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Examining the Role of Brics, Joint Trade Cooperation and De-Dollarization

Pratham Kirtipal[1], Dr. Anna Nath Ganguly[2]

[1]Student, Amity Institute of Social Sciences, Amity University, Noida,
[2]Associate Professor, Amity Institute of Social Sciences, Amity University, Noida

Abstract
The BRICS group—Brazil, Russia, India, China, and South Africa—has grown to be an influential coalition in global economic and political affairs. One of its primary goals is to foster deeper trade cooperation and reduce dependence on the US dollar, which remains the dominant currency in international trade. This paper examines the strategies adopted by BRICS to promote trade cooperation among its members, along with efforts aimed at de-dollarization. Through the exploration of initiatives like the New Development Bank (NDB) and the Contingent Reserve Arrangement (CRA), the paper highlights how BRICS is working to create a multipolar economic system. Additionally, the role of alternative currencies, particularly the Chinese yuan, in the pursuit of reducing dollar reliance is explored. The findings underscore BRICS's influence on the global economy, as well as the challenges and opportunities associated with these efforts. International economic stability, governance, and legal frameworks have long been impacted by the U.S. dollar's hegemony in international trade and banking. But the introduction of a symbolic BRICS unified currency note for nine countries—Brazil, China, Egypt, Ethiopia, India, and China—as an acronym for Brazil, Russia, China, and South Africa. This research study examines how the BRICS countries—Brazil, Russia, India, China, and South Africa—are developing de-dollarization initiatives and cooperative trade. This article examines how the BRICS countries' combined attempts to lessen their reliance on the U.S. dollar can change the dynamics of international commerce as their economic presence increases.

Keywords: BRICS, trade cooperation, de-dollarization, New Development Bank, Contingent Reserve Arrangement, international finance, global economy.

INTRODUCTION

The BRICS nations—Brazil, Russia, India, China, and South Africa—have been gradually moving away from using the US dollar in their foreign policy dealings in recent years, which has significant implications for the world economy and the international political landscape in the field of international relations[1]. This transition has the potential to disrupt the US dollar's preeminent position as the world's reserve currency, which constitutes a significant facet of international politics.
The BRICS nations—Brazil, Russia, India, China, and South Africa—represent more than 40% of the world's population and are collectively a major force in global economic governance. Since its formation in 2006, BRICS has grown in significance, particularly in its efforts to address trade imbalances, financial inequalities, and geopolitical tensions[2] .Central to BRICS's strategic goals is reducing dependency on the US dollar, which has long been the dominant global reserve currency. This research explores the role of

BRICS in fostering trade cooperation among its members and advancing the process of de-dollarization. The study critically examines the mechanisms employed by BRICS, such as the New Development Bank (NDB) and the Contingent Reserve Arrangement (CRA), and evaluates their effectiveness in shaping a multipolar economic order[3] .The member countries' common objective is to build a multipolar world order that reduces the dominance of Western institutions such as the IMF, World Bank, and WTO. This vision of greater economic equity forms the foundation of BRICS' growing emphasis on joint trade cooperation and the pursuit of financial autonomy.

1. THE EVOLUTION OF BRICS AND ITS ECONOMIC INFLUENCE

1.1 Formation and Objectives of BRICS

BRICS was established with the primary objective of advocating for the economic interests of emerging economies, counteracting the dominance of Western powers in global financial institutions. The group's formation in 2006 was driven by the growing economic clout of Brazil, Russia, India, and China (the BRICs). In 2010, South Africa joined the group, expanding the focus to include African and Southern Hemisphere perspectives. The group's goals revolve around reforming international financial systems and advocating for a more inclusive global economic order that accounts for the interests of developing economies (Gonzalez, 2014).

The objectives of BRICS include:

- Promoting economic growth and stability through collective cooperation and reducing dependence on Western financial institutions like the World Bank and the International Monetary Fund (IMF).

1. Özekin, M. K., & Sune, E. (2023). Contesting hegemony: the rise of BRICS and the crisis of US-led Western hegemony in the MENA region. *Deleted Journal*, *21*(3), 409–446.

2. Ferragamo, M. (2023, August 24). What Is the BRICS Group, and Why Is It Expanding? Council on Foreign Relations.

3. New Development Bank. (n.d.). Official Website.

- Increasing intra-BRICS trade and investment.
- De-dollarization: Reducing reliance on the US dollar in international trade.

