

# Fortaleza Declaration: New Development Bank

July 15—The heads of State of the BRICS nations (Brazil, Russia, India, China, and South Africa), meeting today in Fortaleza, Brazil, for the VI BRICS Summit, issued a 72-point *Fortaleza Declaration* which includes the historic announcement that they agreed to form the New Development Bank (NDB) to fund infrastructure and other development projects in BRICS and other developing economies, and that it would be headquartered in Shanghai, China, with the first (rotating) Presidency held by India. The NDB will be initially capitalized at \$50 billion, with equal contributions from each of the five countries.

The Fortaleza Declaration also announced the establishment of the BRICS Contingent Reserve Arrangement (CRA), with an initial size of \$100 billion, to “help countries forestall short-term liquidity pressures.”

The relevant three paragraphs read:

“11. BRICS, as well as other EMDCs [Emerging Market Economies and Developing Countries] continue to face significant financing constraints to address infrastructure gaps and sustainable development needs. With this in mind, we are pleased to announce the signing of the Agreement establishing the New Development Bank (NDB), with the purpose of mobilizing resources for infrastructure and sustainable development projects in BRICS and other emerging and developing economies. We appreciate the work undertaken by our Finance Ministers. Based on sound banking principles, the NDB will strengthen the cooperation among our countries and will supplement the efforts of multilateral and regional financial institutions for global development, thus contributing to our collective commitments for achieving the goal of strong, sustainable, and balanced growth.

“12. The Bank shall have an initial authorized capital of US\$100 billion. The initial subscribed capital shall be of US\$50 billion, equally shared among founding members. The first chair of the Board of Governors shall be from Russia. The first chair of the Board of Directors shall be from Brazil. The first President of the

Bank shall be from India. The headquarters of the Bank shall be located in Shanghai. The New Development Bank Africa Regional Center shall be established in South Africa concurrently with the headquarters. We direct our Finance Ministers to work out the modalities for its operationalization.

“13. We are pleased to announce the signing of the Treaty for the establishment of the BRICS Contingent Reserve Arrangement (CRA) with an initial size of US\$100 billion. This arrangement will have a positive precautionary effect, help countries forestall short-term liquidity pressures, promote further BRICS cooperation, strengthen the global financial safety net and complement existing international arrangements. We appreciate the work undertaken by our Finance Ministers and Central Bank Governors. The Agreement is a framework for the provision of liquidity through currency swaps in response to actual or potential short-term balance of payments pressures.”

Elsewhere, the Fortaleza Declaration criticizes the IMF’s unresponsiveness to the economic crisis, and states: “We call for an international financial architecture that is more conducive to overcoming development challenges. We have been very active in improving the international financial architecture through our multilateral coordination and through our financial cooperation initiatives, which will, in a complementary manner, increase the diversity and availability of resources for promoting development and ensuring stability in the global economy.” But the document also notes that “We will continue to pursue our fruitful coordination and to promote our development goals within the international economic system and financial architecture.”

The Declaration also has a strong condemnation of unilateral military interventions and economic sanctions:

“27. We stress our commitment to the sustainable and peaceful settlement of disputes, according to the principles and purposes of the UN Charter. We condemn unilateral military interventions and economic sanctions in violation of international law and universally recognized norms of international relations. Bearing this in mind, we emphasize the unique importance of the indivisible nature of security, and that no State should strengthen its security at the expense of the security of others.”