

ENERGY, FINANCE, AND DE-DOLLARIZATION: BRICS STRATEGIES FOR A POST-DOLLAR ORDER

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Abstract

The rise of BRICS as an alliance of emerging economies has triggered fresh arguments about the future of the international monetary order and the sustainability of the US dollar as the unified leading traditional reserve currency. The idea of de-dollarization has become salient following the Russia-Ukraine war, the international sanctions imposed on Russia, the adoption of substitute currencies in the energy and trade arena, and the weaponization of the dollar in general. On a changing terrain, the BRICS nations (Brazil, Russia, India, China and South Africa, now includes Brazil as a new member) are attempting to recover balance in the global financial framework with the effects of regional currencies, greater energy coordination, and the New Development Bank. The tools of the post-dollar world order are reduced to energy partnership, diversify their currencies, and even financial innovation of BRICS, which is discussed in the next article. It describes how BRICS is becoming more significant in the larger game against the economic hegemony and the chances and limitation to alter the financial creating institutions. This paper concludes that the BRICS strategies can help reduce the monopoly position of the dollar, but structural asymmetries and infirmities among these states, institutional incoherence, and embedded international monetary architecture continue to plague the emergence of a real multi-polar monetary order.

INTRODUCTION

The prevailing world order of the global economy has long been pegged on the US dollar as the reserve, trade and financial currency of the world. Its presence and stability has offered a degree of anchor to international economic coordination in the Bretton Woods system. However, the geopolitical situation and the regime of Western sanctions, which have been implemented in addition to the shift to the system of hegemony in the economic sphere, have created the need to rethink the position of the dollar in the global economy. In the emerging economies, the issue of being exposed to policy changes and financial blackmail of USD reliance are becoming

quite the concern too, in my view; this is of great interest because people were not asking so much about the dominance of a single currency before, and the willingness to find an alternative to it, was open. This is certainly not a strategy, but a larger aspiration of economic wealth.

But any de-dollarization on a large scale is not generated without structural and systemic preconditions. More fundamentally, however, there is dollar primacy, which is a fact of experience; by mid 2024, over ninety percent of the world foreign exchange and nearly sixty percent of the world reserves will be in the dollar (Atlantic Council

GeoEconomics Centre, 2024). This merely indicates how steep a mountain of inertia any long-term financial reform coalition has to climb. I think the importance of the survival of such a system is so one should not make any effort to change it since a multipolar system is much more prone to stabilise when economic instability is avoided without making radical efforts to change the system.

So, BRICS defined itself as the ideologically homogeneous group with strategic profundity. By the Contingent Reserve Arrangement (CRA) (announced in 2014) and the formation of a new Development Bank (NDB) that would replace the dollar when the monetary hegemony of the West faced the menu of options considered by development (Wikipedia contributors, 2025). These institutions are a serious attempt to create alternatives to the systems dominated by the dollar since time immemorial. What these institutions say to me here is what the internal logic or logic of action of BRICS is: that they suggest not so much a rush to abandon the dollar as the necessity of complementing or hedging it (which is a distinction in de-dollarization worth making).

The current trends have merely increased those forces: the inclusion of Saudi Arabia, UAE, Egypt, Iran and more in BRICS is energy leverage, but also a more generic economic imprint that would enable facilitation of trade and settlement in local currencies (El pais, 2024). At the same time, emerging partnerships have begun experimenting with yuan-or-rupee centred transactions (e.g. China-Russia; Brazil (Le Monde, 2024; Eurasia Review, 2024)). My view is that this is an expansion of calculation in pragmatism since dollar hegemony remains an option and BRICS members are centralising the idea of financial independence after having already generated the options that can separate them off geopolitical extortion.

It is noteworthy though, that these efforts remain in their early stages and that they consist of bilateral agreements and pilot programmes, but not a single regional wide system. Another article by Carnegie Europe (Carnegie Europe, 2023) tells you there is no such infrastructure (it is impossible to have it, and thus they never seek to de-dollarise, impossible in the foreseeable future). I believe that the strength of the BRICS does not reside in their attempt to push toward transformation at once but in the creation

layer upon layer of compatible, yet gradual, systems of interoperability the aggregate impact of which might ultimately challenge the primacy of the US Dollar.