1.2 BRICS Economic Power and Global Influence

The BRICS countries collectively account for approximately 25% of global GDP and hold over 40% of the world's population . Their growing economic power has translated into greater political influence, and BRICS has become an alternative voice to the Western-dominated global economic system. Additionally, BRICS has worked toward greater economic integration within the group by promoting trade agreements and financial cooperation, such as the NDB and CRA[4] .China is by far the largest economy in BRICS, with a GDP exceeding $17 trillion, making it the second-largest economy globally . China's economic strength allows it to exert considerable influence within BRICS and globally. The country's rapid growth in manufacturing, technology, and global trade has reshaped global supply chains and trade patterns, particularly through initiatives like the Belt and Road Initiative (BRI), which aims to enhance infrastructure connectivity and increase economic cooperation between BRICS countries and other emerging economies. India, the second-largest economy in BRICS, has seen rapid growth in its services sector, particularly information technology (IT) and business process outsourcing (BPO). India's economic potential has significantly expanded in the last two decades, and its large, youthful population presents both challenges and opportunities for long-term growth. As of 2023, India's GDP stands at around

$3.5 trillion, making it the world's fifth-largest economy[5]. India's economic development is crucial to BRICS as it balances China's influence within the group. Russia is a key player in BRICS, with its significant natural resources (particularly oil and gas) driving its economy. While its GDP is smaller compared to China and India, Russia's economic weight is reinforced by its geopolitical importance and energy exports. The country's geopolitical stance, especially following its annexation of Crimea in 2014 and subsequent Western sanctions, has pushed it to increase ties with BRICS countries, especially China, to reduce its dependence on the West[6]. Brazil and South Africa round out the BRICS economies, both contributing crucially to regional and global economic cooperation. Brazil is the largest economy in Latin America, with vast natural resources, particularly in agriculture and mining. South Africa plays an important economic and political role on the African continent. Despite facing economic challenges, both countries are important players in the global economy, especially in terms of trade and diplomacy within BRICS.

4. {"@type": "Person","name": "Stewart Patrick"}. (n.d.). *BRICS expansion, the G20, and the future of world order*. Carnegie Endowment for International Peace.
5. WorldBank.(2023).GDP(currentUS).
6. Jayaprakash, R. S. (2025, February 5). *A decadal review of Russia-China economic relations*. orfonline.org.

2. PROMOTING JOINT TRADE COOPERATION AMONG BRICS NATIONS

The BRICS grouping represents a significant portion of the world's economic activity. Given the diverse economies and development stages of its members, BRICS has increasingly focused on promoting joint trade cooperation to enhance intra-group trade and strengthen its position in the global economy. This cooperation has been facilitated by bilateral and multilateral trade agreements, infrastructure investment through the New Development Bank (NDB), and mechanisms aimed at reducing reliance on external financial systems, particularly the U.S. dollar. This section explores the strategies and initiatives that BRICS has pursued to bolster joint trade cooperation. Trade cooperation within BRICS has been promoted through a combination of bilateral agreements and multilateral initiatives. The BRICS Economic Partnership Strategy, launched in 2014, outlines the group's approach to reducing trade barriers, enhancing mutual investment, and promoting cooperation in sectors such as agriculture, energy, and infrastructure. While the strategy encourages multilateral agreements, the more successful and immediate gains have come from bilateral trade deals. For instance, China and Russia have developed a robust economic relationship, with a target of increasing bilateral trade to $200 billion by 2024, mainly through energy exports and joint infrastructure projects . These agreements are crucial as they allow BRICS members to address specific trade interests and gaps between their economies, providing a foundation for future collective action.

2.1 New Development Bank's Role in Promoting Trade Cooperation

One of the central pillars of BRICS's strategy to promote trade is the New Development Bank (NDB). Established in 2014, the NDB provides financial support for infrastructure and development projects, particularly those that enhance trade connectivity. The bank's funding of transportation, energy, and telecommunications infrastructure is vital in reducing trade costs and improving logistics across BRICS nations. For example, China's Belt and Road Initiative (BRI), a major initiative supported by the NDB, enhances regional connectivity, which is essential for facilitating trade between BRICS nations[7].

Furthermore, the NDB supports projects aimed at sustainable development, helping BRICS countries transition to green energy solutions, which indirectly promotes trade by ensuring long-term economic stability. This financial backing allows BRICS members to invest in infrastructure projects that are crucial for making trade more efficient and reliable. The bank has financed projects related to the construction of highways, ports, and rail networks. For example, the NDB has provided funds for the construction of a new high-speed rail line in Brazil and the development of infrastructure to support trade between China and neighboring countries. The NDB has invested in both renewable and non-renewable energy projects. In India, for instance, the bank has financed solar energy initiatives to help the country meet its ambitious renewable energy goals. The NDB also supports urbanization projects, including the development of affordable housing, smart cities, and public transportation systems, particularly in rapidly growing urban centers in BRICS countries.

[7] World Bank. (n.d.). Belt and Road Initiative.

