

Agreements between BRICS Development Banks

Development banks of BRICS (Brazil, Russia, India, China, and South Africa) have today signed two Agreements - i) Master Agreement on Extending Credit Facility in Local Currency; and ii) BRICS Multilateral Letter of Credit Confirmation Facility Agreement - in the presence of Heads of States/Governments of the BRICS countries. The five participating banks are Banco Nacional de Desenvolvimento Economico e Social - BNDES, Brazil; State Corporation Bank for Development and Foreign Economic Affairs - Vnesheconombank of Russia; Export-Import Bank of India; China Development Bank Corporation, and Development Bank of Southern Africa.

The Master Agreement on Extending Credit Facility in Local Currency is intended to reduce the demand for fully convertible currencies for transactions among BRICS nations, and thereby help reduce the transaction costs of intra-BRICS trade.

The Multilateral Letter of Credit Confirmation Facility Agreement envisages confirmation of L/Cs, upon receipt of a request from the Exporter or the Exporter's Bank or the Indemnifying Party or the Importer's Bank. This arrangement would help reduce trade transaction costs, besides promoting intra-BRICS trade.

These two Agreements are expected to enhance cooperation among the BRICS development banks and to significantly promote intra-BRICS trade.

New Delhi

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