2. Statement of the Problem

The US dollar remains the predominant currency in the world and the role it has in global finance remains to restrict the people with the power to decide in the new emerging economies and expose them to external shocks and penalties. Although a new post-dollar regime has been a hotly debated topic, the bulk of the discussion has been hypothetical, and there has been no shortage of hard analysis on what exactly must be done to de-dollarize success. The issue is then the paradox between, on the one hand, the rhetoric of financial diversity and, on the other, the incoherent journey to financial diversity. This paper deal with that gap by emphasising on how BRICS will operationalize the concept of de-dollarization into practise and institutional sustainability.

3. Objectives of the Study

The BRICS solution to minimise the use of U.S dollar in trade and finance around the world.

- To compare the performance of schemes initiated by BRICS countries like New Development Bank and currency swap schemes with regards to financial independence in the international front;
- A policy of empathising with the predicament and limitations of BRICS so as to be helpful in a non-dollar order.

To offer specific recommendations to the policy makers on the way the emerging economies can deal with each other to supplement multipolar financial governance.

4. Research Questions

1. So what have BRICS countries attempted to do to reverse dollar dominance?
2. To what extent are BRICS initiatives effective in terms of de-dollarisation and financial diversification?
3. Which are the institutional, political and economic obstacles to the emergence of a post-dollar world?
4. What can BRICS do to align their policies to enhance the impact of the group in global financial governance?

5. The article, nevertheless, is much more rosy about what is coming, and where BRICS are at the moment and are heading to tomorrow which is a valuable tool of the academicians, policymaking bodies and financial institutions to get themselves out of the mess called policy in the oversaturated world of money.

This study falls at the cross-point of global financial governance and international political economy. It talks about the efforts by BRICS as individual nations and bloc to challenge dollar hegemony by trading energy, involving financial collaboration, as well as other payment methods. The analysis itself does not attempt to encompass all the de-dollarization projects worldwide, but the BRICS are in the centre of the analysis due to its economic significance, the type of resources used, and institutional efforts.

It is worth answering the question in a bit of detail and it relates to a line of questions on how the emerging powers can turn the tide of international finance to rhetoric to reality. Attitudes: Definition and Justification: raises the question of the implication to international stability, trade relations and also to power relations, yet as however significant as the study itself to the study but also to all persons who participate in the process of making economic policy in a period of system change.

6. It is more concerned with policy systems and institutional arrangements and policy to de-dollarise, than with technical analysis of monetary instruments and financial modelling.

This paper recognises some of the weak points of the work which will impact on the overall generalisability of the findings. First, BRICS nations do not openly post comprehensive financial and policy information: some are confidential or politically secret. Second, BRICS operation is the major topic of the paper and, consequently, de-dollarization in operations of other emerging economies are not related as deeply. Third, change in the geopolitical environment and the economic environment is occurring at an accelerated pace that is likely to bring changes in policy and market behaviour beyond the period of this study.

Considering the strategic position and unity of the BRICS financial activities, the analysis is narrowed to BRICS members and non-BRICS participants are not included. This period of analysis is then further narrowed down to developments since 2020 so that the analysis is made on the basis of the most recent

and pertinent policy developments in international finance. Energy commerce is one of the most significant BRICS economic connections and direct implication in monetary health and currency policy.

