the G20 and promote the engagement of developing and emerging market countries in international decision-making on economic issues, particularly within the frameworks of international financial institutions (IFI) and called on the leading developed countries to carry out a responsible economic policy to avoid negative consequences for developing countries, risks of economic disintegration and fragmentation of the international monetary and financial system. The BRICS leaders endorsed the idea of raising the flexibility of the reserve currency pool mechanism, promoting information security cooperation in the financial and payment sectors, as well as expanding the New Bank for Development (NBD).

The BRICS reaffirmed their commitment to implement the agenda in the field of sustainable development in the period till 2030 and called for the implementation of the Paris agreement on the basis of the principle of the common but differentiated responsibility, including developed countries' meeting of their obligations to support developing countries' efforts to eliminate climate change implications through funding and technology transfer. The BRICS stood against "green" trade barriers (such as the EU transborder carbon tax), underlying that all measures to fight climate change should be in compliance with the WTO agreements and by no means an instrument of discrimination or disguised restriction on international trade.

Sustainable development was increasingly on the top of the BRICS agenda. The consolidation of multilateralism and partnership for development, as well as the implementation of Chinese President Xi Jinping's initiative on global development were in the focus of the "BRICS plus" summit attended by leaders of 18 countries. Apart from the main five BRICS member-countries, participants in the dialogue were Algeria, Argentina, Egypt, Indonesia, Iran, Kazakhstan, Cambodia, Malaysia, Senegal, Thailand, Uzbekistan, Fiji and Ethiopia.

The positive agenda, work on a consensus basis, support of the reform of international institutes in the interests of developing countries and own initiatives aimed at solving global issues determine the BRICS's attractiveness as a new center of influence. The desire to join the BRICS was expressed by Argentina, Iran, Saudi Arabia and Algeria.¹ The expansion of the BRICS meets Russia's interests. New members, particularly Argentina and Saudi Arabia which are both members of the G20, may strengthen a negotiating position in other international institutes to counter the influence of the G7 which puts considerable pressure on decision-making in multilateral institutes. The expansion of the BRICS may facilitate the achievement of their goals, particularly the de-dollarization of the international trade and reforming of the international monetary and financial sectors. Undoubtedly, expansion involves considerable risks. On one hand, with two influential Middle East players joining the BRICS, its prestige will grow, while, on the other hand, the differences between Iran and Saudi Arabia may complicate collective decision-making, particularly on

¹ The prospects of joining by Indonesia, Turkey, Nigeria, Egypt and a few other countries were discussed.

regional security issues. The BRICS has amassed positive experience in mediating problems between member-countries, for example, de-escalation of territorial conflicts between China and India. Russia has always played an important role in the negotiating process. Though there may be some difficulties in securing the unity and promoting institutional development, the association will gain through its expansion a serious political weight which is needed for the formation of a multipolar world order which Russia and its BRICS partners stand for.

5.4.3. The International Monetary Fund: politization of relations and limitation of access to resources

In 2022, Russia retained the status of a full member of the Bretton Woods Institutions – the International Monetary Fund (IMF) and the World Bank – and kept fulfilling its financial obligations to the IMF for implementation by the latter of its goals.

The IMF's lending resources are formed primarily by means of member states' quotas. In 2022, Russia's quota remained unchanged since 2016 at the level of 12.9037 bn units of special drawing rights (SDR) (as of the beginning of December 2022: 1 SDR was equal to about \$1.3).¹ Also, Russia's obligations were in effect within the IMF's "second and third lines of defense" – new agreements on borrowings under which Russia's potential liabilities amounted to 8.88 bn SDRs in the period till the end of 2025 and bilateral agreements on borrowings with SDRs being in the equivalent of \$3.9 bn² (obligations are in effect till the end of 2023 and can be extended for another year). According to the data as of the end of November 2022, the IMF's borrowings from Russia were equal to a very small portion of the potential volume.³ Russia's participation in the formation of the IMF's lending resources along with the IMF's other member states makes it feasible to maintain the IMF's funding potential at the level of about \$1 trillion.

Apart from financial relations, Russia used to hold consultations on a regular basis with the IMF on various aspects of the economy and its development. After the start of the SMO, Russia's contacts with the IMF were suspended in this field. Though in February 2021 the IMF and the World Bank started another Financial Sector Assessment Program for Russia (FSAP) — this program is carried out every five years to review systemic financial risks, regulatory policy institutes in the banking and the securities market sectors and crisis management mechanisms — no reports on the outputs of this program were presented.⁴ No annual consultations with the IMF mission under Article IV of the IMF's Charter were held, either.

Global economic risks related with the consequences of the COVID-19 pandemic and the Ukrainian crisis were in the IMF's focus in 2022. In particular,

1 The Russian Federation: Financial Position in the Fund as of November 30, 2022. URL: <https://www.imf.org/external/np/fin/tad/exfin2.aspx?memberKey1=819&date1key=2099-12-31>

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

3 IMF Concludes Steps to Maintain its Lending Capacity. URL: <https://www.imf.org/en/News/Articles/2021/01/08/pr214-imf-concludes-steps-to-maintain-its-lending-capacity>

4 The information on participation of the Central Bank of Russia in the Financial Sector Assessment Program (FSAP) of the IMF and the World Bank in 2021. URL: http://www.cbr.ru/press/pr/?file=24022021_191749pr.htm

in March 2022 the IMF approved an emergency funding for Ukraine in the sum of \$1.4 bn.¹ In April 2022, at the request of several IMF member states a special account was established to ensure a safe facility for providing donors' financial aid to Ukraine.² As of the end of November 2022, about \$2.2 bn were credited to this account by Germany and Belgium. The Netherlands and Canada are expected to take part in it, too.³ On September 30, 2022, the IMF started a new temporary Food Shock Window within the scope of emergency funding instruments, that is, the Rapid Credit Facility (RCF) and the Rapid Financing Instrument (RFI). The new window is meant to assist countries which encountered problems with the balance of payments owing to food shortages, dramatic appreciation of prices for imported food or decreased export earnings. Such countries can receive funds in the amount of up to 50% of their quota in the IMF in addition to the existing limits set on RCF and RFI in the period till September 29, 2023.⁴ Ukraine was the IMF's first member country which took advantage of this instrument; the relevant funding in the volume of \$1.3 bn was approved in October 2022.⁵

Amid active support of Ukraine, western countries took efforts to politicize the relations between the IMF and Russia. According to the Russian official statements, the IMF started to pay less attention to challenges "in the global development, financial sustainability of different countries, growing food and energy crises, as well as disruptions in traditional supply chains and sales markets."⁶ Further, some European countries proposed to exclude Russia from the IMF⁷ and the US Treasury issued instructions to the US representatives in the IMF to oppose the provision of a financial aid to Russia and Belarus, except for cases where the civilian populations' essential needs were to be met and this move was eventually formalized in a special law (it is noteworthy that after 1999 Russia has never borrowed from the IMF, however, in 2021 it received 12.3 bn SDRs (about \$17.5 bn) within the scope of special distribution to facilitate economic recovery amid the COVID-19 pandemic)⁸. Russia's use of the IMF resources turned out to be

1 IMF Executive Board Approves US\$ 1.4 Billion in Emergency Financing Support to Ukraine. URL: <https://www.imf.org/en/News/Articles/2022/03/09/pr2269-ukraine-imf-executive-board-approves-usd-billion-in-emergency-financing-support-to-ukraine>

2 IMF Executive Board Approves the Establishment of a Multi-Donor Administered Account for Ukraine. URL: <https://www.imf.org/en/News/Articles/2022/04/08/pr22111-imf-executive-board-approves-establishment-of-a-multi-donor-administered-account-for-ukraine>

3 Frequently-Asked Questions on Ukraine. URL: [https://www.imf.org/en/About/FAQ/ukraine#Q2%20Why%20did%20Ukraine%20cancel%20its%20existing%20program,%20with%20\\$2.2%20billion%20left%20to%20be%20disbursed?](https://www.imf.org/en/About/FAQ/ukraine#Q2%20Why%20did%20Ukraine%20cancel%20its%20existing%20program,%20with%20$2.2%20billion%20left%20to%20be%20disbursed?)

