



## BRICS New Development Bank ditching US dollar by offering loans in local currencies

### Description

**The New Development Bank (NDB) established by the five-member BRICS group is offering loans in local currencies, part of its efforts to ditch the use of the U.S. dollar for world trade.**

NDB President Dilma Rousseff confirmed the move, adding that the financial institution plans to give 30 percent of loans in the local currencies of member nations. The NDB was established in 2014 by the BRICS group – Brazil, Russia, India, China and South Africa – to challenge the U.S.-dominated World Bank. Rousseff, who served as Brazil’s president from 2011 until her impeachment in 2016, took over the NDB’s leadership in March 2023.

“It is necessary to find ways to avoid foreign exchange risk and other issues such as being dependent on a single currency, such as the U.S. dollar,” she said during an April 14 interview with the Chinese media outlet *CGTN*.

“The good news is that we are seeing many countries choosing to trade using their own currencies. China and Brazil, for instance, are agreeing to exchange with [the Chinese yuan] and the Brazilian real.”

Rousseff emphasized that the NDB has committed to this pivot toward local currencies in its strategy. In line with this, the bank has to lend 30 percent in local currencies. Thus, she told *CGTN* that 30 percent of the NDB’s loan book will be financed in the currencies of BRICS member countries.

“That will be extremely important to help our countries avoid exchange rate risks and shortages in finance that hinder long-term investments,” Rousseff said.

Incumbent Brazilian President Luiz Inacio Lula da Silva visited the NDB’s headquarters in the eastern Chinese city of Shanghai to attend Rousseff’s swearing-in ceremony. Lula was the first head of state to visit the institution’s headquarters. Rousseff succeeded Lula after the latter served two presidential terms from 2003 until 2010.

The Brazilian leader challenged the dollar's dominance during his trip to China. He emphasized that the NDB's goal is to create "a world with less poverty, less inequality and more sustainability," and challenged the bank to play a "leading role in achieving a better world, without poverty or hunger."

## Rousseff: World needs an "anti-crisis mechanism"

"The world now is under the threat of high inflation and restrictive monetary policy, particularly in developed countries," Rousseff said in response to a question about the challenges faced by BRICS and the NDB.

"Such monetary policy means a higher interest rate and, therefore, a higher probability of reduction in growth and ... recession," she noted. "This presents an important question for the BRICS [group]. We need a mechanism – a so-called anti-crisis mechanism – which must be counter-cyclical and support stabilization."

Last January, South African International Relations Minister Naledi Pandor said the BRICS group plans to "develop a fairer system of monetary exchange" in order to weaken the "dominance of the dollar."

"The systems currently in place tend to privilege very wealthy countries. [They also] tend to be really a challenge for countries such as ourselves, which have to make payments in dollars [that cost] much more in terms of our various currencies," she explained. "So I do think a fairer system has to be developed. It's something we're discussing with the BRICS ministers in the economic sector discussions."

Aside from the five core BRICS countries, the NDB also lists Bangladesh, Egypt and the United Arab Emirates (UAE) as members. Uruguay is also in the process of joining the bank, and many other countries have also expressed interest.

Argentina, Iran and Algeria have formally applied to join the extended BRICS+ group. Russian Foreign Minister Sergey Lavrov also confirmed other nations that expressed interest to join. These included Egypt, Turkey, Saudi Arabia, the UAE, Indonesia, Argentina, Mexico and "a number of African nations."

Watch South African International Relations Minister Naledi Pandor discloses the nations that wish to join the BRICS+ group below.

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