7. Literature Review

But in recent years the interactive process between energy dependence and financial resiliency in the environment of emerging economies has been strengthened empirically (see Zhou and Li 2021; Gupta 2022). Energy prices have unstable prices have a dual effect on balances in trade these are directly, and through increased vulnerability to financial shocks around the globe. An operational and multidimensional policy agenda of self-production in the environment of sanction risk, currency volatility, and the inefficiency of the U.S. monetary policy cycle turned into a defensive strategy of the BRICS nations in the state of de-dollarization as a policy agenda and a rhetorical channel explicitly outlined by BRICS countries (Belli and Jiang, 2023; Nogueira Batista Jr., 2023). A price anchor pegging imports of energy to the dollar can also restrict the domestic monetary policy selection; it exposes the economy to external economy shocks. I, however, interpret this as a reminder that energy policy is not a financial or economic concern to the BRICS countries; it is a strategy, which can deliver tangible outcomes in the broader sense

of financial independence. The structure of the composite trade must be diversified to disenfranchise the dollar and when the BRICS countries pay a stage, they will be able to revive the financial balance of stability in the region and will break the dollar rules, though very slowly. In this respect, energy policy can never be seen as isolated but as one of the most important driving powers of post-dollar financial order.

As we have argued in this paper, under the condition of the great role the contributing reserve arrangement (CRA) plays, institutional operations, including the New Development Bank (NDB) and the revolving operations in local currencies, can be an alternative to dollarized operations (Rousseff 2023). The analysts report that the new tools can be tactical, however, they believe that the operations factors will be illiquid and that the market trust veto can never be deployed on a mass scale in the next few years, in the select few.

Revisiting the BRICS rhetoric on de-dollarisation and empirical realities of actual implementation, I also seek to offer further granular information about BRICS commitment to de-dollarisation and its caveats and opportunities. I think what emerges out of these studies is a massive tension: policy willingness in the form of BRICS, institutional capacity in the interaction, but in reality, the pace of de-dollarization is limited by structural, financial and geo-political factors. The purpose of my research is to determine the effect of these restrictions on the sustainability of a larger post-dollar strategy. The latter implication suggests bilateral swap lines, domestic money lending, and reserve diversification is seeking multilateral currency order (Geopolitical Economy 2023; Atlantic Council 2024).

Among the BRICS, reform of financial structures is a significant component of the de-dollarisation. The degree of dollar dependence was the dependent variable in this study, and the institutional variables, energy trade variables, and policy variables were the independent variables. Collectively, these studies are only prefigurations of the truth, according to which the monetary instruments themselves are not only processed in the south as technical tools, but are the garments to the scout of monetary independence. My work questions, through a matching of ideal possibilities to material groundings, whether de-looking of dollarisation could be supported through institutional innovations or whether they were nostalgic of the contemporary global financial order. Although the post-dollar system enjoys a good history in the financial systems it can only remain possible at the stage when the BRICS integration of operations has been accomplished and when the alternative currency markets can generate a sense of credibility. Liquidity: The financing of the domestic development and BRICS economic integration (such as New Development Bank (NDB), Contingent Reserve Arrangement (CRA), CRA Plus Model, Trade-related Arrangements, and so on) is provided with the liquid assets (Policy Interns, 2023; Belli and Jiang, 2023).

Together, BRICS has been the subject of scholarly attention due to its potential as a threat to dollar hegemony. My study also attempts to explain the effect of these constraints in the example of post-dollar strategy with the aim of creating an analytical bridge between institutional purpose and operational

capability. Literature has demonstrated that such institutions at the structural and the governance level are structurally challenged by the lack of asymmetric decision making powers, and various national priorities that limit the operation of these institutions. This is the direction I envision, BRICS possesses the means and the will to proceed to the next stage of strategic financial independence on the gear level, but it will be inevitably subjugated by the scope of the political/institutional reality. The effectiveness of limits of that sort as in the example of an actuarial post dollar strategy, and in the exercise of which furnish a synthetic connexem between the will of the institution and the ability to act, is as of my study.