3. THE DOLLAR AND "WORLD MONEY"

The BRICS countries have tried together to reduce their trust in the US dollar. These efforts are based on the request to alleviate their susceptibility to dollar-induced economic shocks and monetary political changes in the United States and to question the unipolar concentration of economic power, which is symbolized as the global money by the dominance of the dollar. World-money serves as the universal equivalent across borders, facilitating international trade by acting as a standard measure of value for commodities worldwide. In the domestic markets, money makes it easier to exchange raw materials by serving as a value. Similarly, the world money on the global stage enables the comparison and exchange of goods in various economies. At the same time, domestic money takes over various roles within an economy (e.g. medium of exchange, measurement of value), secular money functions that go beyond the limits of a single nation state. It must be universally recognized and accepted internationally as a form of payment.

In the developing landscape of global finances, the priority of the US dollar remains a cornerstone of international economic relationships, the design of trade dynamics, monetary policy and the financial stability of nations worldwide. Due to the omnipresent in international transactions, the US dollar is the main medium of exchange and makes considerable global trade easier. Currencies on the dollar. However, this role is not only a product of historical circumstances according to the Bretton Woods Agreement of 1944. Nevertheless, it is constantly reinforced by the perceived stability of the dollar and the economic power of the United States. International institutions and practices as part of the Bretton Woods system such as the International Monetary Fund (IMF) and the World Bank continued to work with the dollar as the main currency.

The dollar's global indispensable status is further supported by its use in pricing and settling international trade, particularly in commodities like oil. In addition to serving as a medium of exchange, it also serves as a store of value for foreign reserves, a unit of account for multinational corporations, and a universal standard of value. This diverse function firmly establishes the dollar as the foundation of the world financial system. The dollar's dominance gives the U.S. A. significant financial leverage, which allows it to generate seigniorage profits and run sizable current account deficits. Nevertheless, this reliance also leads to worldwide vulnerabilities, as shifts in U. A. Economic conditions or monetary policy can have a big impact on other nations, underscoring the dangers of relying too heavily on the US dollar. A narrative of de-dollarization has gained traction against this backdrop, driven by nations and groups like the BRICS that aim to lessen their dependency on the dollar.

4. KEY SECTORS IN BRICS TRADE COOPERATION

BRICS trade cooperation is anchored in a few key sectors that play a pivotal role in shaping the bloc's economic growth and global influence. Energy is at the heart of BRICS cooperation, with Russia, Brazil, and China leading the way in oil, natural gas, and renewable energy production. Russia, a major oil and gas exporter, has deepened energy ties with China, particularly through the Eastern Siberia–Pacific Ocean (ESPO) pipeline, making China a key destination for Russian energy exports . In parallel, China's dominance in renewable energy—particularly in solar panel manufacturing and wind power—has further strengthened energy cooperation within BRICS. India, too, has made substantial progress in solar energy, making renewable energy a growing focus in the region.

The agriculture sector is crucial for intra-BRICS trade, with Brazil and India emerging as major exporters of agricultural commodities[8]. Brazil's status as a leading producer of soybeans, coffee, and beef is vital to global food trade. China, as a large consumer of these goods, has solidified agricultural trade ties with Brazil, while India exports rice and other staple crops. Beyond trade, BRICS countries have also collaborated on food security initiatives, supporting sustainable farming practices and agricultural technology sharing, which have been essential for boosting productivity across the bloc.

Manufacturing is another vital sector where BRICS cooperation thrives. China's manufacturing prowess, particularly in consumer electronics, machinery, and textiles, has contributed significantly to BRICS trade, while India's growing automotive industry and industrial output also play a key role[9]. The region is also seeing increasing cooperation in technology, driven by India's IT services sector and China's leadership in digital infrastructure and innovation. The rise of digital economies within BRICS is shaping a new era of trade and cooperation in information technology, e-commerce, and digital finance.

Finally, infrastructure development is essential for fostering intra-BRICS trade and improving regional connectivity. Projects funded by the New Development Bank (NDB) are helping develop essential infrastructure, such as highways, ports, and urban development, which are critical for trade facilitation. The NDB's financing has boosted infrastructure projects across the BRICS countries, enhancing their economic integration .Through these sectors—energy, agriculture, manufacturing, technology, and infrastructure—BRICS countries are laying the foundation for stronger economic ties, enabling mutual growth and increasing their influence on the global stage.

8. (FAO, n.d.)

