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The International Investment Position of the BRICS

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Abstract. The article is time-relevant, because the BRICS de facto becomes increasingly visible in the global economy and international financial architecture. De jure the BRICS' presence is ignored by the Western governments and media. Especially acute the topic is in terms of new proposals and projects developed by the leaders at the 14th BRICS Summit, including the extension of the bloc. The author attempts to create a global view of the BRICS' in the international relations of debt and liquidity. The author constructs a system of measures to identify the role Brazil, Russia (the USSR), India, China and South Africa played over the past 50–70 years. The result is the global debt map contrasting the posture of the BRICS and the Bretton Woods institutions in the world financial architecture. The purpose of developing the map is to demonstrate the visibility of the financial institutions established by the BRICS such as New Development Bank. The introduction of the global map of debt to the Russian and foreign literature on economics will renew and enrich the theory and understanding of the BRICS' stance in the structure of world assets and liabilities. The significance of the global map of debt is also to show ways for Russia to cooperate and transact with countries across the world in the period of a new wave of international sanctions. The debt map is a useful instrument for responsible government agencies of Russia to estimate the geographical spread of friendly and unfriendly capital providers.

Keywords: BRICS, international liquidity, gold holdings, world assets, world liabilities, BRICS Development Bank, global debt map, world monetary system, Bretton Woods institutions, net borrowers and creditors.

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Международная инвестиционная позиция стран БРИКС

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Аннотация. Статья носит актуальный характер, поскольку страны БРИКС наращивают свое присутствие в глобальной экономике и международной финансовой архитектуре по факту. Вместе с тем эта тема мало обсуждается, особенно в документах западных стран и СМИ. Острота актуальности темы проявляется и в анализе предложений и проектов, разработанных лидерами стран на 14-м саммите БРИКС, включая расширение блока. Автор предпринимает попытку представить глобальное видение стран БРИКС в международных долговых отношениях и ликвидности, а также строит систему показателей для определения места и роли Бразилии, России (СССР), Индии, Китая и ЮАР за последние 50–70 лет. В результате создана глобальная карта долга, позволяющая сопоставить положение стран БРИКС и Бреттон-Вудских институтов в мировой финансовой архитектуре. Целью разработки этой карты является демонстрация фактического присутствия финансовых институтов, учрежденных при форуме БРИКС, включая Банк развития БРИКС. Введение глобальной карты долга в российскую и зарубежную литературу позволит пересмотреть и обогатить теорию и понимание роли стран БРИКС в структуре мировых активов и обязательств. Значимость глобальной карты долга заключается в том, чтобы показать подходы сотрудничества России и расчетов со странами мира в период усиления волны международных санкций. Карта долга – эффективный инструмент для соответствующих органов власти, в частности России, при оценке потенциала и географии дружественных и недружественных доноров капитала.

Ключевые слова: страны БРИКС, международная ликвидность, золотой запас, мировые активы, мировые обязательства, Банк развития БРИКС, глобальная карта долга, мировая валютная система, Бреттон-Вудские институты, чистые заемщики и кредиторы.

Статья подготовлена по результатам исследований, выполненных за счет бюджетных средств по государственному заданию Финуниверситета.

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Introduction

The coverage of the BRICS in the international media is very short. The Wall Street Journal, the Financial Times, the Washington Post, the Forbes, etc. did not write at least a short piece of an article, editorial, review or a report on the occasion of the 14th BRICS Summit held in China in June 2022. None of the papers

mentioned the forum which many consider as one of the most significant multilateral bodies globally (Salisu, Akanni, 2020). Indeed, the last time the Wall Street Journal published an article on the BRICS was in 2016 (Khan et al., 2020). This happens despite that fact that the BRICS has 42 % of global population at the very least, about a quarter of global output, one-fifth of

world exports and over a third of international liquidity (Cao, Wang, 2020).

The investment position of the BRICS is so large that many observers fear that the countries of the bloc will soon overtake the IMF and the World Bank as well as other international and regional financial institutions and development banks as leading lenders for a lot of borrowers across the globe (Badshah, Mehmet, 2020). International investment position is a collective and aggregate representation of a country's assets in various economic values, including international liquidity, international reserves, gold holdings, financial capital, etc. (Shadrina, 2018). If a country exports more capital abroad than it imports, its international investment position means it is a net creditor. Otherwise, it is a net borrower (Vinokurov, 2017). Today the majority of rich countries of the world are net borrowers by the measure of international investment position, whereas many emerging countries such as the BRICS are net creditors or providers of capital (Sopilko et al., 2020).

