

Speech by Ambassador at BRICS Seminar on the Outcomes of 7th BRICS Summit held in Ufa at KazGuu University, Astana on September 23, 2015

Excellencies, distinguished guests and dear friends,

My esteemed colleagues from Russia and China have already touched upon some of the important outcomes of the 7th BRICS Summit. I will restrict my remarks to the New Development Bank, Contingent Reserve Arrangement and the Business outcomes of the Ufa Summit.

The UFA summit marked an important phase in the institutionalization of BRICS. It saw the formal launch of two important BRICS financial institutions— The New Development Bank and the Contingent Reserve Arrangement.

India's initiative for establishment of a New Development Bank was among the key outcomes of the 4th BRICS Summit held in New Delhi in March 2012. The idea gained momentum and was firmed up at the 6th BRICS Summit in Fortaleza, Brazil in July 2014 with the Agreement to establish the Bank's headquarters in Shanghai; appointment of the first President of the Bank from India; the first Chair of Board of Governors from Russia; the first Chair of Board of Directors from Brazil; and the first Regional Centre of the Bank to be set up in South Africa. The Agreement also stipulated that the BRICS countries will be the founding members of the Bank.

The Bank will have an initial subscribed capital of US\$ 50 billion and initial authorized capital of US\$ 100 billion. All BRICS countries shall have equal share in the capital and equal voting powers. The Membership of the Bank shall be open to all members of the United Nations.

The Bank will establish a new paradigm for supporting inclusive growth, sustainable development and economic stability, which will be rooted in the experience and challenges faced by the developing countries.

The 1st meeting of the Board of Governors of the Bank was held in Moscow on 7th July just prior to the Ufa Summit, which approved India's nomination of Shri K.V. Kamath as the First President of the Bank. Mr. Kamath has long experience in the Banking Sector. He and his team of Vice Presidents appointed by other BRICS countries have already begun working for an early operationalization of the Bank.

The Ufa Summit not only marked the formal launch of the Bank, it also saw the signing of MoU among BRICS Development Banks on cooperation with the New Development Bank. The BRICS leaders directed the New Bank to approve its inaugural investment projects in the beginning of 2016. India's Prime Minister proposed that the first project of the Bank should be in the field of clean energy. The summit also welcomed the proposal for the New Development Bank to cooperate closely with existing and new financing mechanisms including the Asian Infrastructure Investment Bank.

The Ufa Summit also marked the entry into force of the Treaty establishing the Contingent Reserve Arrangement or BRICS CRA. The initial idea of a BRICS CRA was mooted by Brazil at the meeting of BRICS leaders in Los Cabos, Mexico in June 2012. The Central Banks of the member countries have signed a separate Inter-Central Bank Agreement (ICBA) that sets the technical parameters of operations within the BRICS CRA.

The creation of BRICS CRA would allow its members to provide mutual financial support and will serve as another mechanism that shall make valuable contribution to the global financial safety net. It is a self-managed reserve fund created to forestall short-term balance of payments pressures, provide mutual support, respond to financial market fluctuations and strengthen financial stability.

The initial total committed resources of BRICS CRA will be US\$ 100 bln, with individual commitments of China – US\$ 41 billion, India, Brazil and Russia each US\$ 18 billion and South Africa– US\$ 5 billion.

In the run-up to the BRICS summit, the leading business associations of BRICS countries organized the BRICS Business Forum on the sidelines of St. Petersburg International Economic Forum on 18th June. This was followed by the meetings of BRICS Business Council Working Groups on 6th July in Moscow and the meeting of Business Council on 8th & 9th July at Ufa. The Council submitted its second annual report making several recommendations to the BRICS Governments.

The BRICS leaders met the Business Council and appreciated its efforts as well as that of the BRICS Business Forum to strengthen business ties and promoting projects and initiatives among BRICS countries. They specifically noted the recommendations of the Business Council on simplification of visa procedures for business travel, removing excessive administrative barriers and trade impediments for further development of trade, investment and business cooperation among the BRICS countries.

I conclude my remarks by thanking the Russian chairmanship of BRICS which saw many important achievements during the year. India is looking forward to taking the mantle of chairmanship from Russia in 2016 and hosting the next BRICS summit.

Thank you for your kind attention.

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