9. Ministry of Commerce and Industry, Government of India. (n.d.). *Industrial Statistics*.

5. MEMBERSHIP OF MAJOR WORLD ECONOMIES IN VARIOUS MULTILATERAL INSTITUTIONS

Major world economies' membership in a variety of multilateral organizations reveals a complex dynamic range of strategic objectives within frameworks for global governance. The BRICS alliance, which frequently presents itself as the voice of the "Global Majority," is made up of member nations with different geopolitical objectives and economic positions. Others, like India, Brazil, and South Africa, negotiate alliances across both BRICS and G20, playing dual roles to maximize their influence on the global stage, while nations like China and Russia hold significant influence and seek to counterbalance Western-led institutions. Furthermore, the group's willingness to broaden its influence is highlighted by the recent addition of Saudi Arabia and possible additions like Türkiye. By forming rival blocs

alongside the G7, the growing BRICS+ membership may cause frictions within other multilateral platforms, like the G20. Nonetheless, countries that share membership in organizations such as the G20, G77, and BRICS+ frequently employ adaptable tactics to balance their geopolitical, economic, and regional interests. Despite growing global fragmentation, these middle powers—which include nations in Latin America, Africa, and Asia—are essential in promoting communication across East-West and North-South divides and working toward multilateral cooperation.
The table below clearly shows that nations like Brazil, Russia, India, China, and South Africa are part of both the BRICS+ alliance and the G20, highlighting their significance as emerging economies. The European Union is a non-enumerated member of the G7, which is mainly composed of developed countries like the United States, Japan, Germany, and the United Kingdom and focuses on democratic governance and economic policy. Many of the BRICS+ countries—Brazil, India, China, and South Africa—are part of the G77, a group of developing nations that share a commitment to economic development and cooperation. China participates in G77 + China meetings but does not officially regard itself as a member, despite its financial support for the G77. Countries such as Saudi Arabia and Argentina have expressed interest in joining BRICS+; Argentina first submitted an application but later withdrew it under new leadership. By indirectly representing several nations in the G20, the African Union, which is currently a member, expands the inclusion of Global South viewpoints in this multilateral framework.

COUNTRY	G20 MEMBER?	BRICS+MEMBER?	G7 MEMBER?	G77 MEMBER?	OECD MEMBER?
BRAZIL	YES	YES	NO	YES	NO
RUSSIA	YES	YES	NO	NO	NO
INDIA	YES	YES	NO	YES	NO
CHINA	YES	YES	NO	YES	NO
SOUTH AFRICA	YES	YES	NO	YES	NO
UNITED STATES	YES	NO	YES	NO	YES
JAPAN	YES	NO	YES	NO	YES
GERMANY	YES	NO	YES	NO	YES
FRANCE	YES	NO	YES	NO	YES
UNITED KINGDOM	YES	NO	YES	NO	YES
ITALY	YES	NO	YES	NO	YES
CANADA	YES	NO	YES	NO	YES
AUSTRALIA	YES	NO	NO	NO	YES
SOUTH KOREA	YES	NO	NO	NO	YES
TÜRKIYE	YES	NO	NO	NO	YES
MEXICO	YES	NO	NO	NO	YES

SAUDI ARABIA	YES	YES	NO	YES	NO
ARGENTINA	YES	NO	NO	YES	NO
INDONESIA	YES	NO	NO	YES	NO
EGYPT	NO	YES	NO	YES	NO
ETHIOPIA	NO	YES	NO	YES	NO
IRAN	NO	YES	NO	YES	NO
UAE	NO	YES	NO	YES	NO

