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BRICS Summit in Kazan:

A Turning Point in Geopolitics and World Economy. Part 1

The world is giving birth to a new era, the era where the sole dominance of the U.S. and its currency, the American dollar, is slowly coming to an end.



We live in epic times. Yes, one is the shameful Gazan genocide that will be imprinted in our history as one of the lowest moments in humanity in the 21st century and, worse, supported by many “democratic”, human rights-supporting nations, such as the U.S. and Germany. Second, the world is giving birth to a new era, the era where the sole dominance of the U.S. and its currency, the American dollar, is slowly coming to an end. It is an era that was established by the U.S. post-WWII and became sclerosed in a completely new world in the 21st century.

In this article (in two parts), I explore how this turning of age is happening and how the BRICS Summit in Kazan between October 22-24, 2024 is playing a divisive role. In this first part, I focus on the new payment system and its mechanisms that are being envisioned.

The U.S. Dominance is Coming to An End

BRICS monetary and payment systems – a huge step towards the beginning of the end of US dominance over the dollar system

After WWII, the U.S. created a world system in its image, with appropriate institutions serving the needs of that time, and their own needs too, as explained in Robert Kagan's book, *The World America Made*, in 2012.

The different crises provoked by their financial creations, the different wars and invasions of sovereign nations, the unilateral sanctions that resulted in so many deaths and sufferings to innocent people in countries such as Cuba, Iran, Syria and Afghanistan, among others, and above all the weaponisation of the world trade and reserve currency, the U.S. dollar, imposed by them to the world (including the fact the oil could only be sold in their currency), was a wake-up call to the world, especially to the Global South.

The BRICS, through the leadership of China and Russia, personalised the Global South's aspirations of liberty and prosperity. A sense of urgency that a new world order is needed was installed.

What Kazan Summit Promise to Deliver?

Kazan has the explicit aim of discussing an integrated payment system for the BRICS, to which other countries that are not, yet part of BRICS can join, according to French economist Jacques Sapir.

The real issue at hand is the development of this much-discussed internal payment system for BRICS. It is known that it will not be a currency, but rather a payment system announced by Vladimir Putin at the economic summit. This has been further specified by Russia's Minister of Finance, Mr. Siluanov, who has made several statements on the matter.

What BRICS aims to do is create a system in which neither the dollar nor the euro will play a role. In other words, they want their payments to occur without relying on these currencies.

The Mechanics of the New Payment System

In an international transaction, there is a unit of account that defines the amount to be paid, a unit of transaction which indicates the currency in which the exchange takes place, and a settlement currency in which the selling country will be paid and the buying country must pay.

It seems there is now a common decision that the settlement currencies will be the national currencies of the member countries. However, since these currencies can fluctuate against each other, it's essential to define a unit of account and a settlement unit, and this is where the problem arises.

About a year ago, there was an idea to create a system similar to the International Monetary Fund's Special Drawing Rights (SDRs). However, both Russia and China pointed out that the SDR system includes the dollar and the euro, which they want to avoid. It now seems we are moving towards an electronic unit of account.

This is where we see the impact of cryptocurrency technology on a political mechanism. They will use a form of cryptocurrency, but this cryptocurrency will be tied to a real asset, and it's possible, even probable, that this asset will be gold. However, the value of this cryptocurrency in gold could fluctuate; it is not a gold standard system, according to Sapir.

This cryptocurrency would be exchanged for national currencies: each country that sells will receive a certain amount of cryptocurrency, and each country that buys will need to pay a certain amount of it. Therefore, to buy cryptocurrency or convert it into regular currency, national currencies will be used.

All of this will require a series of technical mechanisms. It seems that Russia wants transactions or the conversion from cryptocurrency to national currencies to occur every six months or at the end of the year. Transactions within this system would remain in cryptocurrency for that six-month or one-year period until settlement is completed, as one country might purchase BRICS goods from another while selling to a third country. This system aims to avoid constant transactions, allowing only the final transaction once everything has been settled.

My Conclusions

It is expected to be announced in Kazan a new payment and settlement system to circumvent the euro and the U.S. dollar, as well as the SWIFT payment system. This system being discussed is similar to what Europe experienced in the years 1950s, until 1957, so it was already tested and therefore seems to be feasible and would represent liberty to numerous nations to be able to circumvent the U.S. dollar.

It is also expected a more preponderant role of NDB, which next year will be in Russia's rotating presidency. Russia has been very active, along with China, in studying the different new monetary and payment system possibilities.

Finally, everyone is aware that these monetary and payment systems will be implemented slowly, but it is a huge step towards a more free and just world and the beginning of the end of the U.S. free-ride on the dollar system, which entails the beginning of a slow end of the American Empire. This is, in fact, the core of the U.S. war against China. It is not about Taiwan. After the war in Ukraine and the freezing and confiscations of Russia's assets in

dollars imprinted a sense of urgency to these most expected changes in the international payment system. We expect the BRICS Summit in Kazan will deliver.

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