4 IMF Executive Board Approves a new Food Shock Window and an Enhanced Staff-Monitored Program with Board Involvement. URL: <https://www.imf.org/en/News/Articles/2022/10/05/pr22335-imf-approves-a-new-food-shock-window-and-an-enhanced-staff-monitored-program>

5 IMF Executive Board Approves US\$ 1.3 Billion in Emergency Financing Support to Ukraine. URL: <https://www.imf.org/en/News/Articles/2022/10/07/pr22343-imf-approves-emergency-financing-support-to-ukraine>

6 The briefing of Maria Zakharova, Russian Foreign Ministry official spokesman, Moscow, April 28, 2022. URL: https://mid.ru/ru/foreign_policy/news/1811231/#11

7 The Lithuanian Finance Minister proposed to discuss a suspension of Russia's membership with the IMF at the EU level. URL: <https://tass.ru/ekonomika/14282785>

8 Joe Biden banned the US Treasury from exchanging special drawing rights with Russia. URL: <https://rg.ru/2022/10/05/bajden-zapretil-minfinu-ssha-obmenivatsia-specialnymi-pravami-zaimstvovaniia-s-rossiej.html>

limited: as SDRs are not regarded as a physical asset, they need to be converted in order to be used for purposes different from transactions with the IMF, while with taking into account restrictions imposed against the Russian economy this process became rather complicated.

Overall, the cooperation between Russia and the IMF has shrunk considerably since 2014 and became increasingly limited in 2022. Though Russia fulfilled consistently its obligations defined by the status of the IMF' creditor country, it had actually no option of using its resources in case of need. Further, the IMF capital and governance reforms, which were in the interests of Russia, including an increase in the share of quotas and voices of emerging market and developing countries and revision of the quota calculation formula within the scope of the 16th overall quota revision remained unrealized as before. The implementation of relevant decisions cannot be expected until 2023.

5.4.4. The World Bank Group: the expansion of the moratorium on cooperation with Russia

The cooperation between Russia and the World Bank Group (WBG) has been mainly limited to research and expert analytical work in the field of macroeconomic prediction and financial regulation upgrading¹ since 2014. However, on March 2, 2022 amid the beginning of the SMO the WBG suspended all its operations with Russia.²

Prior to the March decision, the moratorium introduced by the International Bank for Reconstruction and Development (IBRD) in 2014 on new projects in Russia was already in effect. As of the beginning of December 2022, two IBRD projects in Russia approved before the moratorium was imposed had an "active" status. Within the scope of the project (\$60 mn) on upgrading the hydro-meteorological service, the World Bank transferred about \$1.2 mn in May 2022 (the transfer of funds after the suspension of work in Russia can be explained by a time lag between the approval of the decision and its execution). At the same time, Russia repaid its obligation on this loan in the sum of about \$3 mn in October.³ With no update of the information on the IBRD website on the other active project related with promotion of the young generation human capital in the North Caucasus regions since 2016, it means that the project was actually suspended, too.⁴ Also, other WBG institutes preserved financial restrictions on cooperation with Russia that were in effect as far back as 2014.

The cooperation between Russia and the WBG in the field of expert analytical work came to a halt. It primarily concerns the suspension of the joint IMF-WBG Financial Sector Assessment Program in Russia and release of regular reports on the Russian economy (in 2021 they presented two reports with the findings and guidelines for upgrading the social and economic situation in the country).

1 The World Bank Group. URL: <https://www.cbr.ru/today/ms/smo/wb/>

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 RUSSIA HYDROMETEOROLOGICAL SERVICES MODERNIZATION. URL: <https://projects.worldbank.org/en/projects-operations/project-detail/P127676>

4 Promoting Youth Inclusion in the North Caucasus. URL: <https://projects.worldbank.org/en/projects-operations/project-detail/P132660>

Along with the IMF, as far back as March 2022 the World Bank declared about the need of a large-scale emergency support of the Ukrainian economy.¹ So, they promptly allocated \$350 mn to reduce the budget deficit and by the end of November 2022 the overall volume of mobilized funds to support Ukraine amounted to over \$17.8 bn. Over two-thirds of this amount were contributed by the US (\$11.4 bn).² Specifically, the decision on the aid package for Ukraine was presented with a political tinge and invariably justified by “hostile actions against the Ukrainian people.”³ The overall volume of funds for recovery of the Ukrainian economy was estimated at \$349 bn in September 2022.⁴

In summary, limitations which existed in the relations between Russia and the WBG for the past eight years increased considerably in 2022; in addition to the suspension of financial cooperation this led to a halt to the ongoing expert analytical work. The issue of the WBG charter capital and governance reforms in the interests of emerging market and developing countries remained unsolved.

5.4.5. Multilateral development banks: building up sustainable financing and suspension of projects in Russia

In 2022, the activities of key multilateral development banks (MDB), including those which Russia is a member of, for example, the European Bank for Reconstruction and Development (EBRD), the New Development Bank (NDB) and the Asia Infrastructure Development Bank (AIDB) were characterized by increased attention to a climate change effect on the implementation of sustainable development goals. In November 2022, ten large MDBs issued a joint statement that target levels of the international climate financing which planned to be achieved only by 2025 were surpassed as far back as 2021. With taking into account the relevance of climate change challenges, MDBs approved further collective measures, including the development of the steps in implementation of the Paris agreement, facilitation of a socially just transition to low-carbon development, an increase in funding the adaptation measures and scaling-up of concessional financing and mobilization of private investments.⁵

In order to enhance MDBs’ capacity in solving their goals, the international community’s priority consists in upgrading the efficiency of utilization of MBDs’ financial resources. A report on the independent review of approaches to the evaluation of MDBs’ capital sufficiency was initiated during Italy’s G20 presidency and presented during Indonesia’s presidency. A more effective utilization of capital

1 Joint IMF-World Bank Group Statement on the War in Ukraine. URL: <https://www.worldbank.org/en/news/statement/2022/03/01/joint-imf-wbg-statement-on-the-war-in-ukraine>

2 World Bank Financing Support Mobilization to Ukraine since 24 February 2022. URL: <https://www.worldbank.org/en/country/ukraine/brief/world-bank-emergency-financing-package-for-ukraine>

3 World Bank Mobilizes Additional \$530 Million in Support to Ukraine. URL: <https://www.worldbank.org/en/news/press-release/2022/09/30/world-bank-mobilizes-additional-530-million-in-support-to-ukraine>

4 Ukraine Recovery and Reconstruction Needs Estimated \$349 Billion. URL: <https://www.worldbank.org/en/news/press-release/2022/09/09/ukraine-recovery-and-reconstruction-needs-estimated-349-billion>

5 COP27 MULTILATERAL DEVELOPMENT BANKS JOINT STATEMENT. URL: https://www.ndb.int/press_release/cop27-multilateral-development-banks-joint-statement/

is proposed to be achieved by means of a proper risk management, increased utilization of financial innovations, further dialogue with credit rating agencies, promotion of transparency and disclosure of the information.¹ A report on MDBs' implementation of these guidelines is expected to be prepared in 2023.²

It is noteworthy that the NDB and the AIDB worked within the context of the specified trends of a special attention to the issues of motivation of sustainable development and scaling-up of financial resources. The NDB's portfolio includes over 90 projects worth over \$30 bn.³ Also, the NDB completed the program of issuing 20 bn yuan worth of bonds⁴. According to the Bank's overall strategy of development in 2022—2026 – “The Scaling-Up of Financing for Development for the Sake of Sustainable Future” — \$30 bn worth of funds will be allocated in this period, cooperation with other MDBs will be actively promoted and projects related with elimination of climate change implications and adaptation will account for 40% of the new portfolio.⁵ In 2022, the AIDB approved 35 new projects, most of which are co-financed with other MDBs or private investors, and the bank's overall portfolio was equal to over \$37 bn.⁶ The AIDB is expected to allocate up to \$50 bn on projects to fight climate change until 2030.⁷