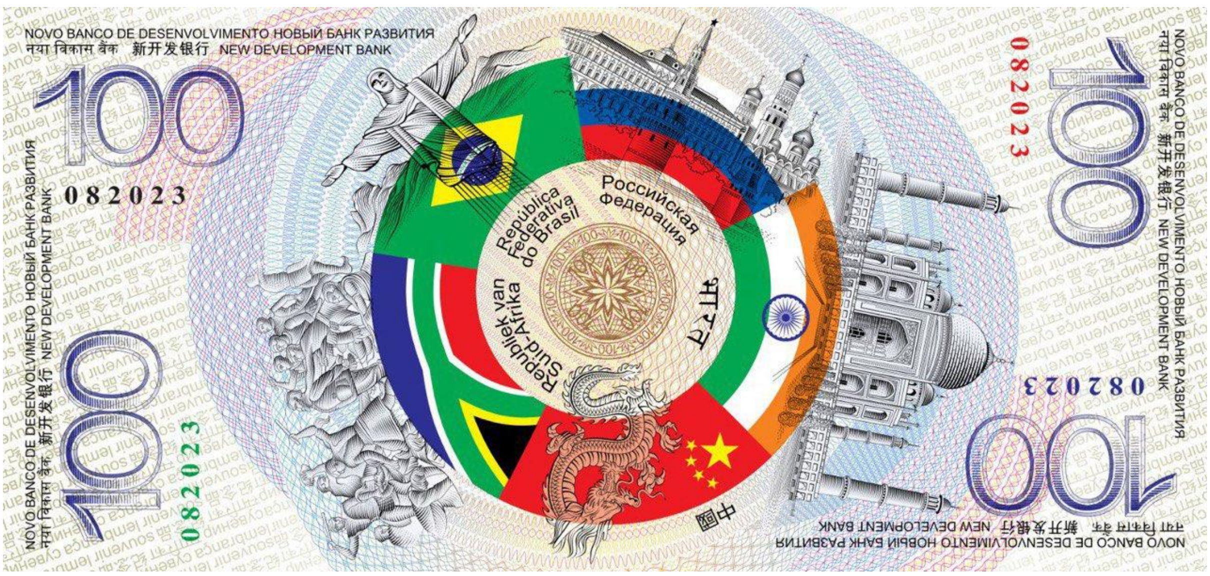
Source: Author's work

6. BRICS CURRENCY NOTE

The idea of a BRICS currency has been a topic of discussion among the member countries—Brazil, Russia, India, China, and South Africa—over the years as part of their broader goal to enhance economic cooperation and reduce dependence on the U.S. dollar. Collectively, BRICS nations represent a significant portion of the global economy, making up over 40% of the world's population and a large share of global GDP[10]. One of the primary motivations for exploring a BRICS currency is the desire to achieve *de-dollarization*, or the reduction of reliance on the U.S. dollar for global trade and finance. The dominance of the dollar has been seen as a source of vulnerability for the BRICS economies, as fluctuations in the dollar can have significant consequences on trade and financial stability.

10. United Nations Conference on Trade and Development (UNCTAD). (Various Years). *Trade and Development Report*.

A shared BRICS currency would allow these nations to bypass the dollar in transactions among themselves, potentially leading to a more stable and balanced financial system. However, the idea faces several challenges. The BRICS countries have different economic systems, political structures, and financial infrastructures, making it difficult to create a unified currency. Additionally, the process would require significant financial integration and political coordination, which is challenging given the diversity of the member states.



While some have suggested using a basket of BRICS currencies or promoting the use of national currencies in trade, the creation of a formal BRICS currency is still speculative. The idea remains in its early stages and would require extensive deliberation and cooperation to become a reality.

7. BLOCKCHAIN INNOVATIONS IN INTERNATIONAL TRADE

BRICS (Brazil, Russia, India, China, and South Africa) is at the forefront of de-dollarisation, with blockchain technology playing a crucial role in reducing dependence on the U.S. dollar. By leveraging decentralized financial systems, smart contracts, and Central Bank Digital Currencies (CBDCs), BRICS nations are developing alternative payment mechanisms that enhance trade efficiency and financial sovereignty.

7.1 BRICS and the Shift Towards Blockchain-Based Trade Settlements

7.1.1 The Role of Blockchain in De-dollarisation

- Enables cross-border transactions without intermediaries (e.g., SWIFT, U.S. banks).
- Reduces reliance on the dollar by facilitating trade in local currencies.
- Ensures transparency, security, and efficiency in trade settlements.

7.1.2 BRICS Efforts to Reduce Dollar Dependence

- China and Russia trade in yuan-ruble settlements using blockchain-based platforms.
- Brazil-Russia-China trade in digital assets and CBDCs to avoid dollar transactions.
- India's UPI (Unified Payments Interface) linked with blockchain technology for seamless cross-border payments.

7.2 Country-Specific Blockchain Initiatives in BRICS

7.2.1 China: Digital Yuan and Blockchain-Based Trade Platforms

- Digital Yuan (e-CNY): China's state-backed CBDC is actively being used in international trade settlements.
- Blockchain-Based Service Network (BSN): A government-backed infrastructure to support blockchain applications in global trade.
- Integration with CIPS (Cross-Border Interbank Payment System): Enables alternative payment processing to SWIFT.

7.2.2 Russia: Digital Ruble and Crypto-Based Trade

- Digital Ruble: Russia's CBDC aims to facilitate cross-border payments with China and BRICS partners.
- SPFS (Russia's SWIFT Alternative): Russia's blockchain-integrated messaging system for international transactions.
- Crypto Adoption: Russia has allowed the use of cryptocurrencies for trade settlements, bypassing U.S. financial sanctions.

7.2.3 India: Blockchain in Trade Finance & Digital Rupee

- Digital Rupee (CBDC-R): India launched its pilot digital rupee, which can be used for trade settlements.
- Indian Banks Using Blockchain for Letters of Credit: Reduces delays in international trade financing.
- Cross-Border Payment Initiatives: RBI's (Reserve Bank of India) discussions on blockchain-based trade payments.