The willingness of Russia to take part in the shared system of multilateral financial and economic organisations with the BRICS since 2014 mostly tells us about its seeking alternative channels of financial stability to evade Western sanctions (Novikov et al., 2019). The BRICS Development Bank (New Development Bank), Pool of contingency currency reserves, BRICS Pay settlement system, Digital Bank

of BRICS – all are established or prospective institutions which to a certain extent allow a member state to live and function in the sanctions regime, although they do not guarantee absolute freedom in taking important decisions outside existing international financial institutions such as the IMF or the World Bank, because the same bodies have to work according to the international law agreed in Bretton Woods in 1944 and dominated by the US and its allies (Alimbekov, Madumarov, Pech, 2017).

**Methodological basis of the research:
Analysing indicators that demonstrate
the role and place of major countries
in the existing world economic
and financial order**

The world economy and the world financial system are still mainly in the hands of a very few countries including the US and its allies (Yarashevich, 2021). Our analysis of the major macroeconomic indicators over the past several decades shows this very clearly, especially the distribution of world assets by selected countries (Fig. 1).

In particular, as a share of world assets the US, the euro area, Japan, Hong Kong, Switzerland and the UK continue to play the leading role in the financial industry. In 1980, these countries accounted for almost 97 % of world assets, and despite a drop in this share down to 75 % by 2020, they remain the leaders.

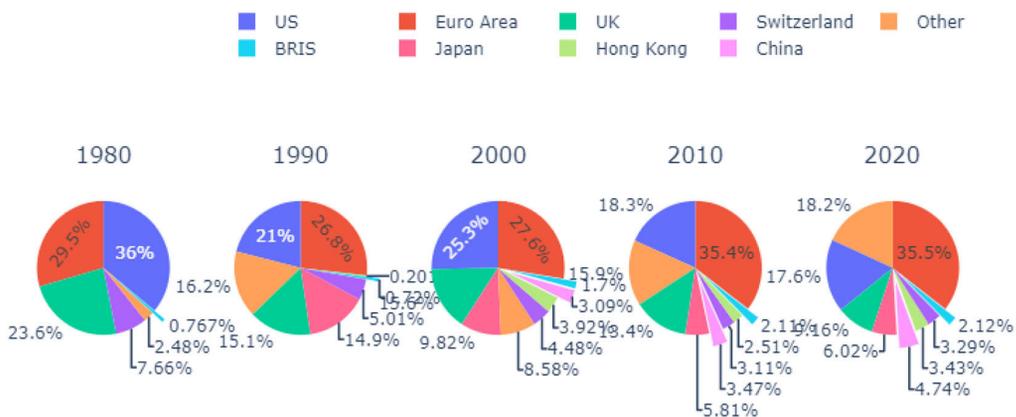


Fig. 1. Global assets by country, 1980–2020, in percentage.
Source: constructed by the author based on the data of the IMF and the World Bank

The BRICS appears as a multilateral forum in the early 2000s. However, according to the available data, in 1980, Brazil, India and South Africa had only about 0.8 % of world assets. Interestingly, by 1990, other nations started to raise their share in world assets as well.

First of all, these are countries such as the OPEC, South-East Asia, Latin America and Central and Eastern Europe. In 1990, when the IMF first started to publish data on China, Brazil, India, China and South Africa taken together took up to 1 % of world assets (Bolsbekova et al., 2019). In 2000, the BRICS in its entirety held ca. 5 % of world assets. By 2010, the stage of world assets did not change very dramatically, and by 2020, positive dynamics became notable at the expense of China's spectacular growth, so that the BRICS by then gained a 7 % share of world assets. It is very important to note that the US unmistakably and irreversibly loses its share in world assets. For example, if in 1980 it accounted for 36 % of world assets, then by 1990 its share was already 21 %, in 2000–25, in 2010–18, and 2020–17, or 32.3 trillion US dollars in absolute terms. The euro area, though officially not on the map of the world until 1999, had a share of close to 30 % of world assets in 1980, and over the next more than two decades it stayed practically unchanged to the extent of 27 %. It was only in 2010–2020s that the euro area made a very great leap forward and reached 35.5 % of world assets outperforming the US by 8.5 %. In the

same period the UK degraded as part of world assets stage. It fell from 23.6 % in 1980 down to 9.2 % in 2020.

