
BRICS bank opens for operations in Shanghai

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BRICS New Development Bank (NDB) has opened for operations in Shanghai, and will seek to deploy its \$50 billion initial capital to fund infrastructure and sustainable development projects.

Chinese Finance Minister Lou Jiwei, Shanghai Mayor Yang Xiong and NDB chief Kundapur Vaman Kamath attended the ceremony, China Radio International reported.

At the inauguration ceremony Jiwei was quick to point out that NDB will serve as a complement to the existing international financial system and would focus its efforts on innovation and governance. The same message was echoed by Vaman Kamath.

"Our objective is not to challenge the existing system as it is but to improve and complement the system in our own way," NDB President Kundapur Vaman Kamath said.

The agreement to establish the NDB was signed by the BRICS member states – Brazil, Russia, India, China and South Africa – during the group's sixth summit in Fortaleza, Brazil in July 2014. The main purpose of the new finance infrastructure is to promote sustainable development in BRICS states.

Each BRICS member is expected to put an equal share into establishing the startup capital of \$50 billion with a goal of it reaching \$100 billion. Besides the creation of the \$100bn BRICS Development Bank, the member states also established a reserve currency pool worth over another \$100bn.

NDB's \$100 billion pool, called the Contingent Reserve Arrangement (CRA), is designed to assist member countries at times of currency liquidity crises.

Brazil, India and Russia will each contribute \$18 billion to the CRA. South Africa is set to contribute \$5 billion. China will be responsible for the largest share of the CRA after contributing \$41 billion to the bank.

BRICS represents 42 percent of the world's population and roughly 20 percent of the world's economy based on GDP, and 30 percent of the world's GDP based on PPP, a more accurate reading of the real economy. Total trade between the countries is \$6.14 trillion, or nearly 17 percent of the world's total.
