

Current Affairs

Batch - 59

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QUESTION - 02

Dollar and SWIFT as weapon by US against Global South. Evaluate how BRICS + could counter this western exploitation permanently.

OUTLINE :

A. US dollar and dominance

- i. brief history / introduction
2. features of dollar dominance
3. impact on Global South
 - i. extreme dependence
 - ii. debt burden
 - iii. policy autonomy

B. SWIFT System

1. introduction to the system
2. impact on Global South
3. Challenges to dollar-SWIFT

C. Quantitative dominance

1. hype in dollar payment system
2. escaping dollar dominance
- 3.

D. Global South Role

1. key developments
2. implications (economic, geopolitical)

E. Role of BRICS +

1. BRICS strengths
 - i. countering unilateralism
 - ii. global institutions
 - iii. economic cooperation
 - iv. de-dollarization
2. Weakening of US-dollar

INTRODUCTION :

The trade, business and economic activities run by major power nations of Global South are dependent on US-dollar.

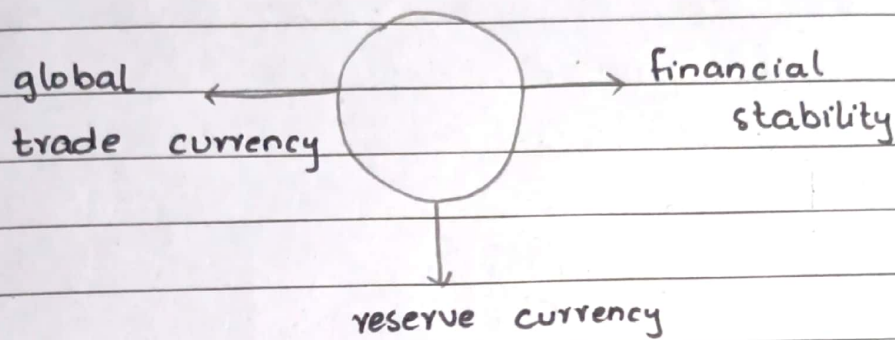
The US dollar and SWIFT are the great economic currencies towards projects, funds and imports. It runs IMF, WB with certain conditions and sanctions upon delay that "gradually weakening the system."

US-DOLLAR and DOMINANCE

The US-dollar is the first biggest currency reserve of the world since the mid of 20th century.

"Today dollar represents 58% of foreign reserve holdings."

Second is the euro that represents 28% of foreign reserve exchange. The current dollar statistics gives us a mind-blowing and significant influence over the world's largest economies in trade, business, tourism or geopolitics.

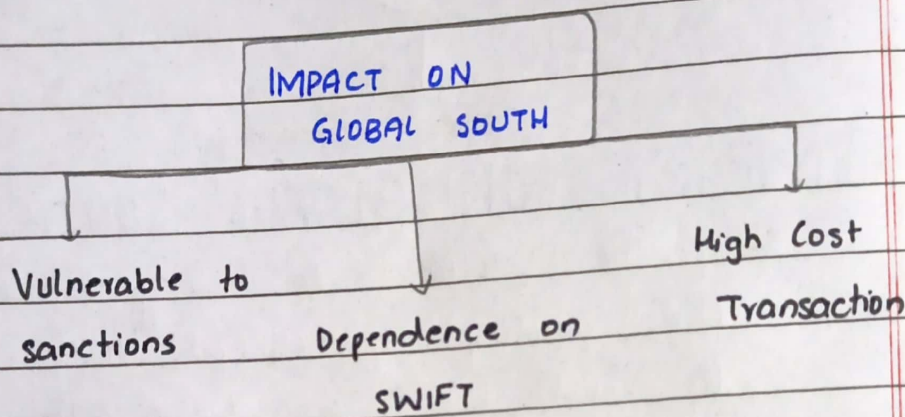


IMPACTS ON GLOBAL SOUTH

- ① The dollar dominance limits the ability of Global South to run their monetary policies efficiently.
- ② The increase of US-interest rates also enhances the de-dollarization debt, affecting the economy of the world.
- ③ Countries of Global South highly depend upon dollars for US-trade and debt services.

SWIFT - SYSTEM

SWIFT - The Society for World-wide Interbank Financial Tel Transactions is a system that is used by banks and financial institutes to send and receive the information of transactions worldwide. It is the crucial nerve center of global finance network.