7.2.4 Brazil: Digital Real and Tokenized Trade Solutions

- Digital Real (Brazil's CBDC): Expected to facilitate international trade in Latin America and BRICS.
- Blockchain-Based Stock Exchange Settlement: Brazil's financial institutions are using blockchain for securities and trade finance.

7.3 BRICS' Joint Blockchain and CBDC Initiatives

7.3.1 BRICS Digital Currency Proposal

- BRICS is exploring the creation of a common blockchain-based digital currency for trade settlements.
- Reduces reliance on the dollar and U.S.-controlled financial institutions.
- Enhances liquidity and trade efficiency among BRICS nations.

7.3.2 Blockchain-Based Trade Settlement Systems

- Use of CIPS (China's SWIFT Alternative) with Blockchain: Increasing adoption in Russia, Brazil, and South Africa.
- Russia and China's Blockchain-Backed Payment Networks: Expanding to other BRICS countries.
- Smart Contracts for Trade Agreements: Automating cross-border transactions without intermediaries.

7.4 Challenges in Implementing Blockchain for BRICS Trade

- Regulatory Uncertainty: Different blockchain policies across BRICS nations.
- Interoperability Issues: Need for standardized blockchain infrastructure across member countries.
- Adoption Resistance: Traditional banking systems and global financial institutions resist decentralization.
- Cybersecurity Risks: Protection against hacking, fraud, and financial crimes.

7.5 Future Prospects: A Blockchain-Based BRICS Financial Ecosystem

- Full integration of CBDCs for cross-border trade (e.g., Digital Yuan, Digital Ruble, Digital Rupee).
- Creation of a BRICS Smart Contract Trade Network to automate and secure transactions.
- Expansion of BRICS Blockchain-Based Payment Systems to partner countries (e.g., UAE, Saudi Arabia).
- Decentralized Finance (DeFi) Solutions for Trade Financing to reduce dependency on Western banks.

8. CASE STUDIES

8.1 The Role of the Chinese Yuan in BRICS Trade and De-Dollarization Efforts

One of the most significant steps toward de-dollarization within BRICS has been the increased use of the **Chinese yuan (CNY)** in intra-BRICS trade. China, as the world's second-largest economy, has been at the forefront of promoting the yuan as a global alternative to the U.S. dollar. Over the past decade, China has signed numerous bilateral trade agreements with other BRICS nations to settle trade in yuan, particularly with Russia and Brazil. For instance, China and Russia signed a currency swap agreement in 2014, allowing for the direct exchange of goods and services in their respective currencies rather than using the U.S. dollar as an intermediary[11].

[11] Arturo, O. G. (n.d.). *The role of China and the BRICS project*.

Case Study: In 2014, **China and Russia** entered into a significant deal where both nations agreed to conduct trade and investment settlements in their local currencies, the ruble and the yuan[12]. The agreement was a step toward reducing the dominance of the U.S. dollar and reinforcing financial ties between the two largest BRICS economies. This cooperation has also been extended to other BRICS nations, with China encouraging the use of the yuan for trade with Brazil and South Africa .

Impact: The use of the yuan in these agreements has expanded, particularly in energy transactions between Russia and China, where both countries have increasingly settled oil and gas contracts in yuan[13]. This shift contributes to China's strategic goal of internationalizing the yuan and reducing dependence on the dollar for trade settlements.

8.2 Brazil's Efforts in Diversifying Foreign Reserves and Trade Partnerships

Brazil has also actively sought to reduce its dependency on the U.S. dollar by diversifying its foreign reserves and promoting alternative currencies for trade. One of Brazil's primary goals in this area has been to reduce reliance on the dollar for its trade relationships, especially with China. Brazil and China, as two of the largest emerging markets, have increasingly used the renminbi (RMB) for settling transactions in sectors like agriculture, mining, and energy.

Case Study: In 2015, Brazil signed an agreement with China to conduct trade in their local currencies. This agreement, known as a local currency swap agreement, allows Brazil and China to bypass the U.S. dollar and conduct trade directly using the Brazilian real and the Chinese yuan. Brazil has used this mechanism to settle a significant portion of its trade with China, particularly in the export of soybeans, iron ore, and oil[14].

Impact: This agreement is a landmark case in BRICS' push for de-dollarization, particularly in the context of Latin America's reliance on the U.S. dollar. It signals a broader trend of BRICS countries seeking to settle trade in local currencies, thereby challenging the dominance of the U.S. dollar in global trade.

