

BRICS Development Bank Working Out the Details

By [The Moscow Times](#)

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The BRICS bloc of large, emerging economies has agreed on the structure of a proposed development bank with \$50 billion in capital, but ironing out "difficult" details may take months, Russian Deputy Finance Minister Sergei Storchak said.

Officials from Brazil, China, India, Russia and South Africa agreed in early August that the bank's capital should come from three payment categories, including subscriptions, Storchak told journalists in remarks for publication Monday.

The establishment of the development bank aimed at providing funds for infrastructure projects has been slow in coming, with prolonged disagreement over funding and management of the institution.

"We must assume that the bank will not start functioning as fast as one could imagine," Storchak said. "It will take months, maybe a year."

At the summit of the Group of 20 this week in St. Petersburg, BRICS leaders will meet in an unofficial format, Storchak said, to discuss the progress on setting up the bank and a joint reserve fund.

The issues of division of the capital, payment of the capital, the location of the bank and the bank's management still need to be decided, Storchak added.

"These are systemic themes, complicated, [and] negotiations are difficult," he said, adding that he hoped that some decisions would be made soon.

The group has struggled to take coordinated action after an exodus of capital from Brazil, Russia, India, China and South Africa, prompted by an expected scaling back in U.S. monetary stimulus, raised fears about the health of their economies.

On Friday, India said it was seeking support from other emerging economies for coordinated intervention in offshore foreign exchange. India's currency has shed a fifth of its value against the dollar in the past three months.

But Brazil rejected outright involvement in any intervention, and other major emerging economies, including Russia, would not comment.

In June, at the G20 finance ministers meeting in Moscow, the group failed to take joint action to withstand spillover effects from U.S. policies.

The establishment of the group's development bank was first proposed in 2012, but was approved only earlier this year at a BRICS summit in Durban, South Africa.

A Brazilian government official directly involved in the negotiations on the BRICS development bank said members were still discussing how much each country would put in. He said Brazil supported the idea of each country contributing \$10 billion for the new bank.

"There are some countries that want a different structure," said the official, who asked for anonymity because he was not allowed to speak publicly about the matter. "It's not going to be an easy negotiation, we are not there yet."

China, the largest BRICS economy worth \$8.2 trillion and a growing global influence, had earlier proposed \$100 billion capital and sought a bigger share, igniting disagreements and slowing negotiations.

Brazil and other BRICS peers have launched a series of multibillion-dollar infrastructure projects to refurbish dilapidated airports, roads and railways and keep their economies going. The new development bank, in principle, would help finance these projects.

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