

CURRENT SITUATION AND PROSPECTS OF RUSSIA-VENEZUELA RELATIONS DEVELOPMENT

Кречетов Роман Игоревич

Финансовый университет, Москва, Россия

E-mail: krechetovroman20@yandex.ru

The Bolivarian Republic of Venezuela is the second after Brazil trade and economic partner of Russia in Latin America. The turnover of the country increased by 26% in 2013 comparing with 2012 that made an equivalent of 2.45 billion of dollars. Russia considers Venezuela as a strategic partner, very rich in natural resources and with great opportunities, in particular, regarding the exploitation of petroleum, gas, aluminum and gold resources, as well as the construction of railroads, underground transportation networks, hydraulic works and the transfer of modern technology. Currently, Venezuela is actively involved in a set of regional and global processes, thus supporting the policy of a multipolar world and the refusal of the use of force in resolving international conflicts. This dynamic external policy leads to the support of country's interests on the world arena. Russian-Venezuelan relations develop successfully every year and allow both countries to meet their objectives in the foreign economic policy. One of the most important and large-scale components of the Russian-Venezuelan relations is a cooperation in the energy sector. In recent years two countries have deepened partnership in the production and export of hydrocarbons; moreover an extensive technical cooperation was established in the production and supply of oil. Exactly these factors serve as collateral of loans that Russia allocated to Venezuela as "On the development of defense capability." Oil field development is made by a company PetroMiranda, established in 2010 where 60% owned by the Venezuelan state-owned company Petróleos de Venezuela Sociedad Anonima (PDVSA), and 40% of the Russian National Oil Consortium (NOC). Today, Russian companies are involved in five projects for the extraction of Venezuelan oil. The largest of them is the development of oil's location Junin-6 in the Orinoco belt. For the opportunity to participate, the Russian side has paid 1 billion dollars. According to the Venezuelan Oil Minister Rafael Ramirez, joint investments in the Russian-Venezuelan projects will be 46.9 billion dollars by 2019 where Russian part will be 17.6 billion dollars, and by 2021 the joint Russian-Venezuelan production will reach 1,123 million barrels per day. In particular, Petróleos de Venezuela and the "Uralmash" intend together to produce drilling rigs and other oil equipment.

As for weapons, the active development of trade-economic cooperation between Russia and Venezuela began in 2005 with the purchase of 100 thousand Kalashnikov assault rifles. In 2006, the United States imposed an embargo on weapons sold to Venezuela and as a result Russian weapons became for the country even more important. Since then, the scope of procurement grew, and today the total amount of the contracts is about 11 billion dollars.

In addition to this, Venezuela bought another 100 thousand Kalashnikov assault rifles and agreed to build a couple of factories in order to produce Russian assault rifles with an official license.

Russian weapons are used almost in all branches of the armed forces. A contract was signed to supply Venezuela with 24 multi-roles SU-MK, 34 Mi-17V-5 helicopters, ten Mi-35M and three Mi-26T. In 2012, shipments of 92 battle tanks T-72BV1 were also made.

Venezuela bought other military equipment, including: fire support helicopters Mi-28NA "Night Hunter", 152-mm systems of volley fire BM-21 "Grad" (with 40 guides), self-propelled mortars "NONA-SVK", trucks "Ural-4320, Ural-3206" and even submarines.

Concerning banking sector, 23 June 2009 Russia and Venezuela have signed an intergovernmental agreement on the establishment of the Russian-Venezuelan Bank with headquarters in Moscow. The relevant document was signed by Deputy Minister of Finance of the Russian Federation Dmitry Pankin and Deputy Minister of economy and Finance of Venezuela Gustavo Hernánde;ndez. The new Bank was created on the basis of Eurofinance-Mosnarbank and finances joint projects and programs in the field of cooperation between Russia and Venezuela, with an authorized capital in the amount of up to \$ 4 billion. The founders of the Bank on the Russian side were VTB and Gazprombank.

The cooperation develops also in automobile production. Russian company KAMAZ not only delivers trucks to Venezuela, but also cooperates with other organizations in the country. In particular, the design of the plant's chassis will be used in Venezuela in the production of 32-passenger buses for urban and intercity transport. In addition, KAMAZ builds plant for localization in Venezuela of its production. At the first stage it will be a screwdriver assembly of Russian imported buses and in future - the full cycle of production of tractors and machinery for the oil industry will be made.[1]

Another social project that was initiated by Russian side is «The Great Mission of Housing Construction». In 2010, an agreement between the Fund of housing construction in Moscow and the Department of Housing in Venezuela was signed and this project started. Ten thousand apartments in high-rise buildings have been built successfully during four years. Moreover, the project involves not only the construction of housing and infrastructure, but also the organization of nine joint ventures for the production of building materials, so Venezuela could produce construction resources of high quality.

In order to strengthen cooperation between Russia and Venezuela, the meeting on 30 May 2014 year was held. The delegations from both sides have agreed on measures on further development of bilateral trade, and discussed the prospects of participation of Russian companies in the large-scale joint projects on the territory of Venezuela. At the meeting of Intergovernmental Russian-Venezuelan Commission several important agreements on joint projects in the oil and gas sectors were signed, indicating the direction of further cooperation.

For further collaboration, the ambassador of Russia in Venezuela Vladimir Zaemski commented: «Energy sphere and the sphere of military-technical cooperation are two pillars on which was built the Russian-Venezuelan cooperation. And in various sectors we have already achieved a lot, there are very good prospects for the future.

We have a good experience and hope that our cooperation will go beyond these two main areas. There are very good prospects in terms of projects in the field of agriculture in the broad sense: a joint venture for the production and export in Russia flowers and production of bio plastics. Russian technologies meet benevolent appreciation by Venezuelan partners, and in this regard, I expect that we will have new and strong projects.»[2] In addition, the parties agreed on measures to further increase bilateral trade by delivery to Venezuela high-tech equipment produced in Russia for the oil and gas sector, aircrafts and helicopters for civilian purposes and mineral fertilizers. Further cooperation in the fight against drugs will be developed between FSCD and the National Anti-drug Service of Venezuela.

Thus the strategic partnership has good prospects for further development and for the expansion of Russian - Venezuelan interests in Latin America.

[1] <http://www.sdelanounas.ru/blogs/34043/>. «Россия и Венесуэла: стратегическое партнерство». Китаев А.Г. 2014г.

[2] <http://www.interfax.ru/356509>. Интервью посла России в Каракасе. 2014г.

Источники и литература

- 1) Статья «Россия и Венесуэла: стратегическое партнерство». Китаев А.Г. 2014г.
<http://www.sdelanounas.ru/blogs/34043/>
- 2) Интервью посла России в Каракасе. 2014г. <http://www.interfax.ru/356509>

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