Technical limitations and risks associated with financial operations with Russia led to a suspension of project activities of the NDB⁸ and the AIDB⁹ in Russia. With no new projects in Russia approved since 2014, the EBRD made a decision to suspend Russia's access to funding and closed its office in Moscow in April 2022. However, as in other MDBs, which Russia is a member of, its status of a shareholder was preserved.¹⁰ At the same time, the EBRD plans to allocate \$3 bn to Ukraine until the end of 2023¹¹ and raised around \$1.4 bn from donor countries (the US, Canada, Western European countries, Japan the Republic of Korea and Taiwan).¹²

1 Publication of the report of the Independent Review of MDBs' Capital Adequacy Frameworks: Boosting MDBs' investing capacity. URL: <https://www.southbgroup.com/publication-of-the-report-of-the-independent-review-of-mdbs-capital-adequacy-frameworks-boosting-mdbs-investing-capacity/>

2 G20 BALI LEADERS' DECLARATION. URL: <http://static.kremlin.ru/media/events/files/en/u82esHn vQFdHOjV25AJg73mLGEe8cK6.pdf>

3 NDB Investor Presentation. URL: <https://www.ndb.int/wp-content/uploads/2022/11/Investor-Presentation-2022Nov.pdf>

4 New Development Bank Issued Cny 3 Billion Bond in The China Interbank Bond Market And Completed its Second Rmb Bond Programme. URL: https://www.ndb.int/press_release/new-development-bank-issued-cny-3-billion-bond-in-the-china-interbank-bond-market-and-completed-its-second-rmb-bond-programme/

5 NDB Board of Governors Approved The Bank's General Strategy for 2022–2026. URL: https://www.ndb.int/press_release/ndb-board-of-governors-approved-the-banks-general-strategy-for-2022-2026/

6 Project Summary. URL: <https://www.aiib.org/en/projects/summary/index.html>

7 Green Infrastructure. URL: <https://www.aiib.org/en/about-aiib/who-we-are/infrastructure-for-tomorrow/green-infrastructure/index.html>

8 A Statement by The New Development Bank. URL: https://www.ndb.int/press_release/astatement-by-the-new-development-bank/

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

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

11 EBRD commits up to €3 billion to Ukraine. URL: <https://www.ebrd.com/news/2022/ebrd-commits-up-to-3-billion-to-ukraine.html>

12 The EBRD and the war on Ukraine. URL: <https://www.ebrd.com/what-we-do/war-on-ukraine>

5.4.6. The United Nations: amid the growing confrontation

In 2022, a key issue on the agenda of the main UN bodies was the escalation of the conflict between Russia and Ukraine. The circumstances related to the armed confrontation were actively debated at the UN Security Council (SC) and the General Assembly (GA).

Russia's status as a permanent member of the UN Security Council and its veto power prevented the adoption of resolutions which did not meet the Russian priorities. On February 25, 2022, Russia voted against the draft resolution submitted by Albania and the US, condemning "the aggression ... against Ukraine in violation of Article 4.2 of the UN Charter."¹ China as a permanent Security Council member abstained from voting. India and the United Arab Emirates took the same position. Two days later, the UN Security Council passed a resolution on the convening of a special extraordinary session of the UN General Assembly² and a large portion of debates shifted to the General Assembly venue. On September 30, 2022, Russia vetoed the UN Security Council resolution condemning the holding of the referendums in the Donetsk, Lugansk, Kherson and Zaporozhye Regions and "the annexation of Ukraine's territories."³

Russia's initiatives at the UN Security Council were vetoed by western countries, permanent UN SC members. So, on November 2, 2022 the Russia-drafted resolution on a special commission's investigation into activities of US biolabs in Ukraine was voted against by France, the UK and the US.⁴

In March, the UN General Assembly adopted two resolutions condemning Russia's actions during the SMO in the territory of Ukraine (March 2, 2022)⁵ and demanding an immediate cessation of hostilities.⁶ Both the resolutions were passed by a majority of votes with China, Belarus, North Korea, Iran, Syria and Eritrea voting against these UN GA resolutions and 35 and 38 countries abstained from voting on the first and second resolutions, respectively. At the same time, the resolution initiated by South Africa, China and a number of other countries on cessation of hostilities *by all parties to the conflict* and protection of the civilian population and infrastructure was dismissed from discussion as a result of a procedural vote.⁷ In April 2022, the UN GA suspended Russia's work in the UN Human Rights Council.⁸

1 Russia imposed a veto on the UN Security Council resolution condemning its actions in Ukraine's territory. URL: <https://news.un.org/ru/story/2022/02/1418872>

2 Resolution 2623 (2022), Security Council Report. URL: https://www.securitycouncilreport.org/atf/cf/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/s_res_2623.pdf

3 UN Security Council: Russia vetoed a resolution condemning the annexation of the territories of Ukraine. URL: <https://news.un.org/ru/story/2022/09/1432952>

4 The UN Security Council did not adopt the Russian resolution on biolabs in Ukraine. URL: <https://www.rbc.ru/politics/03/11/2022/6362db1e9a7947f01b253128>

5 Aggression against Ukraine. URL: https://www.securitycouncilreport.org/atf/cf/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/a_res_es-11_1.pdf

6 Humanitarian consequences of the aggression against Ukraine. URL: https://www.securitycouncilreport.org/atf/cf/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/a_res_es-11_2.pdf

7 Humanitarian situation emanating out of the conflict in Ukraine. URL: https://www.securitycouncilreport.org/atf/cf/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/a_es-11_1.3.pdf

8 The UN General Assembly suspended Russia's membership in the UN Human Rights Council // The UN News. URL: <https://news.un.org/ru/story/2022/04/1421492>

China supported Russia by voting against the resolution initiated by the G7 countries, Australia and South Korea. India, South Africa and Brazil abstained from voting.

On Liechtenstein's initiative, the UN General Assembly adopted a procedural amendment and received a permanent mandate on holding of debates in case of a use of veto in the UN Security Council. None of the BRICS member countries became a co-sponsor of the resolution. The decision was passed without voting.¹ Following the updated procedure, on October 12, 2022 after Russia's veto on the UN Security Council resolution condemning the referendums held in Ukraine's former territories the UN General Assembly adopted on the basis of open voting results the Albania-submitted draft resolution on the non-recognition of the referendums. From among the BRICS member countries, China, India and South Africa abstained from voting, while Brazil voted for the resolution². On November 14, 2022, the UN General Assembly adopted the resolution "Furtherance of Remedy and Repatriation for Aggression against Ukraine."³ The initiators of the voting were permanent UN representatives of Guatemala, Canada, the Netherlands and Ukraine⁴ with support of the G7 member states and Australia.⁵ As a result, the resolution was adopted with 94 votes for it⁶ with China voting against and Brazil, India and South Africa abstained.