All in all, our analysis of world assets shows that the BRICS do not have enough financial potential to take role of the leader in the world finance. However, there are economists and experts who reckon the other way round. We think that this is still very far from being true.

Another important indicator of countries' role in the international financial system is their share in the structure of international debt (Fig. 2).

In 1980, the UK, the US and a few countries of today's euro area had 30 % of world assets each (Tumanov et al., 2019). Then there seems to emerge quite an interesting view, since despite the US being by far the biggest borrower in the world, its share in world liabilities went down from 33 % in 1980 to 24 % in 2020, or 46.3 trillion US dollars, which, however, exceeds the debit haft of the check and balances by 14 trillion, or by almost a third. It is noteworthy to say that as a result of growing debt during the corona-crisis in 2021 this part of the check and balances grew to more than 50.5 trillion dollars. The US debt reached an absolute historic minimum as a share of world liabilities at 20 % in 2010. The global financial crisis of 2008 and the euro area crisis that followed led to the fact that the latter became the world's largest borrower. Its liabilities neared

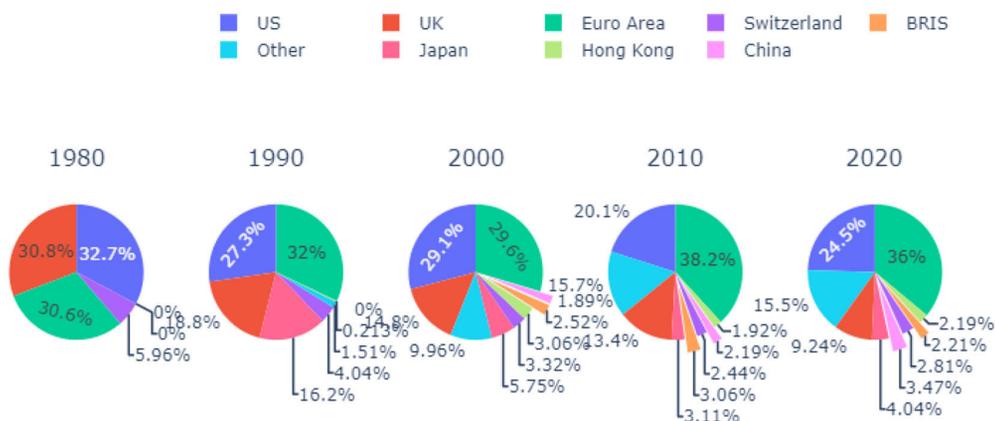


Fig. 2. Global liabilities by country, 1980–2020, in percentage.
Source: constructed by the author based on the data of the IMF and the World Bank

40 % of world stock. Though, the euro area debt stabilised a bit at about 36 %, this amount may exceed 40 % after the pandemics. Since 2000 on the BRICS started to expand into the world debt market. However, its share in world liabilities was a modest 4 % for over twenty years. It increased only due to China by almost 2 % by 2020. This means that the BRICS currencies rarely become the nominator of bonds on the world debt market unlike the world reserve currencies. Given a further increase in the euro zone member states' debt, future issue of Eurobonds as part of the European Recovery Fund as well as an increase in the number of euro area countries, the share of the euro as a nominator of world debt will steadily rise whereas that of the US dollar continually decrease overtime (Pak, Iwata, 2020).

The share of other big economies in world liabilities in 1980 to 1990 amounted practically to nothing. It was only at the turn of the century that emerging markets became part of the world debt market at 10 % of world liabilities (Rotaru, 2018).

The only measure which to a certain degree may say something about future changes in the world financial architecture is the role the countries of the world play in global output and real wealth, i.e. international liquidity, gold reserves and GDP (Krasnov et al., 2019). For example, in 2020 the total world stocks of gold stood at about 2.3 trillion US dollars in dollar terms. The US accounted for about 500 billion US dollars of the world's figure or 21.8 % of world gold stock. The EU had about 660 billion dollars of gold reserves or 29.1 %, the BRICS – 305.7 billion or 13.5 %, the OPEC countries – 65.2 billion or 2.9 %, Switzerland – 63.3 billion or 2.8 %, the IMF – 171.1 billion or 7.5 %, the Asian Tigers – almost 40 billion or 1.7 %, the UK – 18.8 % or 0.8 %, Japan – 46.5 billion or 2.0 %, and the rest of the world held 402.7 billion US dollars or 17.7 % in 2020.

