

# Russia Seeks Indivisible Working Relationship with IMF

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*After several years of mounting fierce criticisms over the operations and performance of International Monetary Fund [IMF] and consistently advocated for its structural reforms, Russia has reversed its position to get back into and strengthen its position with this “reputable” multilateral financial organization. With the current geopolitical shift which is reshaping the world’s economic architecture, Russia has been [re]prioritising its association by a fresh announcement over an appointment of a representative with IMF.*

In February 2024, the International Monetary Fund [IMF] endorsed Russia’s macroeconomic programmes, further describing it as admirable steps, and primarily with pivotal development initiatives which is integral to its broader strategy for transforming an ambitious modern economy. In fact, IMF director Kristalina Georgieva, upgraded the forecast for Russia’s growth. Reports have also indicated that Russia was on the right pathway to achieve more to maintain its 4th position on the rankings. The IMF doubled its forecast for Russian growth in 2024, boosting its prediction from 1.1% to 2.6% in January. And that marks the biggest jump for the former Soviet republic, Russia.

But on the other hand, Russian economic conditions are starting to look more and more like the country’s 20th-century predecessor, where high production levels clashed with weak demand.

“That is pretty much what the Soviet Union used to look like,” Kristalina Ivanova Georgieva-Kinova, who is a Bulgarian economist serving as the 12th managing director of the International Monetary Fund since 2019, said at the World Governments Summit in Dubai. “High level of production, low level of consumption. I actually think that the Russian economy is [in] for very tough times, because of the outflow of people and because of the reduced access to technology that comes with the sanctions.”

Recognizing the importance of multinationals, in late September 2024, Prime Minister Mikhail Mishustin, by signing an executive order, instructed Finance Minister Anton Siluanov, who is International Monetary Fund Governor for the Russian Federation, to nominate Ksenia Yudaeva for election as Russia’s Executive Director at the IMF. Without doubts, the sanctioned former central banker will now become Russia’s IMF representative.

Local Russian media reported that Yudaeva, a former Central Bank of Russia first deputy governor, could become Russia’s Executive Director at the IMF. It further said Alexei Mozhin had been Russia’s permanent representative at the IMF since the 1990s. Back in 1991, when Yegor Gaidar led the government, he headed a new department for liaison with international financial organizations, and he became Russia’s Executive Director at the IMF in 1996. Data shows that Russia joined the IMF on June 1, 1992.

Mozhin has served as the Dean of the IMF Executive Board since 2014 as the Fund's oldest active member. This status carries with it certain functions, for example, the Dean makes announcements on behalf of the board on the selection and appointment of the IMF Managing Director. The IMF Board of Governors suspended the role of Dean in March 2022, in connection with the events in Ukraine.

In a related development in establishing working relationship between Russia and the IMF, the September 2024 media briefing of the IMF report indicated that Article IV Consultations with Russia would resume in line with the obligations and would hold bilateral discussions with the Russian authorities. This would include meeting with a number of different stakeholders to discuss the country's economic developments, prospects, and policies.

During the upcoming visit to Russia, there are arrangements to meet with Ksenia Yudaeva, the next Executive Director from Russia in the IMF. "Actually, in the case of Russia, since the invasion of Ukraine in 2022, the economic situation has been exceptionally unsettled, which has made it difficult to anchor Article IV Consultations, especially thinking about the outlook and policy frameworks for both the near- and the medium-term. Now that the economic situation is more settled, Article IV Consultations with Russia are resuming, in line with the obligations of both the Fund and the member country," Julie Kozack, Director of the Communications Department, IMF, told the media briefing on September 12, 2024.

Quite a bit in the past time, Russia's made an irreversible decision to suspend its membership and future participation in a number of multinational organizations and institutions, and highly disparaging them instead of mutually cooperating on needed reforms within the context of the emerging multipolar system. With the dominance of United States and its concept of democracy, Russia has also spearheaded the formation of the anti-western antagonistic tendencies and trends across the world. The world largely now drawn into either for creating an interactive, a fairer multipolar world or the group against western hegemony.

Reports monitored by this author indicated that Russia has already exited, following the historic fall of the Soviet era, from international organizations and multinational institutions. It has urged many leaders in Latin America, Asia and Africa to vehemently oppose conservative western-style rules-based order and hegemony. Remarkable, during these past few years, many countries from these regions are increasingly showing diverse interests in joining BRICS+ (Brazil, Russia, India, China and South Africa), an informal association with a virtual secretariat, attempting to institutionalize South-South cooperation and taking radical steps entirely working towards improving the situation in the Global South.

BRICS+ established its New Development Bank in 2015, as an alternative to the IMF and the World Bank. Its primary aim is to compete with these multinational financial institutions, offer interest-free loans and invest heavily in developing countries. At the 6th BRICS summit in July 2014 the BRICS members (Brazil, Russia, India, China, and South Africa) announced the BRICS Contingent Reserve Arrangement (CRA) with an initial size of \$100 billion, a framework to provide liquidity through currency swaps in response to actual or potential short-term balance-of-payments pressures. It is yet to measure or assess the visible impact it has made since its establishment in 2015.

The IMF works to stabilize and foster the economies of its member countries by its use of the fund, as well as other activities such as gathering and analyzing economic statistics and surveillance of its members' economies. The recurrent challenge has been to promote and

implement a policy that reduced the frequency of crises among emerging market countries, especially the middle-income countries which are vulnerable to massive capital outflows. It supported Russia during the 1998 Russian financial crisis, from spreading and threatening the entire global financial and currency system. According to official reports, four emerging market countries (Brazil, China, India, and Russia) are among the ten largest members of the IMF. Other top 10 members are the United States, Japan, Germany, France, the United Kingdom and Italy.

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