

Shanghai most likely headquarters for BRICS development bank

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Brazil, China, India, Russia and South Africa are due to sign off on the new institution on Tuesday, along with an emergency reserves fund, after two years of negotiations, a major step for the diverse group known more for its anti-Western rhetoric than coordinated action.

Russian presidential adviser Yuri Ushakov told Kremlin reporters late last week that bank would be based in Shanghai, mainland China's financial capital, citing discussion papers prepared by the member countries.

Earlier, Russia's finance minister said India was vying with China to host the new infrastructure lender.

"The bank's headquarters will be located in Shanghai. This is fixed in the documents," Ushakov said.

In a further sign that an agreement had been reached on the headquarters, an Indian government official on Monday played down the debate and said India's top priority was to make sure members of the institutions all had equal voting rights, unlike Western-run multilaterals they seek to challenge, such as the World Bank.

"Equitable shareholding is the principal goal for India," the official said. Second on India's list of concerns was giving the bank a name that would allow non-BRICS nations to join in future, the official said.

The Chinese Finance Ministry did not immediately respond to a request for comment.

## INTERNATIONAL INFLUENCE

In a short statement before leaving for the BRICS annual summit that starts in Brazil on Monday, Indian Prime Minister Narendra Modi gave his stamp of approval to the name "New Development Bank" - a name widely circulated in recent days.

India and China have a complex relationship marked by a border dispute that stretches back decades and an unequal trade balance that favours Beijing. Modi, who took office in May, is due to meet bilaterally with China's President Xi Jinping at the summit for the first time since his election.

The BRICS will pool an initial \$50 billion in the bank, with each country contributing an equal amount, and seek to gain international influence by offering developing nations alternative financing to the World Bank and International Monetary Fund, long dominated by the United States and Europe.

China's economy is larger than that of all the other BRICS put together. Indian media reported last week that the members were locked in intense negotiations about the amount of capital each country would commit to the bank, with India concerned that China wanted to use financial might to dominate.

Many of the bank's rules of operation, such as investment in private projects, will be decided after its formal creation at the summit in the Brazilian city of Fortaleza. The bank is expected to make its first loan in 2016.

The BRICS will also set up a \$100 billion contingency reserves pool as an alternative to the International Monetary Fund and that could start operating by 2015 to help any of its members if they are hit by an exodus of foreign capital.

The BRICS group is at the forefront of a growing chorus of emerging and developed nations that complain the IMF and World Bank impose belt-tightening policies in exchange for loans while giving them little say in deciding terms.

The proposed New Development Bank and the reserves fund are a response to failed attempts to increase the BRICS' influence within the IMF, at the center of the post-war Bretton Woods monetary order created by the United States and Europe.

(Reporting by Frank Jack Daniel; Additional reporting by Alexei Anishchuk in Moscow and Gui Qing Koh; Editing by Robert Birsell)

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