8.3 The New Development Bank (NDB) and Funding Projects Without the U.S. Dollar

Another notable example of BRICS de-dollarization and joint trade cooperation is the creation of the New Development Bank (NDB). The NDB was established in 2014 with the aim of funding infrastructure and development projects in BRICS and other emerging economies. Importantly, the NDB has worked to reduce reliance on the U.S. dollar by issuing bonds in local currencies. This is a significant step toward de-dollarization, as it provides countries in the BRICS bloc with alternative financing options that do not require reliance on the U.S. dollar or the International Monetary Fund (IMF) and World Bank systems[15].

12. Eurasian Development Bank (EDB). (Various Years). *Regional Integration Reports*.
13. U.S. Energy Information Administration (EIA). (Various Years). *International Energy Outlook*.
14. O'Neil, S. K. (2015, May 28). China's RMB Swap Lines with Latin America. *Council on Foreign Relations*.
15. Kumar, M. (2022b). A vehicle of infrastructure financing: challenges and opportunities. In EAC-PM Working Paper Series, *EAC-PM/WP/08/2022* (pp. 1–22). National Bank for Financing Infrastructure and Development.

Case Study: In 2018, the NDB issued its first bond in Chinese yuan on the Hong Kong stock exchange. This marked a significant milestone in the bank's efforts to reduce dollar dependency and create an alternative financial system for emerging economies. The NDB has since issued other bonds in rubles, rupees, and other currencies, aligning with the bloc's goals of reducing dollar-based transactions in global trade and finance[16].

Impact: The NDB's use of local currencies for its bond issuances is an important step toward de-dollarization, as it allows BRICS countries to raise capital without relying on the U.S. dollar. The NDB has emerged as a central institution for BRICS, fostering deeper economic cooperation and paving the way for future growth without the constraints of dollar-based financing.

8.4 South Africa's Role in Promoting Regional Trade and De-Dollarization

South Africa, as the African representative in BRICS, has made considerable efforts to promote regional trade within the Southern African Development Community (SADC) and beyond. Through the African Continental Free Trade Area (AfCFTA), South Africa has sought to reduce dollar dependence in intra-African trade and promote the use of local currencies. While AfCFTA is still in its early stages, South Africa's role in de-dollarization within the African context is significant, as it is pushing for the use of regional currencies like the South African rand and the Nigerian naira to conduct trade.

Case Study: In 2020, South Africa proposed the establishment of an African digital currency as part of its efforts to promote intra-Africa trade without the use of the dollar. This proposal, though in its early stages, is aligned with the broader BRICS strategy to reduce dollar reliance. South Africa has also been vocal in advocating for BRICS to explore alternatives to the dollar for trade among African and BRICS nations[17]

Impact: South Africa's leadership in regional trade initiatives and its advocacy for local currency use within Africa is a vital aspect of BRICS' broader strategy to de-dollarize the global trading system.

9. EMERGING TRENDS

9.1 Trump's tariff warnings against de-dollarisation and a BRICS currency: RHETORIC VS REALITY

On January 30, 2025, U.S. President Donald Trump issued a strong warning to countries considering de-dollarisation and a BRICS currency, stating that any nation attempting this move should expect tariffs and strained relations with the US.

16. New Development Bank. (2022, December 7). *NDB successfully issued first RMB-Denominated Green Financial Bond - New Development Bank.*

17. *South Africa - Digital economy*. (2024, September 19). International Trade Administration | Trade.gov.

This comes as Trump had already announced tariffs on Mexico, Canada, and China, with the latter retaliating by imposing duties on U.S. coal, LNG, and other goods, alongside an anti-monopoly probe into Google[18].

Despite Trump's threats, BRICS—now strengthened by Indonesia's entry—comprises 40% of the world economy and nearly half the global population. Trade in local currencies has gained momentum, particularly after sanctions on Russia. Countries like India and the UAE have been engaging in such trade, with India further expanding these arrangements, including discussions with Indonesia.

However, BRICS nations, including India and Russia, have reiterated that a common BRICS currency is not under discussion. Indian officials clarified their stance against de-dollarisation, while the Kremlin emphasized that BRICS is focusing on joint investments rather than a unified currency. For China and Russia, reducing dependence on the dollar aligns with long-term strategic goals, whereas India's interest remains primarily economic[19].

9.2 India has no interest in BRICS currency and weakening US Dollar

India's External Affairs Minister, S. Jaishankar, stated at the Doha Forum that there is no proposal for a BRICS common currency and reaffirmed India's stance against de-dollarization. He emphasized that BRICS discussions focus on financial cooperation rather than challenging the U.S. dollar. Addressing President-elect Donald Trump's tariff threats on BRICS nations, Jaishankar highlighted India's strong trade ties with the U.S. and reiterated that India has no interest in weakening the dollar. He also praised the first Trump administration for restarting the QUAD and strengthening bilateral relations between India and the U.S[20].