UN Secretary-General Antonio Guterres played a major role as a mediator together with President Erdogan of Turkey in negotiating the Black Sea grain initiative defining the procedure for safe transportation of food through the Black Sea. Under the agreement signed on July 22, 2022 between the parties to the deal and the UN, the UN representative supervises directly the loading of grain in Ukraine's seaports and participates in the inspection of foreign ships bound for Ukraine in order to prevent arms deliveries.⁷ Also, the three-year memorandum of understanding on promoting Russian food products and fertilizers to the world markets signed by Andrei Belousov, Deputy Chairman of the RF Government and Antonio Guterres, UN Secretary-General was approved; the memorandum envisaged the UN's facilitation in removal of restrictions in the financial sector, insurance and logistics.⁸ After the

1 General Assembly official records, 76th session : 69th plenary meeting, Tuesday, 26 April 2022, New York. URL: <https://digitallibrary.un.org/record/3987582?ln=ru>

2 The UN GA passed an anti-Russian resolution on Ukraine // Main. URL: <https://iz.ru/1409448/2022-10-13/ga-oon-priniala-antirossiiskuiu-rezoliutciiu-po-ukraine-glavnoe>

3 Furtherance of remedy and reparation for aggression against Ukraine. URL: https://www.securitycouncilreport.org/atf/cf/%7B65BFCF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/a_res_es_11_5.pdf

4 The letter of November 7, 2022 of permanent representatives of Guatemala, Canada, the Netherlands and Ukraine at the UN to the President of the General Assembly. URL: <https://undocs.org/Home/Mobile?FinalSymbol=A%2FES-11%2F10&Language=E&DeviceType=Desktop&LangRequested=False>

5 Furtherance of remedy and reparation for aggression against Ukraine. URL: <https://undocs.org/Home/Mobile?FinalSymbol=A%2FES-11%2F5&Language=E&DeviceType=Desktop&LangRequested=False>

6 General Assembly: Eleventh Emergency Special Session, 15th Plenary Meeting. URL: <https://media.un.org/en/asset/k1k/k1kmh0hy0v>

7 The governments of Russia, Ukraine, Turkey and the UN signed an agreement on grain exports. URL: <https://tass.ru/ekonomika/15288405>

8 The Memorandum of Understanding between the Russian Federation and the UN Secretariate on promoting Russian food products and fertilizers to the world markets was signed. URL: <http://government.ru/news/46092/>

escalation of the situation in the Black Sea region late in October 2022 as a result of attacks by the Ukrainian military on Russian seaport facilities putting at risk the implementation of the July grain deal, the mediation of the UN and Turkey ensured the return of Russia to the reached agreements.¹

The UN General Assembly member states demonstrated a constructive approach to multilateral debates on international information security. On November 8, 2022, the UN General Assembly adopted the Russia-drafted resolution approving the results of the first year of operation of the Open-End Working Group on security issues in the field of ICT where Russia sought to ensure the formation of the international information security system based on universal legally binding agreements.² The UN General Assembly voting on the Russia-drafted resolution on combating glorification of Nazism ended with a positive decision: the document was voted for by 120 countries with 10 countries abstained and 50 countries, including Poland, the US, France, Ukraine, Japan, Canada and Germany voting against it. The resolution called for prevention of the revision of the results of WW II and denial of crimes against humanity.³

So, the US and the EU used all available mechanisms to limit Russia's ability to defend its positions in the UN. In most cases, Russia's BRICS partner countries distanced themselves from anti-Russian multilateral decisions or opposed them. The constructive position of United Nations member states and UN representatives on international information and food security issues is of undoubted importance.

5.4.7. The World Health Organization: maintaining a dialogue to overcome common challenges

Despite the escalation of the geopolitical situation, Russia's cooperation with the World Health Organization (WTO) continued in 2022.

As far back as December 2021, a negotiating process was started on the conclusion of a legally binding Global Convention on pandemic prevention, preparedness and response; the World Health Assembly passed a decision on the establishment of the intergovernmental negotiating body (INB) for preparation and negotiation of the draft agreement.⁴ The first session of this body started its work on February 24, 2022.⁵ Conceptual provisions of the draft convention were

1 Russia returned to the grain deal with Ukraine. URL: <https://www.gazeta.ru/politics/2022/11/02/15720481.shtml>

2 Achievements in the field of information and telecommunications in the context of international security. URL: <https://undocs.org/Home/Mobile?FinalSymbol=a%2F77%2F380&Language=E&DeviceType=Desktop&LangRequested=False>

3 General Assembly Adopts 51 Third Committee Drafts on Combating Glorification of Nazism, Refugees, Displaced Persons, Protecting Children from Sexual Exploitation. URL: <https://press.un.org/en/2022/ga12483.doc.htm>

4 The World Health Assembly resolved to begin the process of development of the historical global convention on pandemic prevention, preparedness and response. URL: <https://www.who.int/ru/news/item/01-12-2021-world-health-assembly-agrees-to-launch-process-to-develop-historic-global-accord-on-pandemic-prevention-preparedness-and-response>

5 WHO Director-General's opening remarks at first meeting of the Intergovernmental Negotiating Body to draft and negotiate a WHO convention, agreement or other international instrument on pandemic prevention, preparedness and response. 24 February 2022. URL: <https://www.who.int/director-general/speeches/detail/who-director-general-s-opening-remarks-at-first-meeting-of-the-intergovernmental-negotiating-body-to-draft-and-negotiate-a-who-convention-agreement>

formulated by December 7, 2022.¹ Russia supported these efforts. In particular, Sergei Lavrov, Russian Foreign Minister declared about the need to step up work on “promotion of preparedness to infectious diseases, including those similar to the coronavirus pandemic.”

Russia supported the G20 initiative to establish the financial mediation fund for pandemic prevention under the World Bank (the Pandemic Fund).² The Fund was established in September 2022. It sees its goal in facilitating “an additional long-term financing for reinforcing the capacity to respond to pandemics in countries with a low or medium level of income and address critical gaps by means of investments and technical assistance at national, regional and global levels.” The Fund’s governing bodies, in particular the Secretariate and the Technical Advisory Board include WHO representatives. As of November 2022, donors’ declared liabilities were equal to \$1.4 bn.³

The 75th session of the World Health Assembly held in Geneva on May 22—28, 2022 became an important event of the year.⁴ The Assembly’s key decision was the adoption of the resolution on strengthening the WHO preparedness for and response to health emergencies. In particular, it was envisaged to step up the work of the group on amendment of the International Health Regulations. The WHO Director General was instructed to assist this work and prepare the report on the progress in this line of operation.⁵

The 75th session of the World Health Assembly adopted resolution A75/A/CONF./6 on “Health emergency in Ukraine and in refugee receiving and hosting countries, stemming from the Russian Federation’s aggression against Ukraine.” The resolution condemns “the Russian Federation’s aggression against Ukraine” and calls on the WHO member countries to increase their contributions to aid Ukraine and refugee receiving and hosting countries.⁶ Russia and Syria proposed their draft resolution free of political assessments.⁷

The WHO published several calls to provide emergency aid and support to Ukrainians and refugee receiving neighboring countries and reported its supply

or-other-international-instrument-on-pandemic-prevention-preparedness-and-response-24-february-2022

- 1 Conceptual zero draft for the consideration of the Intergovernmental Negotiating Body at its third meeting. URL: https://apps.who.int/gb/inb/pdf_files/inb3/A_INB3_3-en.pdf
- 2 Russian Foreign Minister Sergei Lavrov’s address and answers to media questions on the results of the G20 summit // Denpasar. November 15, 2022. URL: <https://www.mid.ru/detail-material-page/1838803/>
- 3 New Fund for Pandemic Prevention, Preparedness and Response Formally Established. URL: <https://www.worldbank.org/en/news/press-release/2022/09/09/new-fund-for-pandemic-prevention-preparedness-and-response-formally-established>
- 4 Seventy-fifth World Health Assembly. URL: <https://www.who.int/about/governance/world-health-assembly/seventy-fifth-world-health-assembly>
- 5 Strengthening WHO preparedness for and response to health emergencies. URL: [https://apps.who.int/gb/ebwha/pdf_files/WHA75/A75\(9\)-en.pdf](https://apps.who.int/gb/ebwha/pdf_files/WHA75/A75(9)-en.pdf)
- 6 Health emergency in Ukraine and in refugee receiving and hosting countries, stemming from the Russian Federation’s aggression against Ukraine. URL: https://apps.who.int/gb/ebwha/pdf_files/WHA75/A75_ACONF6-ru.pdf
- 7 Health emergency in and around Ukraine and refugee receiving and hosting countries. URL: https://apps.who.int/gb/ebwha/pdf_files/WHA75/A75_ACONF8-en.pdf
- 8 Ukraine and Neighboring Countries. URL: https://cdn.who.int/media/docs/default-source/emergency-preparedness/jmo_who_ghea-2022_ukraine.pdf?sfvrsn=9c031bf8_3&download=true

of 398 tons of medicines and medical equipment.¹ In March-October 2022, they raised \$135 mn in the emergency fund, that is, 80.8% of the required sum.²

