

Venezuela as a prospective new BRICS-member

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Venezuela and Russia have long-scale economic relations with a vast prospective potential. Now Venezuelan government is determined to strengthen its trade and investment relations with Russia, especially as a part of BRICS. Starting with a short overview of the country, we can see that Venezuela is a canonical example of a resource based economies with rather fast speed of development for Latin America region. Increases in world oil prices in recent years have allowed Venezuelan President Hugo Chavez to expand social program spending, bolster commercial ties with other countries, and boost his own international profile, that lets Venezuela now enjoy the highest standard of living in Latin America. It specialized in natural resources, nowadays this country is the world's third largest exporter of oil, export share of this product reaches 96%. Oil generates about 80 percent of the country's total export revenue, contributes about half of the central government's income, and is responsible for about one-third of the country's gross domestic product (GDP).

We can make a short analysis based on the data provided by International Monetary Fund. It show us the current overall economic state of Venezuela in compare to the same measurements of the countries- members of BRICS.

The chart illustrates that now Venezuela's development faces important challenges. Its economy is highly vulnerable to fluctuations in international oil prices since oil accounts for over 96% of the country's exports and generates nearly half of fiscal income. Another heavy problem now is a rather high inflation and decline in the amounts both import and export in 2013.

But at the same time Venezuela, Russia, Brazil and China can make a new step in economic integration and create a new unit of mineral-resources-exporting countries that having a deep look in the tendency, can dramatically change a world balance of economic power. After the United States, China and Brazil are the main suppliers to Venezuela. The Venezuelan government has encouraged such diversification, mostly because of the new global trade dynamics. As a bloc, the BRICS emerging economies became the main trade partners of Venezuela. They were followed by the 18 Member States of the Euro Zone, which brought to the country goods worth USD 24.40 billion in 2006-2013. The United States is still the largest supplier to Venezuela, with goods sales totaling USD 83.70 billion over the same period.

Participance in BRICS can bring to Venezuela such advantages as:

- Possibility to obtain additional funding and loans for country further economic development
- to establish sustainable relations with new trade-partners in gas-oil sphere
- to sigh new agreement in investment area

At the end, this unit can offer large economies opportunities in a variety of sectors both for Venezuela and countries-members of BRICS.

Источники и литература

- 1) The World Bank
- 2) International Monetary Fund
- 3) The Moscow Times

Слова благодарности

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Иллюстрации

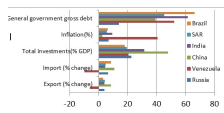


Рис. 1. Исследование