The evolution of gold reserves measured by country takes your breath just because it encompasses the most important periods in the development of the world monetary system, practically from the start of the Bretton Woods all the way to Jamaica Agreement. Just five years after World War II the US had over 60 %

of all world gold stocks. According to author's calculations, second came Brazil, the USSR, India and South Africa taken together which held 9.2 % of the world's gold (Khitakhunov et al., 2017).

As for the international liquidity, the BRICS' position in the world financial architecture is not much more reassuring as well, just like in case with gold holdings, though on the surface it seems the BRICS does not lag behind too much behind the advanced nations. In fact, of the total stock of international liquidity excluding gold holdings at 12.7 trillion US dollars as of 2020, the BRICS accounts for 4.6 trillion and the Asian Tigers – 1.8 trillion. The OPEC and the EU hold 0.8 trillion US dollars of international reserves each.

With a share of international liquidity of 36.1 % in 2020, the BRICS were the global leaders. They were followed by other emerging economies with a share of 17.2 %. Third came the Asian Tigers with 14.3 %, then Japan (10.3 %), Switzerland (ca. 8.0 %), the EU (6.4 %) and the OPEC (6.2 %). Thus, the leaders in international liquidity are the largest exporters of goods and services. They accumulate the liquidity mostly in US dollars and the euros. Hence, the exporters get caught in the liquidity trap set up by the US and the EU from the point of view of keeping hard currency, but they are not free to choose markets or providers of capital and technology. On the one hand, exporters usually are very dependent on selling manufactured goods to the US and the EU. On the other hand, they cannot but accept the currencies of the US and the EU and use national ones instead, since then they will not be able to quickly find substituting sales opportunities on other markets. This is simply because there are no larger markets in the world like the US and the EU. It is because of this particular circumstance that large international reserves owned by the BRICS, Asian Tigers, Japan and other world exporters do not give a perfect guarantee improving sustainable development.

Thus, the dominance of the BRICS with its development institutions, funds and banks in the international financial system as a result of pushing through and replacing the IMF

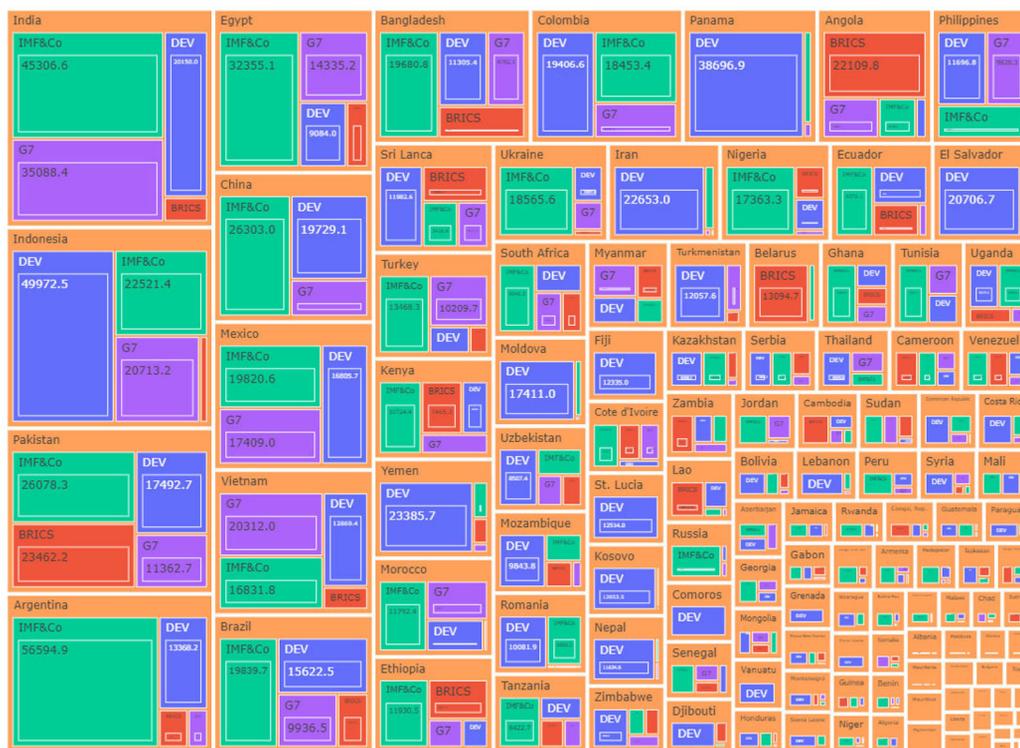
and other Bretton Woods bodies by providing more loans to the needy in their own or freely convertible currencies will hardly ever ensure a large-scale reform and transformation of the exiting international financial architecture. It is so due to a simple reason that of a total debt owed by the developing countries to the IMF and Co. of 8.8 trillion US dollars as of the end of 2020 multilateral regional development banks, the IMF, the World Bank and the rest have only half of those debts or 4.4 trillion. The G7's contribution to the debt of the developing countries is just 98.7 billion US or 1.1 %, the BRICS – 73.3 billion (0.8 %), the OPEC (ca. 1.0 %) and other loan-givers such as Australia, Turkey, Argentina, etc. The other half of the international debt is owed to private US-based and its allies-based banks or other monetary institutions with no state or government backing and guaranties.

