

## Current Affairs

Q: Write a note on the expansion of BRICS and its attempts toward dedollarization of the international economy, highlighting its global and regional implications.

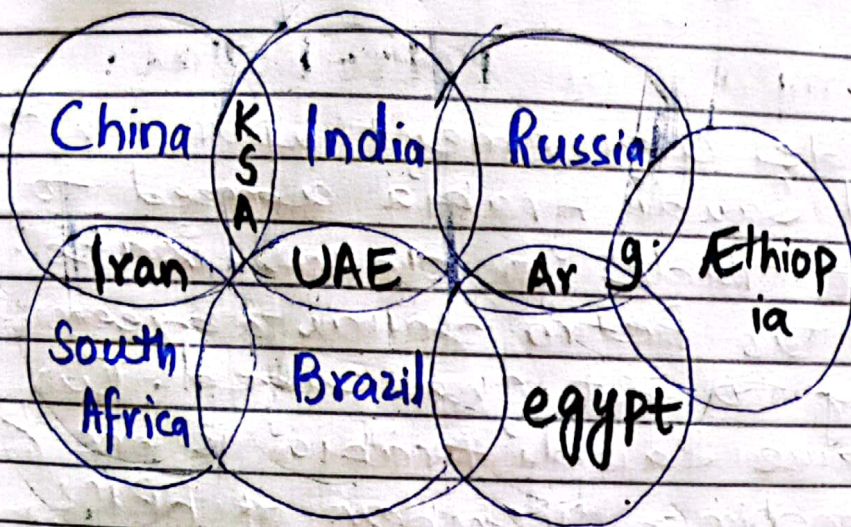
### 1- Introduction:

BRICS or BRICS+ is a grouping of major players of political and economic arena. It was formed with five founding members: Brazil, Russia, India, China and South Africa. It New member countries are also becoming part of it. It is expanding by leaps and bounds, <sup>attempting to</sup> giving a major setback to dollar. Moreover, it broadly impacts the regional trade and global ~~to~~ relations.

### 2- Expansion of BRICS:

The collaboration of BRICS started with its five founding members Brazil, Russia, India, China and South Africa. After 2010, there are

expansion in it and <sup>six</sup> new members ~~became~~ joined BRICS: Saudi Arabia, UAE, Iran, Egypt, Ethiopia, <sup>and</sup> Argentina (which later ~~exit~~ due to US-based agreements). This union ~~is~~ and expansion made it BRICS plus (+).



BRICS alliance has added strong economies from Middle East in its union. This bloc strengthens its positioning ~~and~~ in the international order. ~~and~~ also ~~strength~~ it is also speculated to give a hard time to the Western blocks and hegemonic control over geopolitics <sup>and</sup> economy.

### 3. Attempts of BRICS towards the Dedollarization of Economy

BRICS, with its economically strong ~~part~~ members, and still a large ~~in~~ list

of countries accepting their membership, is making an attempt to de-dollarization. The dominant currency dollar would be challenged as BRICS has far-reaching implications:

### 1. Impact on Petro Dollar:

The trade agreement upon which US and Saudi Arabia agreed to conduct trade in dollar is also known as Petro dollar agreement is going to get challenged. This is because Saudi Arabia is one of the founding members of BRICS, and it has to comply with the currency ~~and~~ chosen by BRICS for trade.

### 2. Preference of regional trade in local currencies:

The BRICS bloc prefers trade to be done in local currencies such as Yuan, Ruble or Rupee India which offers a great setback to dollar in which maximum trade was conducted.

### 3. New Development Bank in Place of World Bank;

The BRICS bank or the new development bank for social and infrastructural welfare ~~will~~ will work for ~~the~~ the welfare of its member nations in their own <sup>currencies</sup> ~~countries~~, instead of World Bank. It is also impacts dollar, as World Bank does the same task while maintaining the dollar as the common currency at present.

#### 4. Global and Regional Implications, of BRICS:

##### a. Global Implications:

BRICS have several global implications:

##### i) A Boost in the Global Economy: ~~the~~

BRICS serves to enhance the global GDP as the New Development Bank when established in 2014 did \$100bn funds allocation, out of which China contributed \$41bn. \$18bn by each Russia, India and Brazil and \$12bn by South Africa. Now after the addition of new members, there is 20-25bn more addition. (BRIC - 2015). In this way, the members raise

funding and collaborate to support the nations in the time of crises.

This is how the global GDP enhances along with trading and developmental projects.

## ii) Major setback to International Organisations — IMF, ASEAN, World Bank

BRICS proves to be a major pillar against the already existing organisations such as IMF, ASEAN and World Bank. It is the member nations who collaborate economically and politically and give funds to the member nation for developmental projects, social welfare activities and loans.

BRICS starting its projects worth \$790 mn (loans) in South Africa. The alliance gave loans for energy projects. (German Institute of Development, IDOs).

### b. Regional Implications:

#### i) New Regional Alliances:

The New Alliances of Middle East<sup>and</sup> Asia pave way for economic and political collaboration. It serves as a beneficial group to increase inter-cultural trade and cooperation.

## ii) North-North Cooperation:

It is a ~~sure~~ hindrance in the way of dominance of Global South in each and every forum. It tends to save the future of global North and thus, shows their future as bright ~~and~~ and optimistic.

## 5. Critical Analysis:

BRICS bloc paves way for the economies of global North to prosper and grow fast by the addition of new members. It in turn ~~so~~ provides support to them culturally, economically and politically leading to the dominance of Global North over Global South. Moreover, it ~~demeans~~ <sup>limits</sup> the use of dollar as a common currency which also helps in the strengthening of local currencies.

## 6. Conclusion:

BRICS - a global north lead alliance facilitates the member nations with their own developmental projects in local currency. It would lead to the dedollarization from international economy and provides crosscultural benefits to the nations, both politically and economically.

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