IMPLICATIONS ON G.SOUTH

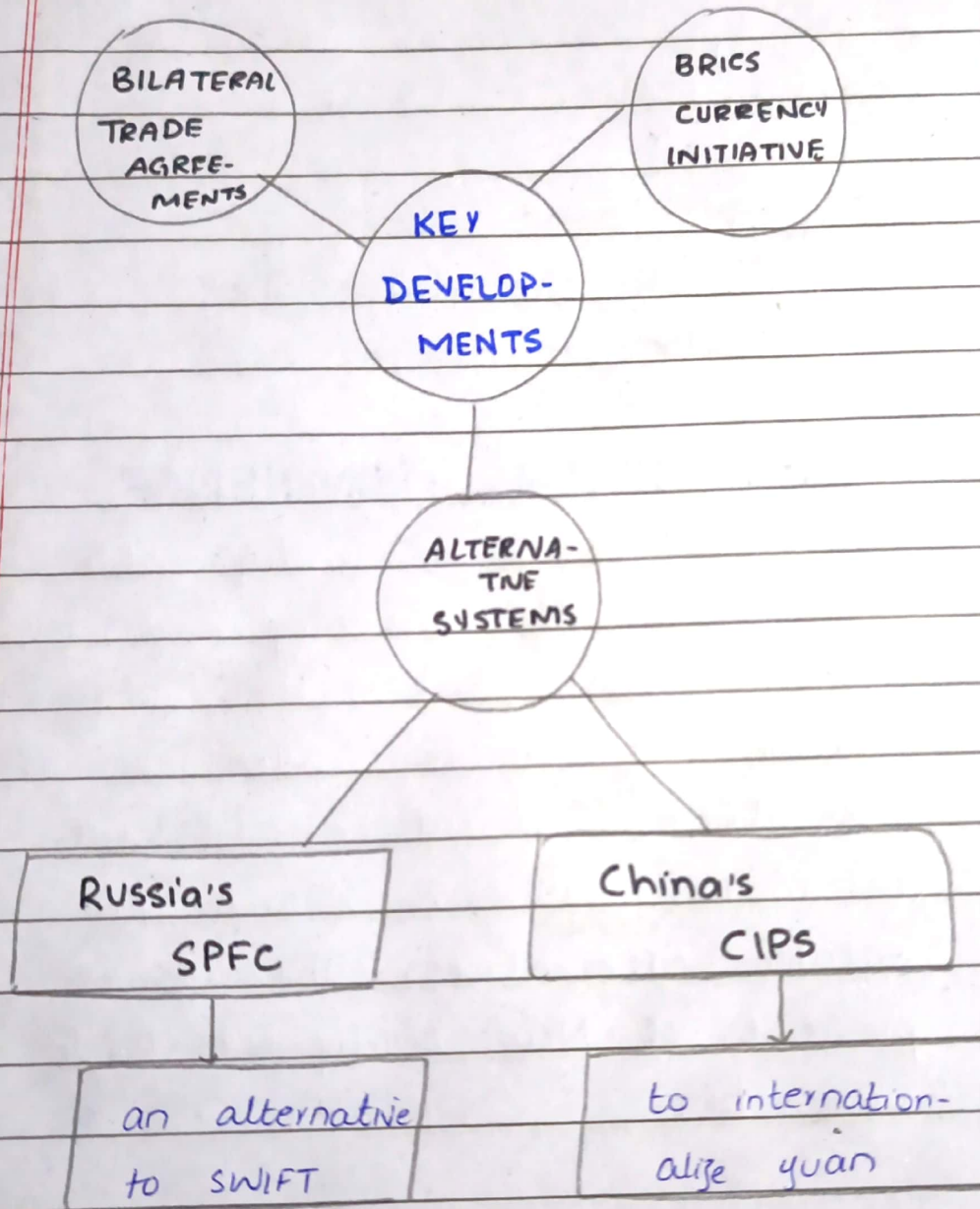
① Economic impact

Reliance on dollar transactions via SWIFT exposes developing nations to various shock / disruptions. And a strong valued dollar weakens the local currencies of Global South.