Resolution EUR/RCSS/R1 on “Health emergency in Ukraine and neighboring countries, stemming from the Russian Federation’s aggression” of the special session of the WHO European Regional Committee called for a transfer of the WHO Regional Office for Prevention and Control of Noncommunicable Diseases beyond the territory of the Russian Federation and a temporary suspension of all regional meetings under the WHO auspices in the Russian Federation until peaceful settlement of the conflict.³ In September 2022, the WHO regional office in Europe confirmed the suspension of the WHO bodies’ meetings and consultations in Europe. However, the transfer of the WHO Regional Office for Prevention and Control of Noncommunicable Diseases did not take place; it still performs its functions. The funding of its activities is carried out by means of the RF Government’s grants. In 2022, the Moscow Office for Prevention and Control of Noncommunicable Diseases implemented the following: subregional dialogues on the fight against obesity for Western Balkan and Central Asian countries; technical support within the scope of the WHO European initiative on epidemiological surveillance of child obesity; a training seminar and technical experts’ meeting on taxation in the interests of health protection (an anti-alcohol policy); a technical seminar on tobacco control; the meeting of the network of coordinators on physical activity issues for the EU; development of instruments to fight disinformation in the healthcare sector with a particular attention paid to noncommunicable diseases.⁴

Russia keeps working on promoting availability of vaccines against COVID-19. According to the statement of Sergei Lavrov, Russian Foreign Minister, “owing to the gap in approaches to vaccination, its level in developed countries amounted to 60%, while in poor countries, to the mere 5%.” To eliminate this imbalance, Russia stood for the vaccine registration process being free from politization. For example, Sergei Lavrov noted that the registration of the Russian “Sputnik-V” vaccine was artificially slowed down despite the fact that it proved its efficiency and was successfully supplied to 70 countries.⁵

Despite the worsening of the relations between Russia and the WHO, they keep maintaining contacts. Russia is committed to continue its work in the WHO

1 WHO Foundation calls for additional support for Health Emergency Appeal for Ukraine. URL: <https://who.foundation/wp-content/uploads/2022/05/WHO-Foundation-Ukraine-second-appeal-press-release-12.05.22.pdf>

2 Contributions to WHO’s Ukraine emergency appeal and refugee-receiving and hosting countries. URL: <https://www.who.int/emergencies/situations/ukraine-emergency/funding>

3 WHA75: Health emergency in Ukraine and neighboring countries, stemming from the Russian Federation’s aggression. URL: <https://apps.who.int/iris/bitstream/handle/10665/354120/ssrs01e-HealthEmergency-220378.pdf>

4 Implementation of the resolution EUR/RCSS/R1. URL: <https://apps.who.int/iris/bitstream/handle/10665/362151/72wd20-r-Res-RCSS-R1-220666.pdf?sequence=1&isAllowed=y>

5 Russian Foreign Minister Sergei Lavrov’s address and answers to media questions on the results of the G20 summit // Denpasar. November 15, 2022. URL: <https://www.mid.ru/ru/detail-material-page/1838803/>

and take part in “solution of global healthcare issues.”¹ In November 2022, the RF Ministry of Health and the WHO Regional Office in Europe reached an agreement on maintaining a sustainable dialogue.²

5.4.8. OPEC+: difficult decision amid high volatility on oil markets

A lack of compromise in negotiations in the OPEC+ format led to a collapse of prices for oil on global markets. After long negotiations, the OPEC+ member countries eventually succeeded in negotiating the reduction in oil production by the mid-year when the scope of decline in business activity because of COVID restrictions became clear. In 2021, the OPEC+ did not take any serious decisions to avoid an effect on the price for oil. In 2022, the geopolitical and energy crises led to a dramatic appreciation of prices for oil which amounted to \$120 per barrel in March.³ In a situation where both market and non-market mechanisms had a direct effect on appreciation of oil prices, the OPEC and the OPEC+ left oil production volumes unchanged. However, by summer 2022 prices for oil started to go down. Further, the G7 countries announced their intention to refuse gradually from Russian oil, introduce restrictions on tanker transportation of Russian oil and set a certain price cap on it. In addition, the US delivered large volumes of oil from its national reserves to reduce the price.⁴ The G7 efforts to influence the price by changing the volume of traded oil, as well as the possible testing of the mechanism of artificial price reduction caused concern of oil-exporting countries, the more so as the price cap in terms of sanctions had never been introduced before; in case of Iran and Venezuela they imposed restrictions on the volume of oil supplies.

In autumn, amid the economic crisis and China’s tough policy in respect of the spread of coronavirus infection – these two factors led to a decrease in demand for oil – the price for oil fell to about \$80 per barrel. For the first time in a long period, on October 5, 2022 OPEC+ representatives met personally and decided to reduce oil production by 2,000 barrels a day relative to the oil production levels as of August 2022 starting from November 2022 and extend the agreement on cooperation within the scope of the OPEC+ which was to expire by the end of the year.⁵ The decision was meant to stop a fall in oil prices, facilitate their growth in the interests of oil-exporting countries and consolidate control over factors of pricing.

1 The telephone conversation between Sergei Lavrov, Russian Foreign Minister and Tedros Adhanom, WHO Director General. URL: https://www.mid.ru/ru/foreign_policy/news/1813903/#sel=8:35:Dij,9:5:ah8

2 The RF Ministry of Health and WHO European Office agreed on maintaining regular contacts. URL: <https://tass.ru/obschestvo/16341083>

3 Closing price of Brent, OPEC basket, and WTI crude oil at the beginning of each week from March 2, 2020 to November 21, 2022. URL: <https://www.statista.com/statistics/326017/weekly-crude-oil-prices/>

4 DOE Announces Notice of Sale of Additional Crude Oil From the Strategic Petroleum Reserve. URL: <https://www.energy.gov/articles/doe-announces-notice-sale-additional-crude-oil-strategic-petroleum-reserve>

5 33rd OPEC and non-OPEC Ministerial Meeting. URL: https://www.opec.org/opec_web/en/press_room/7021.htm

It is well-known that during his visit to Saudi Arabia in summer 2022, US President Joe Biden tried to persuade it not to reduce oil production in order to prevent a further rise in inflation on the back of appreciation of prices for energy commodities on the eve of the US elections. The decision on reduction of oil production became a disappointment for the US, however, it is not yet clear whether retaliatory measures against Saudi Arabia will follow.

OPEC member countries are concerned about consumer-countries' efforts to influence the pricing by means of decision-making which is of a collusion nature. For many countries, the development of the situation with Russia is an illustration of how powerful such a pricing collusion may be, to what extent its implementation may be effective and what instruments they are going to use. OPEC member countries are aware of the fact that if a price cap on oil proves to be effective, they themselves may be subjected to similar restrictions and will face a fall in budget revenues. At the same time, Saudi Arabia which dominates in the OPEC may increase oil production in future to take niches which become available in case restrictions on Russian oil succeed.

At the regular meeting early in December, oil production levels were left unchanged and the OPEC member countries took a wait-and-see attitude.¹ With an overlap of economic interests between Russia and the OPEC+ member countries, in future it will be important to promote cooperation in this format (meetings are going to be held once in six months), discuss with partners possible responses to attempts to reduce the level of prices and impose extraterritorial restrictions on trade in oil from a certain country. At the same time, it is necessary to take into account the policies of all OPEC member countries and not Saudi Arabia alone because the G7 will exercise increasingly their influence on these countries by offering them various compensations for their non-compliance with the agreement on reduction in oil production.

5.4.9. The Shanghai Cooperation Organization: shaping new multipolarity

The new geopolitical environment influenced the work of the Shanghai Cooperation Organization (SCO). At the Samarkand summit, the SCO member countries condemned unilateral economic restrictions and declared about the need to reform the SCO and develop and adapt it to the present-day economic realities. The SCO sees its goal in facilitating a gradual switchover to a free flow of goods, capital, services and technologies within a scope of cooperation with the "One Belt – One Road" project and the EAEU. The SCO is developing financial mechanisms and promotes cooperation to build up global supplies in the energy sector to respond to the changing political and economic situation on the oil and gas market.