Results

One of the major results of the research the global debt map. Fig. 3 shows the world map of external debt by country in a concentrated form. This map clearly depicts the role the BRICS, G7, IMF and other multilateral financial institutions play in loans to developing countries.

The map of external debt demonstrates that India, itself part of the BRICS, first of all, is a leading emerging country in terms of international loans provided. Secondly, the dominant share of India's debt belongs to the G7, the Bretton Woods institutions and other regional development banks. China whose debt to the above institutions is much less than that to private banks takes a sixth place in our classification. Here, again, the Bretton Woods institutions, other regional development banks and the G7 prevail. China owes practically nothing

Visualizing World Debt



to the BRICS (without China). The same goes for Brazil. However, among the BRICS, Brazil owes quite a lot to China as a leading capital provider in Latin America. We can find Russia on this map as well, though it is quite difficult to do, since its government debt to the official international financial institutions is very small compared to other emerging or developed economies. Still, even in Russia's, the Bretton Woods organisations and other regional development banks take it all. No country of the BRICS (without Russia, of course) is the creditor to Russia. South Africa's is a similar example. Its external debt is bigger than Russia's, but what makes it distinguished in the BRICS is that China is major creditor to the country.

The world debt map contains countries where the BRICS is a bigger capital provider than the rest of the financial establishments. Countries that owe a lot to the BRICS include Pakistan, Ethiopia, Kenya, Sri Lanka, Angola, Belarus, Tanzania, Laos, Cambodia, Sudan, Venezuela, among other. But they are sooner exceptions to the rule rather than the rule itself. Also, the BRICS countries do their international credit activities mainly on an individual basis, whereas they provide much loans capital through the penta-lateral institutions like the BRICS Development Bank, Asian Infrastructure Investment Bank, etc.

For example, by late 2020, the BRICS Development Bank approved sixty-eight projects in the member states worth 27.4 billion dollars, with 6.9 billion dollars of the loans and investments already deployed and the rest still waiting. Speaking about the sectoral breakup of the bank's support to single countries, Brazil received 300 million dollars for transport infrastructure, Russia received 460 million dollars for a project aimed at enforcing law and order in the country. India got 360 million dollars to build roads in rural areas of Madia Pradesh State. China was allocated 2 billion yuan to build a wind farm in Fujian province. Financial help to South Africa amounted to 180 million dollars to construct a power station that will generate electricity on renewable energy sources. In 2020 the BRICS Development Bank approved 1.2 billion dollars' worth of infrastructure projects, including two projects in Russia

and one in South Africa. One of the Russian projects supposed a 100 million euro non-sovereign loan for the purposes of the Black Sea Trade and Development Bank to support maritime navigation in Russia (Dragneva, Hartwell, 2021). The Eurasian Development Bank was granted the second non-sovereign loan to improve customs service in Russia (Gast, 2021). The South African project, in its turn, financed with a 1 billion dollar loan, aimed at developing a non-customs system management.