② Geopolitical Impacts

Dollar system being a pickled currency has forced the Global

South countries to look for other alternatives. Secondly, they are in collaboration with emerging world nations like China and Russia to counterbalance Western dominion.



System for Transfer of Financial Messages

Cross Border Inter-bank Payment System

DOMINANCE OF INT. DOLLAR

According to the Bank of Int. Settlements, the dollar and dollar system remained dominant, but after Russia was knocked out of SWIFT in 2022 - to control the dollar, especially after invasion of Ukraine. Putin remarked:

We aren't aiming to ditch the dollar. The dollar is ditching us.

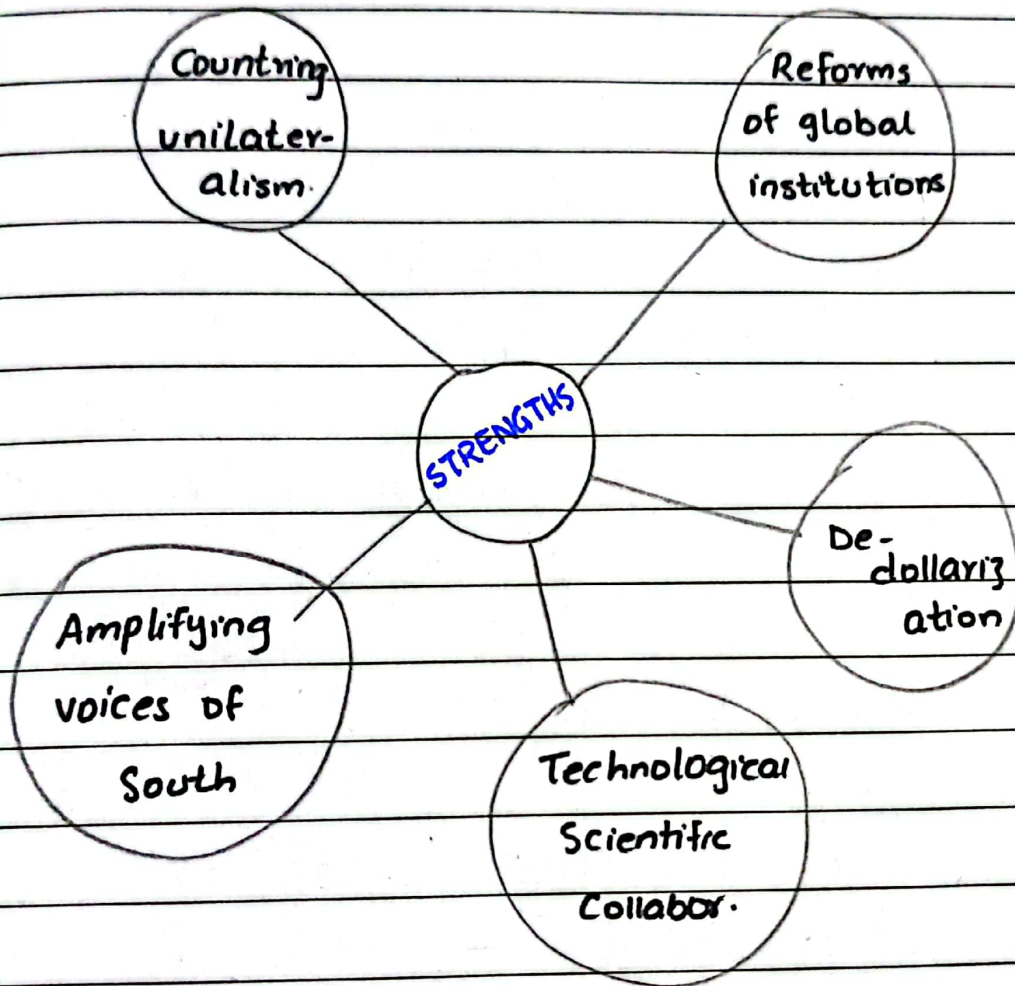
ESCAPING DOLLAR PROMINENCE

Confidence - an indispensable requirement for currency and beyond certain point, the weaponization of dollar undermines international confidence and - just as world's currencies search for suitable alternatives. The former president of New Development Bank urges to:

".... find ways to avoid ... being dependent on a single currency."