The prospects of the SCO expansion became explicit in 2022. The procedure for Iran's joining the Organization was finalized; the SCO Samarkand summit endorsed unanimously Belarus's application for joining the SCO; Saudi Arabia,

¹ 34th OPEC and non-OPEC Ministerial Meeting. URL: https://www.opec.org/opec_web/en/press_room/7060.htm

Qatar and Egypt were granted the status of dialogue partners and Kuwait, the United Arab Emirates (UAE), the Republic of Maldives and Myanmar initiated the procedures for receiving a similar status. The UAE expressed a particular interest in cooperation with the SCO and expects to become its full member in an expedited manner. Gulf Cooperation Council countries' increased interest in the SCO is justified by the attractiveness of the Asian sales markets, particularly China and India. Amid Iran's joining the SCO, Gulf Cooperation Council countries regard their joining the SCO as an opportunity to limit Iran's influence in the Organization. Further, the SCO is a good platform for consolidating ties with Russia amid a decline in the US influence in the region. Also, GCC countries take interest in Central Asia's markets: in September 2022 the GCC – Central Asia Strategic Dialogue started in Riyadh to initiate cooperation in all sectors of mutual interest. The GCC countries' membership in the SCO will facilitate the promotion of the existing economic relations. In the long term, GCC countries expect a free trade zone to be established.

Food security and cooperation in agriculture were on the top of the SCO agenda in 2022. In accordance with the draft concept of cooperation between the SCO member countries in the field of “smart” agriculture and agricultural innovations adopted at the meeting of ministers of agriculture, it is planned to establish cooperation within the scope of R&D and exhibition and fair activities.¹ At the Samarkand summit, Shavkat Mirziyoyev, President of Uzbekistan put forward an initiative to develop common food security guidelines envisaging the harmonization of member countries' regulatory frameworks.² In their statement on the results of the summit, the SCO member countries called on food producers and exporters to reduce the number of tariff and non-tariff barriers and the international community to support developing countries in terms of access to capital and technologies in order to promote food security. The SCO member countries intend to promote cooperation on establishing “green” transportation corridors and routes for timely food deliveries.³

The SCO cooperation was further promoted in the field of climate change response measures. The meeting of the heads of environmental agencies approved the draft of the program of a joint establishment of the SCO platform on the ecological information exchange. Based on the summit results, the Declaration on Responding to Climate Change, underlying the need to implement the Paris agreement was signed; it called on developed countries to render financial and technological assistance to developing countries and defined a complex of planned measures to fight climate change, including a reduction in emissions, establishment of an adequate infrastructure, development of the “green” and low-

1 Information report on the 7th ministerial meeting of SCO member countries on cooperation in agriculture. URL: <http://rus.sectsc.org/news/20220726/906752.html>

2 President Shavkat Mirziyoyev's speech at the SCO Heads of State Council Meeting (full text). URL: <https://review.uz/post/vstuplenie-prezidenta-shavkata-mirziyoyeva-na-zasedanii-soveta-glav-gosudarstvchlenov-shos-polny-tekst>

3 The SCO Heads of State Council's declaration on facilitation of global food security. URL: <http://rus.sectsc.org/documents/>

emission technologies and an exchange of experience in the field of investment standards and sustainable projects, particularly green taxonomies.

The SCO member countries intend to promote cooperation to mobilize funding in this sector, establish a dialogue between the SCO member countries on carbon markets, including harmonization of approaches to participation in international carbon markets and facilitate the networking of observer-states and dialogue partners in these fields. Further, Emomali Rahmon, President of Tajikistan called for endorsement of the initiative to declare 2025 as the international year of preservation of glaciers and establishment of the international fund for saving glaciers. Also, Emomali Rahmon promised to present shortly the draft of the strategy of economic development of the SCO regions till 2030 with an emphasis made on the green development concepts.¹ Sadyr Japarov, President of Kirgizstan called for support at the UN level of his country's initiative to declare 2023—2027 as a period of activity aimed at developing mountain regions.² Shehbaz Sharif, Prime Minister of Pakistan put forward an initiative to develop the SCO long-term climate plan.³ Shavkat Mirziyoyev, President of Uzbekistan called for institutionalization of cooperation on climate issues and establishment of the SCO Climate Council.⁴

It is noteworthy that financial cooperation was developing further. Russia's initiative to increase the share of national currencies in mutual settlements was actively elaborated and the summit approved the road map on implementation thereof. The practice of using national currencies in mutual settlements was further promoted within the frameworks of the SCO Interbank Association. However, the establishment of the SCO Bank is still at the level of intentions set forth in the joint communique.

In the context of cooperation between the SCO and the EAEU in the transport and logistics sector, the EAEU proposed to develop jointly with the SCO a transport and logistics megaproject linking the territories of the Eurasian region. As a result, the SCO summit endorsed the decision on building the “China-Kirgizstan-Uzbekistan” railway with Iran planning to join the project.

The energy security issue was on the top of the summit's agenda, too. The member countries supported an effective utilization of the energy potential to build up global supplies of oil, gas and electricity and called for consolidation of networking between suppliers, consumers and transit countries. Also, they expressed support for clean energy, particularly the coordinated development of wind, solar, hydrogen, nuclear, hydro and bio energy and energy storage technologies, as well as cooperation in the field of innovations in the energy

1 President Emomali Rahmon's speech at the expanded meeting of the SCO Heads of State Council. URL: http://rus.sectSCO.org/archive_news/20220923/914597/Vystuplenie-Prezidenta-Respubliki-Tadzhikistan-Emomali-Rakhmona-na-zasedanii-Soveta-glav.html

2 The SCO summit. The text of Sadyr Japarov's speech. URL: <https://kg.akipress.org/news:1805167>

3 Shehbaz Sharif called for the development of the environment protection plan in the SCO countries. URL: <https://uz.sputniknews.ru/20220916/shaxbaz-sharif-davayte-razrabotaem-plan-kak-my-budem-spat-nashi-strany-v-plane-ekologii-28242901.html>

4 Shavkat Mirziyoyev's speech at the meeting of the SCO Heads of State Council (the full text). URL: <https://review.uz/post/vstuplenie-prezidenta-shavkata-mirziyoyeva-na-zasedanii-soveta-glav-sudarstvchlenov-shos-polny-tekst>

sector. An action plan for implementing the Concept of Cooperation in the Energy Sector and the Program of Cooperation between Authorized Bodies in the Field of Utilization of Renewable Energy Sources was signed.

Thus, the SCO is becoming an increasingly attractive platform for cooperation and may over time turn into an association representing the interests of all major Asian countries. The SCO agenda is growing; climate issues which used to remain beyond the focus of the organization for a long period are actively discussed and all this forms the basis for an advanced technologies exchange and financial support of developing countries. Active networking in the energy sector is particularly important amid sanctions pressure on Russia and facilitation of energy security for all SCO member countries. The implementation of Russia's initiative on increasing the share of national currencies in mutual settlements is an important step towards consolidation of economic cooperation.

5.4.10. The Eurasian Economic Union: consolidation of cooperation to overcome sanctions pressure

According to the officially adopted theses of the 1st Eurasian Economic Forum held in Bishkek on May 26, 2022, the EAEU's integration priorities include: implementation of the Strategy of Development till 2025, particularly the promotion of import substitution projects, facilitation of food security, implementation of the digital agenda, integration of payment systems and bank cards for settlements in national currencies, formation of own international financial and settlement mechanisms, development of cooperation in the sector of "green" technologies, establishment of the Eurasian reinsurance company and development of trade and investment agreements with participation the SCO, the ASEAN and the BRICS member countries.¹

Within the scope of networking on the climate agenda and "green technologies", the road map on cooperation adopted on October 21, 2022 was an important achievement; it included the following lines: the analysis of national legislative frameworks and development of common approaches in this sector; formation of the unified market and non-market carbon regulation mechanisms to achieve goals of the Paris agreement; identification of incentives to promote low-emission transformation in transportation, energy, metallurgy, the chemical industry, the building industry and agriculture; promotion of Eurasian low-carbon development initiatives and "green" financing; creation of the bank for climate technologies and digital initiatives; promotion of the EAEU member countries' climate-related interests in the international arena.² The cooperation in the field of hydrogen energy was actively discussed and a new catalogue of R&D projects, equipment and components in this sector was prepared.