As part of improving irrigation capacities and developing running water facilities in a number of Russian cities and rural areas, the BRICS Development Bank gave the Eurasian Development Bank a 100 million dollar non-sovereign loan (Permyakova et al., 2019). The total value of loans for the same purposes in the BRICS provided by the bank was 1.9 billion dollars. On the whole, the BRICS Development Bank approved of 14 construction projects in the cities of the member states estimated at 3.8 billion dollars. This time the bank gave Russia a 205 million euro sovereign loan to support the second stage of developing small cities of historic significance. India also received two sovereign loans: one valued at 241 million dollars to support the project of building a branch of an underground line in Mumbai and the other estimated at half a billion dollars to spend on the project of regional transport system connecting Delhi, Gaziabad and Meerout as part of a co-financing agreement with the Asian Development Bank and Asian Infrastructure Investment Bank. To develop infrastructure in the country, Russia also received ca. 300 million dollars as a non-sovereign loan to assist in the project of cell phones and cloud applications for the MTS Corporation. In 2020 the bank worked together with the Brazilian regional development bank BRDE in a project financed with loans guaranteed by the state up to 135 million euros to develop urban and rural areas as well as social infrastructure. Brazil also uses a 1.2 billion dollar loan in a bilateral project of the BRICS Development Bank and the Brazilian BNDES for state and private infrastructure renewable energy projects, transport and logistics, information and telecom systems as well as social infrastructure, mobility in

urban areas, running water facilities, etc. The BRICS Bank approved of a 7.3 billion Indian rupees for the National Investment Infrastructure Foundation's private-equity projects in India's green and social infrastructure, affordable housing, infrastructure services, agrobusiness, financial services and other types of economic activity aimed at creating jobs and supporting small and medium-sized enterprises.

Table 1 represents the full picture of loans provided by the BRICS Development Bank in the member states since its inception in 2014.

By late 2020, the total credit portfolio of the BRICS Development Bank reached 24.4 billion dollars compared with 14.9 billion dollars in the year before. The member states received 10 billion dollars' worth of loans to fight covid. The total value of assets amounted to 18.8 billion dollars in 2020 up from 11.8 billion in 2019. The bank's borrowings increased to 8.4 billion dollars up from 1.6 billion in the previous year. The operations profit of the bank was down to 101 million dollars compared to 151 million in 2019. The portfolio of sovereign loans of the bank reached a new high of 21.0 billion dollars up from 11.9 billion the year before. Non-sovereign loans totaled 3.3 billion dollars which was slightly more than 2.9 billion achieved in 2019. The Russian component of

the bank's portfolio amounted to 3.343 billion dollars in 2020 up from 2.716 billion in 2019. Brazil got from the bank in total of 5.0 billion dollars by 2020, which is a very great increase in comparison with 1.5 billion as of 2019. India's position in the bank's portfolio of loans was 6.9 billion dollars by the end of 2020 (4.1 billion in 2019), China's – 4.8 billion in 2020 versus 4.2 billion in 2019 and South Africa's one – 4.3 billion in 2020 compared with 2.3 billion the year before.

Discussing the results

Despite their significance and economic and social value, the loans of the BRICS Development Bank are quite small if we compare the same kind of projects on part of the member states themselves allocated for similar development purposes on the national level. For example, if we turn to analysis of the BRICS' external debt structure over the past decade, the BRICS' external debt map we specifically developed shows that it greatly increased. The total value of China's debt which was 1.15 trillion dollars in 2012 more than doubled up to 2.35 trillion by 2020. In 2012, Brazil owed 440.5 billion dollars to the rest of the world, Russia – 591.8 billion, India – 392.6 billion and South Africa – 147.9 billion. These valua-

Table 1. Loans of the BRICS Development Bank distributed by country and currencies in 2016–2020, in millions of US dollars (if otherwise not stipulated)

