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Author: [Abbas Hashemite](#)

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A New BRICS Currency and the End of Dollar Hegemony



For decades, the US dollar has dominated the global trade. This became possible after the establishment of the liberal world order. The US dollar enjoyed unparalleled dominance as the leading reserve currency of the world. The US Federal Reserve holds that 96% of international trade invoicing into the Americas, 74% in the Asia-Pacific region, and 79% in other countries was done in the US dollar. Moreover, the Atlantic Council also highlighted the dominance of the dollar by stating that it is used in 88% of currency exchanges and 59% of all foreign currency reserves in central banks around the world. The petrodollar agreement, which made it mandatory to buy oil in US dollars, was one of the most significant steps in cementing the dominance of the US dollar and the US-led unipolar world order around the world. The United States has been using this dollar dominance to impose economic sanctions on its rivals under the pretense of violation of international law. However, in a rapid turn of events, the dollar dominance is facing serious threats due to the announcement of a new currency by the BRICS.

The BRICS, established in 2009, is now one of the major threats to the US-led liberal world order and its institutions. All the liberal institutions, including the United Nations, the World Bank, IMF, ICJ, ICC, and FATF have been observed benefiting the United States and its allies by targeting their opponents. This instilled a hostile feeling among the developing world against the so-called liberal world order in general and the United States in particular. They have long been looking for a new and inclusive superpower. The rise of multipolarity with the rise of Russia, China, and some middle powers has filled this vacuum. The United States has been targeting its opponents audaciously due to its dominance over the global financial system. The US sanctions on Russia after the latter's conflict with Ukraine proved detrimental to the US dominance.

Russia is among the founding members of the BRICS. The organization was long attempting to adopt an alternative currency to the dollar for a slew of causes. Initially, the BRICS alliance only included Brazil, Russia, India, China, and South Africa. Recently, the BRICS founding members decided to expand the organization by admitting more members. Iran, Saudi Arabia, the UAE, Egypt, and Ethiopia were admitted into BRICS on 1st January 2024. De-dollarization is one of the key agendas of the alliance. Russian President [Vladimir Putin](#) hinted in 2022 about the creation of a new currency for global reserves and the consent of all the member states for its acceptance. Brazilian President Luiz Inácio Lula da Silva also showed his support for a new currency for BRICS nations in April 2023. However, various impediments stopped it from achieving this goal. Recently, the organization announced the creation and adoption of a common currency.

Yury Ushakov, a Kremlin aide, revealed in his interview with TASS that the BRICS nations will use a blockchain-based payment system, BRICS pay, for trade. He further stated that this payment system is imperative for the future of the world. He also maintained that this payment system will be predicated on modern technologies and will be free of politics. He also held that the goal of this year's BRICS summit is to increase BRICS' role in the international financial and monetary system. This news captivated analysts and observers around the world. Although there is no confirmation about the launching date of this currency, it is speculated that this currency could be launched at the upcoming BRICS summit which will be hosted in Russia in October 2024.

Three of the BRICS countries, Russia, Iran, and China, are already under US sanctions. The recent India-Iran Chabahar port agreement has also put India in a difficult situation, as the US officials have warned India of solemn consequences. Relations between the United States and the Kingdom of Saudi Arabia also struggled a bit under the Biden administration. South

Africa and the United States don't share significant cordial relations as well. Tensions between the US, Russia, and China are also surging over numerous issues. Therefore, this is the right time to announce a new and analogous payment system to the Society for Worldwide Interbank Financial Telecommunications (SWIFT). A new blockchain-based BRICS currency will have several benefits. First and foremost, it will increase financial inclusion, and cross-border transactions will be more efficient. Moreover, the use of modern technologies and digital currencies could revolutionize the international financial system. Economic integration and trade between the BRICS members will also be increased. It would also decrease US influence over the developing and under-developed world. It will provide a strong alternative to third-world countries for trade, saving them from the US sanctions. The launch of this currency will be a severe blow to the already waning US hegemony around the world.

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Abbas Hashemite – is a political observer and research analyst for regional and global geopolitical issues. He is currently working as an independent researcher and journalist, exclusively for “New Eastern Outlook”.