

QIAO YIDE

Vice Chairman and Secretary General of Shanghai Development Research Foundation

Nikolaus Lang, Managing Director and Senior Partner in BCG's Munich office

Qiao Yide, thank you for joining us. Both Trudi and Constanza alluded to the NDB, the New Development Bank, which some people call the BRICS bank. From your unique research vantage point, how do you see NDB in these new developments? What will be its impact and future role?

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Let me start by very briefly introducing a general picture of the NDB. It was established 10 years ago, with its headquarters in my hometown, Shanghai, in a very nice modern building that was donated by Shanghai's municipal government. Its required equity is USD 100 billion, while initial capital is USD 50 billion. By the end of November last year loans for more than USD 35 billion had been approved, including USD 7.2 billion in their own currencies. In total, almost 100 projects have been approved, and these investments focus on clean energy, transportation infrastructure, water and health facilities, and environmental protection. It is interesting to note that the Presidency of the NDB is rotated through India, Brazil, Russia, South Africa and China. By the way, equity is shared equally between the five initial members. It seems a bit surprising that India was the first to hold the Presidency and that China was last, when the headquarters are in China. The President of the New Development Bank is currently a former Brazilian President, Dilma Rousseff, whose tenure is until the end of next year, when Russia will take on the presidency. I would think that Russia made a decision allowing Brazil to have one more tenure to avoid an awkward situation for the NDB, which I think is very interesting. In summary, I want to make some points. First, the NDB is operating very well and is rated at AA+ by Standard and Poor, which is higher than the individual five countries. The NDB is raising capital in the international market, the cost is only 30 or 40 bps, higher than that of the World Bank. Second, obviously, the principle of equity has been properly carried out because, as I mentioned, the equity is shared equally among the five initial members. The last point is that the performance is very good, and its purpose and target is to support the existing international economic order rather than undercut it, as some people originally suspected.

Nikolaus Lang

Thank you very much, very good.