BRICS member state	2016	2017	2018	2019	2020	Total value
Brazil	300	0	321	900	3325 + 135 (euro)	4846 + 135 (euro)
Russia	100	529	840	800 + 500 (CHF)	500 + 305 (euro)	2769 + 500 (CHF) + 305 (euro)
India	600	815	1135	1783	2841	7174
China	2525 (yuan)	200 + 2000 (yuan)	1000 + 6200 (yuan)	300 + (8197 yuan)	7000 (yuan)	1500 + 25922 (yuan)
ZAR	180	0	500	480 + (17350 ZAR)	2000	3160 + (17350 ZAR)
Total value	1180 + 2525 (yuan)	1544 + 2000 (yuan)	3796 + 6200 (yuan)	4263 + 500 (CHF) + (8197 yuan) + (17350 ZAR)	8666 + 440 (euro) + 7000 (yuan)	19449 + 440 (euro) + 500 (CHF) + 25922 (yuan) + (17350 ZAR)

Source: compiled by the author based on the data of the BRICS Development Bank's annual reports and financial statements.

tions dramatically changed by 2020. Brazilian debt increased to 550.0 billion dollars, Indian one – to 564.2 billion and South African one – up to 170.7 billion. Only the external debt of Russia went down to 475.5 billion. It is worth noting that the Bretton Woods institutions, regional development banks, the BRICS Development Bank and many other international financial institutions had quite a small share in the BRICS' external debt both in 2012 and 2020. In Brazil these institutions had a share of 7.4 % of the total external debt position, in Russia it was 2.5 % and China – 2.1 %. They played the largest part in South Africa with a share of 9.0 % of the total debt and India – 12.8 %. The BRICS Development Bank's share in the member states' external debt is largest in South Africa (2.5 % in 2020). In Brazil, Russia and India it represented ca. 1.0 % and in China – 0.2 %. According to the global map of BRICS' debt we developed, the member states work basically with private international creditors, i.e. leading private commercial transnational banks based mostly in the rich countries. In 2020, they held 51.5 % of all external debt of Brazil, 41.5 % that of Russia, 46.5 % of India's, 29.3 % of China's and 21.5 % of South Africa's. It is also very important to note that the importance of the private creditors in BRICS' debt changed dramatically. Thus, in Brazil they had 65.8 % of all external debt in 2012, 49.2 % in Russia and 38.0 % in South Africa. Contrary to that, private creditors increased their presence in Chinese and Indian external debt up from 18.0 and 44.1 %, respectively.

A separate breakdown of the Russian external debt position is of extreme significance today, especially due to having to distinguish between friendly and unfriendly creditors. According to the individual data on external debt of Russia, in 2020 unfriendly countries had over 92 % out of the total value of 133.3 billion US dollars. In 2021 they already had more than 97 %. Interestingly, however, there was a significant reduction in the total value of loans down to 61.3 billion. China which had 2.5 % of all external debt of Russia back in 2020, by 2021 discontinued its presence in Russia completely.

Conclusion:

Major deliverables of the research and recommendations

Russia, in the current circumstances, is seeking to find friendly countries which will continue to import its corn, wheat, barley, crude oil, natural gas, rare earths, armaments and many other commodities. Russia is also trying to conduct international settlements via intermediaries which are still willing to work with its banks and are part of the international system of banking correspondence and messaging. However, their readiness to take risks of dealing with Russian entities is very limited, because they themselves may become targets of Western sanctions and be isolated as well. Official regional and international institutions established as alternatives to the Bretton Woods organisations, in fact, follow the same globally accepted rules and principles or agreements signed by the majority of countries in the world. That is why they cannot be truly alternative financial institutions. They work as parallel bodies adding to the loan capacity of the IMF and World Bank in fields, countries and regions which are not covered by their quotas. It means that de facto alternative institutions such as the BRICS Development Bank, Contingency Pool of Reserve Currencies, Asian Infrastructure Investment Bank, etc. by default join all resolutions and rules created by the IMF and Co. It is for this reason in particular that financial help or assistance of the BRICS Development Bank, for example, for countries under harsh international sanctions such as Russia cannot be provided officially. And if they still provide the help, they do it on a very rare and limited basis and scale.