The completion of the work on the agreement on establishment of the Eurasian Reinsurance Company (ERC) was the EAEU's major achievement in 2022.

¹ The main theses of the 1st Eurasian Economic Forum were prepared. URL: <https://eec.eaeunion.org/news/podgotovleny-osnovnye-tezisy-pervogo-evraziyskogo-ekonomicheskogo-foruma/>

² Climate agenda. URL: <https://eec.eaeunion.org/comission/departament/dotp/klimaticheskaya-povestka/>.

The ERC's charter capital which is to be formed by means of member countries' contributions will be equal to Rb15 bn. The ERC's potential insurance capacity of up to \$2 bn (without a possible expansion taken into account) is meant to "stimulate mutual and foreign trade and implementation of joint projects through increasing insurance capacity and professional risk management in the EAEU's entire territory."¹

Also, the sectoral cooperation was active, too: "Civil Aeronautics", a new technological platform was created, the Eurasian Network University was established, the information website of the Eurasian Economic Commission (EEC) on interregional development was put into operation and the agreement on free trade in organic agricultural products was prepared. Further, international cooperation in trade was fruitful, as well. A regular round of negotiations on the establishment of a free trade zone with Egypt was held, progress was made in negotiating a similar agreement with Iran and intentions were declared to develop a free trade agreement with Indonesia.

For the development of the EAEU as an integrated association, the approval of a package of amendments to the EAEU Customs Code was an important decision. These amendments will help adjust the procedure for cross-border container movement, cabotage and transit traffic, application of customs procedure of customs warehouse, customs-free zone and free warehouse. The draft of the so-called "3rd Big Protocol", which included amendments to the Agreement on the EAEU was approved. It is aimed at eliminating regulatory framework gaps identified in the course of law enforcement practice, clarifying the terminology and entrusting the EAEU bodies with authorities as regards technical regulation, phytosanitary measures, state procurement, as well as implementation of the Strategy-2025. The commission on preparing the main guidelines for the EAEU's economic development till 2035 began its work. The document will define the common perspective lines of the long-term economic development for all EAEU member countries, proceeding from the integration of their competitive advantages and with global economic development patterns taken into account.

Unfortunately, the EAEU failed to make a breakthrough in some key lines of development in 2022. In 2022, the EAEU's priorities included the preparation of the data flow agreement and finalization of agreements on common markets of oil, gas and electricity. In both the fields, the EAEU failed to formulate concrete proposals and draft agreements by the end of the year. The data flow agreement is expected to be prepared by the end of 2023. At present, the differences in approaches slow down the process of preparing the agreement; for example, some EAEU member countries require the localization of the data within the limits of their own countries and the use of electronic identification methods are limited. Common markets of energy commodities are expected to open by 2025, while the contractual framework is to be prepared by January 1, 2023. Despite an active negotiating process, no consensus was reached. Within the scope of cooperation

¹ The agreement on the establishment of the Eurasian Reinsurance Company was finalized.
URL: <https://eec.eaunion.org/news/zavershena-rabota-nad-soglasheniem-ob-uchrezhdenii-evraziyskoy-perestrahovochnoy-kompanii/>

in the financial sector, the EAEU member countries continued to discuss the initiatives put forward in 2021: the agreement to allow brokers and dealers of one EAEU member country to the trades at the exchanges (trade organizers) of another member country and the agreement on the standardized license within the frameworks of the EAEU.¹ However, no progress was achieved in this field. The promotion of cooperation in the financial and energy sectors is important for advancing Russia's interests and countering the G7 countries' attempts to isolate Russia's financial sector and introduce a price cap on Russian energy commodities.

Thus, the year 2022 saw both important breakthroughs, such as the establishment of concrete mechanisms of networking in priority fields within the EAEU frameworks and a lack of progress in key lines of cooperation. The most important thing is that the EAEU is unanimously determined to respond cohesively and jointly to economic and geopolitical challenges, take coordinated decisions to minimize the implication of sanctions imposed on Russia and Belarus and promote cooperation with friendly countries. In future, it is necessary to facilitate progress in solving the objectives defined at the Eurasian Economic Forum, particularly the data flow issues (for example, through the process of mutual bilateral recognition of data protection adequacy) and the development of financial markets, and take concrete steps to implement the adopted agreements in practice.

5.4.11. The European Union: the strengthening of mutually disadvantageous and destructive restrictions

By December 2022, the EU adopted eight packages of anti-Russian sanctions which included restrictions both against individuals and economic sectors. The toughest sanctions were introduced against the RF state budget (the freezing of Central Bank of Russia's assets), the financial sector (cutting off Russia's largest banks from the SWIFT and the ban on access to the European capital market), the humanitarian sector (cancellation of the simplified visa regime first for diplomats and then for all citizens of the Russian Federation), aviation (the closure of airspace), the mass media (shutdown of branches of Russian media companies) and imports of some raw materials (iron, steel, cement and timber).²

The most serious restrictions were imposed on the Russian energy sector. The EU countries approved a ban on imports of Russian coal, tanker-transported oil (with a few exceptions) and petrochemicals and a price cap of \$60 per barrel for Russian oil endorsed by the G7 countries, as well as strengthened restrictions on supplies of equipment for the energy sector. In May 2022, the EU negotiated the REPowerEU plan which was aimed at reducing all energy commodity supplies, primarily natural gas, from Russia by 2027. The plan includes the following two lines: the diversification of gas supplies through increasing imports of LNG and pipeline imports from non-Russian exporters and further growth in biomethane

1 The issues of free capital flow were discussed at the meeting of the Financial Market Advisory Committee. URL: <https://eec.eaeunion.org/news/voprosy-obespecheniya-svobodnogo-dvizheniya-kapitala-obsudili-na-zasedanii-konsultativnogo-komiteta/>

2 Timeline – EU restrictive measures against Russia over Ukraine. URL: <https://www.consilium.europa.eu/en/policies/sanctions/restrictive-measures-against-russia-over-ukraine/history-restrictive-measures-against-russia-over-ukraine/>

and hydrogen volumes; the upgrading of energy efficiency, an increase in the share of renewable energy sources and elimination of bottlenecks in the infrastructure. All these measures create serious economic problems for the EU countries. Appreciation of prices for energy commodities led to growth in the rate of inflation (the average level of EC-27 was equal to 9% in 2022)¹ and budget expenditures. With a pick-up in coal consumption (growth of 14% and 7% in 2021 and 2022, respectively)² and LNG purchases, net greenhouse gas emissions will definitely rise. For example, by some estimates, carbon emissions in production of LNG are ten times higher than those in pipeline gas production and delivery.³ By other estimates, greenhouse gas emissions in LNG production, transportation, liquefying and regasification may be equal to emissions produced during gas burning and all this actually doubles the effect on the climate by each energy unit received from gas transported from abroad.⁴ At the same time, on the back of rapid deployment of renewable energy plants, net greenhouse gas emissions decreased in 2022. However, the statistics does not take into account emissions during gas liquefaction in the country of origin. By some estimates, if Russian pipeline gas deliveries stop in 2023, it will add 35 mn tons of CO₂ emissions from the imported production as compared with 2021.⁵ The EU's goal was to fill at least by 80% of gas storage facilities by the beginning of the heating season. Most EU countries managed to do it very quickly.