9.3 BRICS welcomes Malaysia, Indonesia, Vietnam and Thailand

At the 2024 BRICS Summit in Kazan, Russia, Malaysia, Indonesia, Vietnam, and Thailand joined as partner countries, alongside nine others, including Algeria, Turkey, and Nigeria. While they lack full membership and voting rights, they can still benefit from trade, investment, and financial collaboration within BRICS[21].

For Malaysia, joining BRICS aligns with its independent foreign policy and economic ambitions, especially as it chairs ASEAN in 2025. The move also signals regional efforts to diversify trade and geopolitical ties, particularly amid global uncertainties[22].

18. Maini, T. S. (2025, February 6). *Trump's tariff warnings against de-dollarisation and a BRICS currency: Rhetoric vs reality*. Modern Diplomacy.
19. Online, E. (2025, February 13). Donald Trump declares BRICS is dead, claims 100% tariff threat stopped Bloc's dollar moves. *The Economic Times*.
20. Bharat, E. (2024, December 7). "No proposal for BRICS currency, India has no interest in weakening US dollar": Jaishankar in Doha. *ETV Bharat News*.
21. *BRICS welcomes Malaysia, Indonesia, Vietnam and Thailand | British Council*. (2024, January 11).

10. CHALLENGES TO DE-DOLLARIZATION

At almost 60% of worldwide foreign exchange reserves, the U.S. dollar continues to be the world's principal reserve currency. Since significant financial transactions and commodities like gold and oil are mostly done in dollars, this dominance is embedded in international commerce and finance. A change in established financial systems and a great deal of cooperation would be needed to make the switch to alternate currencies, considering how widely the dollar is used in global markets.

One of the key challenges to de-dollarization is the absence of a viable, widely-accepted alternative to the U.S. dollar. While the Chinese Yuan and the Euro are increasingly used in global trade, they are not yet seen as stable or universally accepted as the U.S. dollar. The Yuan, for example, is not fully convertible and faces regulatory constraints, while the Euro has issues related to the economic stability of the Eurozone. Therefore, it would be difficult for countries to adopt another currency without risking liquidity or stability in international markets[22].

Another challenge pertaining to De-Dollarization is that the Global financial institutions, such as the International Monetary Fund (IMF), the World Bank, and central banks, operate on the U.S. dollar system. The dominance of the dollar in international finance is supported by a robust infrastructure of financial institutions, payment systems, and agreements that make it challenging to replace the dollar. Shifting the global financial system to accommodate alternative currencies would require significant changes in institutional structures, which is not easily achieved in a short time frame[23].

Additionally, The stability of a currency is a crucial factor in its adoption for global trade. The U.S. dollar has built decades of trust as a reliable store of value and medium of exchange. For de-dollarization to succeed, countries must trust that alternative currencies can provide the same stability, liquidity, and safety as the U.S. dollar, which is not yet the case[24].

Also, The global financial system is heavily influenced by U.S.-based financial markets and institutions, such as the New York Stock Exchange and the U.S. Federal Reserve. The dollar is the primary currency used in international transactions and investment flows, which would require massive restructuring of these systems for de-dollarization to succeed[25].

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11. CONCLUSION

In conclusion, the role of BRICS in joint trade cooperation and de-dollarization is both critical and transformative for the global economic landscape. As an emerging bloc of large, dynamic economies, BRICS has the potential to reshape international trade and financial systems by reducing its reliance on the U.S. dollar and enhancing economic autonomy. Through initiatives like the New Development Bank (NDB), the Contingent Reserve Arrangement (CRA), and local currency trade agreements, BRICS countries have made significant strides in promoting regional economic integration and financial independence. These efforts not only help to mitigate the risks associated with the dominance of the U.S. dollar but also create alternative frameworks that foster greater stability and growth for member nations.
India, as a key player in BRICS, stands to benefit from these cooperative strategies by enhancing its trade relations, diversifying its economic engagements, and bolstering its currency in international markets. However, the path toward de-dollarization remains challenging due to the entrenched dominance of the U.S. dollar in global trade, market liquidity issues, and the geopolitical resistance from established powers. Despite these challenges, the growing momentum for de-dollarization within BRICS presents a significant opportunity for member countries to collectively reduce their dependency on the dollar and work toward a more balanced, multi-polar financial system.
The future of BRICS' trade cooperation and de-dollarization efforts will depend on continued collaboration, the development of robust financial infrastructures, and the ability to overcome existing barriers. By fostering greater use of local currencies, strengthening intra-BRICS trade, and promoting sustainable economic policies, BRICS can play a pivotal role in reshaping the global economic order, moving away from dollar dominance toward a more diversified and resilient financial system.

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