BRICS + STRENGTHS

BRICS aimed at fostering mutually beneficial partnerships within realm of economy and trade, counter the western dollarization by its multi-dimensional strengths.



1. COUNTERING UNILATERALISM

BRICS promote multi-polar world by countering unilateralism by Western powers. It seeks the significance of respecting sovereignty, non-interference and dialogues to settle the conflicts.

For example :

BRICS collectively opposed the sanctions imposed by US on unilateral Russia.

2. REFORMS OF GLOBAL INSTITUTIONS

BRICS + advocates for reforming the financial institutions, in order to reflect global realities and also to ensure fair representation.

3. ECONOMIC COOPERATION and DE-DOLLARIZATION

BRICS challenges the US-dollar hegemony and promotes multi-polarity in finances by reducing dependence and establishing institutions like NDB and CRA.

4. AMPLIFYING THE VOICES OF GLOBAL SOUTH

BRICS acts as a unified whole for emerging economies to raise and voice their concerns on global forums.

Example :

During G20 sessions and COP summits, BRICS highlights issues like inequality, global climate politics.

5. TECHNOLOGICAL SCIENTIFIC ADVANCEMENTS

The advancement in technology, scientific innovations in research, renewable energy resources and others fosters the coalition among emerging world nations.

WEAKENED US - DOLLAR

Trade in local economy in BRICS shows currency implications for US weakening dollar. It is a push towards de-dollarization. According to Oxford Business Group 2022;

88.1% of global currency trade in 2019 was in US dollars, but by 2022 it dropped to 58.8%.

CONCLUSION :

BRICS+ plays an essential role in challenging Western dominance, advocating for technological cooperation, global reforms in Global South. Its vision of equity, inclusivity and shared responsibility places it as significant in shaping 21st century global politics.

QUESTION - 03

COP 29 Summit ended in Baku. Critically evaluate the values and commitments.

OUTLINE :

A. Climate politics

1. COP 29
2. Aims of COP-29
3. New agenda
4. Key Highlights

B. Outcomes of COP-29

1. Climate finance mobilization
2. Carbon market framework
3. Loss damage fund activation
4. Renewable energy commitments
5. Private Sector Involvement

C. Shortcomings of Summit

1. Insufficient climate finance
2. Delayed implementation of CMM
3. Limited focus on damage
4. Slow progress on ERT
5. Lack of strong AM

D. Conclusion

CLIMATE POLITICS

The complex interplay of international organizations, national policies, economic interests and social movements to address climate change are called to be climate politics. The annual Conference of Parties under the United Nation Framework Convention on Climate Change, is a central platform for the following purposes.

COP-29

The 29th COP, hosted in Baku Azerbaijan from November 21 - 24, 2024 emerged as platform for evaluating global climate strategies. COP-29 sought to catalyze stronger commitments and realign efforts with Paris Agreement goals 2015.

OBJECTIVE OF COP-29

The overall aim of COP 29 is to bring states together to share, agree and develop plans for addressing global climate change - global warming. The Paris Agreement made a legal requirement to reduce the greenhouse gas emissions - to ^{limit} increase temperature to 2°C above industrial level.

And now at COP 29, countries progress will be measured against this 1.5°C goal.

FINANCE
COP

The funding required to help poor-income countries transition to zero carbon economies. And to help most affected communities.

OUTCOMES OF COP-29

1. Climate Finance Mobilization

- The developed nations look up for financial support to meet the goal of \$300 billion by 2030.
- Mechanisms like climate-linked bonds, debt for nature and SDRs installed to assist developing nations.

2. Carbon Market Framework

- The Article 6 of Paris Agreement aims to create global carbon market, facilitating carbon credit trading to meet emission reduction targets.

3. Renewable Energy Commitments

- The targets increasing global renewable energy capacity by 1500 GW by 2030 and enhancing electricity grids by 25 million km.

4. Enhanced Transparency Mechanism

- It focused on aligning the Nationally Determined Contributions with 1.5°C pathway.

5. Green Technology Transfer

- Establishing it focuses on the green technologies accessible to the developing nations at subsidies.

SHORTCOMINGS OF COP 29

- 1- Delayed implementation of CMM
- 2- Slow progress on emission red. targets
- 3- Lack of strong accountabilities
- 4- Inadequate support for climate adoption
- 5- Limited inclusion of indigenous voices