Though the EU succeeded in reducing the consumption of Russian pipeline gas and oil and filling gas storage facilities in 2022, they still face several important challenges which need to be resolved in the forthcoming months. In 2022, the EU managed to increase promptly and considerably LNG purchases on global markets. Owing to economic recession in China and the policy of severe restrictions, global demand for LNG declined. With China's return to the pre-pandemic level of consumption, demand will grow considerably and the EU will have to compete on the consumer market; all these factors lead to appreciation of prices. In its report, the International Energy Agency declared that the EU will be facing a possible shortage of 30 bn m³ of gas next summer if Russia suspends all the remaining pipeline gas flows and China's demand for LNG picks up. At the same time, the EU countries kept buying LNG and, in some cases, started to buy gas from Russia: imports grew by 20%.⁶ So, despite their refusal to buy pipeline gas and attempts to find alternatives, the EU turned eventually to Russia for gas purchases. The EU managed to fill its gas storage facilities, particularly by increasing gas purchases

- 1 Inflation rate, average consumer prices. URL: <https://www.imf.org/external/datamapper/PCPIPCH@WEO/EURO/EU/AUT/BEL/DNK/FIN/FRA/DEU/GRC/IRL/ITA/LUX/NLD/PRT/ESP/SWE/GBR>
- 2 Global coal demand is set to return to its all-time high in 2022. URL: <https://www.iea.org/news/global-coal-demand-is-set-to-return-to-its-all-time-high-in-2022>
- 3 Climate change: Hidden emissions in liquid gas imports threaten targets. URL: <https://www.bbc.com/news/science-environment-63457377>
- 4 Sailing To Nowhere: Liquefied Natural Gas Is Not An Effective Climate Strategy. URL: <https://www.nrdc.org/sites/default/files/sailing-nowhere-liquefied-natural-gas-report.pdf>
- 5 Climate change: Hidden emissions in liquid gas imports threaten targets. URL: <https://www.bbc.com/news/science-environment-63457377>
- 6 Europe still can't live without this Russian energy export. URL: <https://edition.cnn.com/2022/11/09/energy/russian-lng-imports-europe/index.html>

in Russia in H1 2022. Amid competition with other LNG consumers, it will be more difficult for the EU to fill its gas storage facilities without gas supplies from Russia.¹ Further, a ban on purchasing petrochemicals from Russia, including diesel fuel (the EU currently buys 60% of it from Russia) will come into effect from February 2023.² Consequently, the EU has to look urgently for alternative suppliers. By experts' estimates, it is going to be difficult for Russia, too, as it has to redistribute the whole volume of the EU market to other consumers, which situation leads to a reduction in production in Russia and global growth in prices for this important type of fuel.

Within the scope of the planned legislative process in 2022, the EU discussed the Fit for 55 package initiatives, primarily related with the European Union Emissions Trading System (EU ETS) and the introduction of the carbon border adjustment mechanism (CBAM). On December 18, 2022, the EU Council and Parliament came to an agreement on the reform of EU ETS and introduction of CBAM. By 2030, emissions in sectors in which respect ETS was introduced are expected to decline by 62% as compared with 2005. To facilitate this reduction, the EU will reduce on a non-recurrent basis the emission quota ceiling: by 90 mn tons and 27 mn tons of the CO₂ equivalent in 2024 and 2026, respectively. Further, an annual quota reduction of 4.3% and 4.4% is planned in 2024–2027 and 2028–2030, respectively. For sectors which received a permission free of charge because of the risk of carbon leakage,³ a nine-year period (from 2026 to 2034) for transition to the auction-based purchase of emissions was approved. CBAM is officially established as a new instrument to fight leakage; it is expected that when buying quotas both direct and indirect emissions will be taken into account. During the transition period, in respect of the abovementioned sectors which are exposed to leakage CBAM will be applied only to that portion of emissions which is not covered by free-of-charge quotas within the frameworks of EU ETS in order to comply with the WTO's rules.⁴ In the current situation, the potential influence of these measures on Russia's interests decreased with introduction of restrictions on imports from the country in sectors to which adjustment is applied (cement, steel). However, for example, in case of aluminum CBAM is still relevant. Also, as one cannot exclude the lifting of sanctions in the mid-term, adjustment may become a challenge to Russian exporters in future. The EU Council and Parliament approved the start of an individual quota trading system in respect of buildings and transportation by 2027, but granted its member countries a temporary permission to relieve economic entities from buying quotas until 2030 if they are charged the carbon tax at the national level at the rate which is equivalent to or above auction prices

1 Europe needs to take immediate action to avoid risk of natural gas shortage next year. URL: <https://www.iea.org/news/europe-needs-to-take-immediate-action-to-avoid-risk-of-natural-gas-shortage-next-year>

2 The West's oil war with Russia gets real. URL: <https://www.politico.eu/article/west-oil-war-russia-sanctions-oil-price-cap-g7-vladimir-putin-zelensky-opec-war-ukraine/>

3 Production of cement, aluminum, fertilizers, electricity, iron and steel.

4 'Fit for 55': Council and Parliament reach provisional deal on EU emissions trading system and the Social Climate Fund. URL: <https://www.consilium.europa.eu/en/press/press-releases/2022/12/18/fit-for-55-council-and-parliament-reach-provisional-deal-on-eu-emissions-trading-system-and-the-social-climate-fund/>

for quotas in the new emission trading system. Further, they took a decision to include maritime transportation emissions into the EU ETS. The EU approved a gradual introduction of obligations on shipping companies to buy quotas: 40%, 70% and 100% of confirmed emissions should be covered by quotas bought on auctions in 2024, 2025 and 2026, respectively. A decision on application of quota trading to aviation, including flights beyond the EU, is expected to be taken after 2026.

Overall, the geopolitical crisis of 2022 made the EU to review its plans regarding a gradual refusal from Russian gas (the plan initially envisaged even growth in Russian gas consumption till 2030) and speed up the diversification of supplies and introduction of RES. The EU achieved some success in it, but the measures they took are most likely short-termed and helped overcome the existing problems, rather than offered long-term strategic solutions. The sanctions policy has brought about growth in expenditures which are going to pick up further and increase the inflationary pressure in 2023. At the same time, despite the difficulties and certain growth in utilization of not very climate resilient practices (use of coal and liquefied gas), in the medium and long term the EU is still committed to the goals of the Green Deal, raises the level of climate ambitions and strengthens the instruments of influence on carbon pricing by applying them extraterritorially to all market participants via CBAM. Russia loses ahead of time its main markets for numerous commodities, encounters serious challenges in the financial sector and is denied an access to frozen assets; Russian companies are cut off from resources, sales markets, technologies and investments. In the near future, both Russia and the EU will be looking for new sales markets and suppliers and addressing their mounting internal problems.

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The new crisis has become another evidence of fragility and low efficiency of multilateral financial institutes, particularly amid extreme manifestations of the US national egoism and hegemony.¹ The isolation of Russia failed owing largely to the support of its partners in non-western institutes, which situation proved the correctness of the Russian policy on establishing and developing new institutes of global and regional management. At the same time, there is a need for consistent implementation of collective decisions, promotion of new mechanisms' capacity and facilitation of their synergic interaction. The US and its allies are planning to continue the pressure in order to exclude Russia from the work in the key economic and financial institutes (the G20, the Bank for International Settlements, the Basel Committee on Banking Regulations and Supervisory Practices, the International Association of Insurance Supervisors and the International Organization of Securities Commissions), having envisaged even funding for this in the 2023

¹ *Mason P.* How coronavirus could destroy the Western multilateral order. URL: https://www.newstatesman.com/world/north-america/2020/03/how-coronavirus-could-destroy-western-multilateralorder?mc_cid=6a901092aa&mc_eid=6f24f55c06

defense budget.¹ In this context, the promotion of economic cooperation and implementation of decisions on settlements in national currencies, establishment of common payments systems, motivation to use financial products denominated in national currencies and facilitation of mutual access to financial markets of the SCO, the BRICS and the EAEU will be crucially important in 2023.