For example, if the BRICS Development Bank is able to help Russia, it is only for decarbonization purposes and to recover from the pandemics, given the fact that the financial assistance itself for these planetary objectives is of a very small scale, so small indeed that Russia will have to seek much more capital to build the zero-emissions economy or reform the social sphere and health care after the pandemics. The Bank may give Russia loans to make solar panels, batteries, greener running

water for homes and irrigation, autonomous systems for solar power and wind power generation, etc. The priority here, though, belongs to private banks with little or no government participation, private financial intermediaries, infrastructure investment funds, also to a very limited extent, unless they deal with sanctioned individuals or entities of Russian origin. Therefore, Chinese biggest development banks such as China Development Bank, Asian Infrastructure Investment Bank, China Merchant Bank and others will not be able to help Russia restricted by the international sanctions, because the former will lose a far more significant and lucrative part of their business and investment opportunities abroad under the Belt and Road Initiative. The much-discussed use of local currencies in the loan-giving practice of the BRICS Development Bank is also very limited, though there are of course single cases and examples of such activity. For example, in the year of the pandemics of 2020, the BRICS Development Bank issued its first bonds denominated both in US dollars and the yuan to fight covid. The issue of the bonds was equal to 3.6 billion US dollars and 13.0 billion yuan, respectively. All countries of the BRICS received financial help from the Bank based on local priorities, but for Russia. By the way, the national stimulus packages given to fight covid and recover after the corona-crisis were much bigger than that. For example, Russia gave 86 billion dollars as part of the national agenda to fight unemployment, raise incomes of the poor population, stimulate economic growth and start new long-term reforms in the economy and industry in 2020. Brazil that got 2 billion dollars from the BRICS Development Bank for its covid-relief programme intends to invest 134 billion dollars' worth of various investments in the economy, manufacturing and other sectors by 2033. The BRICS Development Bank also gave China 7 billion yuan for the same purpose, India – 2 billion, South Africa – 1 billion. Since the start of the pandemics in 2020, China supported its economy and society with a number of government schemes estimated at 904 billion dollars. The government is also planning to spend over 1.4 trillion dollars on new infrastructure projects. Government support in

South Africa amounted to 100 billion rands on infrastructure and state guarantees for private investors for the same purpose until 2023. Given prospective assistance of the BRICS Development Bank to the member states in local currency units, the government support of some of them in national currencies is already much more scalable and broad. The bank's support to single member states in local currency included 27 % of loans to South Africa and 75 % of loans to China.

By late 2020, the stock of Russian mid-term and long-term loans to countries of the world amounted to almost 27.3 billion US dollars. By that measure Russia takes the leading position among major capital providers globally. Russia is followed by countries such as the US with 25.3 billion dollars of loans to foreign countries, Saudi Arabia (18.4 billion), India (9.3 billion), Italy (6.5 billion), Canada (2.7 billion), Australia (1.9 billion) and Brazil (1.8 billion). The share of Russia on the global market of mid-term and long-term loans accounted for 0.3 % of the total in 2020. The corresponding figure for China was 1.9 %.

The most important borrowers of Russian credit internationally include Belarus (30.3 % of the stock), Bangladesh (12.2 %), Venezuela (11.7 %), India (10.9 %), Vietnam (5.4 %), Afghanistan (4.3 %), Yemen (4.2 %), Serbia (3.1 %), Somalia (2.8 %), Egypt (1.9 %), Syria (1.9 %), Cambodia (1.7 %), Armenia (1.3 %), Laos (1.1 %) and others.

Out of the 122 countries classified as developing by the IMF and the World Bank thirty-four are officially the borrowers of Russian capital. Given the seizure of Russian assets abroad we may rightfully ask a question about returning some of those loans back which is usually denominated in hard currency, so needed these days for various purposes including paying for international debt or purchasing important imports. However, many of the borrowers of Russia are, first of all, friendly countries whose voice and support are extremely needed in the new aggressive geopolitical environment. Secondly, these countries suffer under heavy economic and financial burdens themselves, for example, Venezuela, Afghanistan, Yemen, Egypt,

Syria and so on. Hence taking back those loans to Russia would mean for them further economic and financial devastation, currency depreciation, depletion of foreign exchange reserves and other sorts of deterioration in the economy and industry. From the point of view of the research conducted, it is not purposeful to destroy today the by now established system of credit relations between Russia and the mentioned thirty-four nations abroad. On the

contrary, it is necessary to use this system as the basis of creating a new international system of settlements, probably with some sort of a shared unit of exchange and payment to deepen and enforce financial and commercial flows, logistic systems of delivery and supply chains, bank cooperation in intermediating exports and imports of goods and services, and last but not least a potential mechanism to transact in local currency units.

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