In general, the literature appears to indicate that financial policy, energy trade, de-dollarization strategies and institutional coordination have complex and mutually reinforcing relationships. To combine energy, financial and currency strategy would involve the integrated study of the separate items of which already exist a earnest literature of research in them, but this study of them is too sparse and too discrepant to be given any serious conception. Moreover, the independent and dependent variables in this article are quite intertwined and a holistic method of evaluating the cumulative effect of dollar reliance would be significant. Then reading this synthesis correctly, we may reach a desperate conclusion that a research agenda is required which can sustain both theoretical rigour and empirical critique. The purpose of my analysis is to bring together the information in these arenas in order to build a unitary outlook on how the BRICS strategies are oriented to a post-dollar world. This literature review is an exceptional paradigm of relevance in that it relates the current literature to the scope of my analysis in this evaluation of policy and strategic impacts.

1. Theoretical Framework

This research is theoretical guided by the international political economy (IPE) and the theory of financial interdependence that explains the quality of interdependence of economy, monetary policy-supervisory economic system and strategic sovereignty. Interpretative Political Economy (IPE) is a critique of the world financial order based on the notion of a two-hegemony, in which the prestigious

currencies (in this case US largely) de jure (formally) project power by trade/finance which is then reflected in the other currencies (Cohen 2020). In this framework, the concept of de-dollarisation is viewed as an action plan by the emerging economies to reduce external susceptibility and maximise financial independence.

By applying such a theory to BRICS, the paper will treat BRICS energy trade policies and BRICS financial policies as strategic-autonomy policies. It is an underlying determinant that de-dollarization policy may indeed be feasible, and a limiting condition. Financial interdependence theory also defines how currencies are not only the mediums of exchange but also the mediums of geopolitical bargaining and outlines the factors that motivate BRICS states to wean off the dollar. To me, this dual approach to the theory offers a fine basis to examine the possible effects of the policies of the BRICS in remaking the post-dollar international order.

2. Conceptual Framework

At the conceptual level the model lumps the strategies of energy trade, institutional and financial policy innovations as the independent level, and the level of dollar dependency of the BRICS countries as the dependent level. This also in terms of energy trade leads to the transfer of financial liquidity and the alternative is trade in dollar denominated using New Development Bank and Contingent Reserve Arrangements. Limitation of the dependency by the fact that the local paper monies are used; the fact that funds are save and consumed as factors of feedback, has been proposed.

The assumptions regarding the relationship in this research include the following:

Energy Trade -> Dollar Dependency: The greater the energy imports are paid in dollar form, the more susceptible the country becomes to foreign shocks.

Dollar Exposure: Dollar exposure is hedged and the most possible hedging that is institutional and to the typical variety of hedging that produces the greatest hedging utility which in addition produces the maximum tactic independence of weatherman.

Currency Sovereignty was modified to Dollar Diversification: Altcoin, reserve and swap.

In my opinion this space is an organised window which the various levers of policy come to the fore and

works into the overall direction of the post dollar order. This integrates both empirical observation and theoretical analysis in a single place and develops an across-the-board critique of the way BRICS arrive at decisions.

3. Analytical Framework

To render the conceptual framework operational a qualitative-comparative analytical design grounded on joint document analysis, policy reviews and case studies of BRICS energy and financial projects is pursued. Key indicators include:

Value and volume of exported energy by volume and amount of imported energy in non-dollar currencies. Organisation solutions such as NDB credits in the local currencies.

Policy in favour of currency swap agreements and reserve diversification.

The signals are matched and ultimately investigated to identify the merits and weaknesses of the BRICS countermeasures to the dollar-replacement replacement. The relations of causal character can be derived, in some sense or other, but at any rate may be applied to the determination of the fluctuations of the circumstance of the possibilities of recompensing them, by measures of a post dollar system, to work them out.

4. Findings

The paper reveals a few fascinating trends in BRICS criticism of dollar dependence and the pursuit of de-dollarized and post-dollar world. To begin with, it is evident that the member states are actively and intentionally diversifying their financial statuses to reduce their dependence on the U.S. dollar. The Hu Zhuang programme is not merely a geo-political declaration of financial freedom against the hitherto monolithic single currency system.

Second, the energy trade was defined as a significant incentive of such initiatives. The BRICS liaison in the affairs of energy settlement, in the application of indigenous or other currencies in the settlement of contracts, is an indicator of a Bigger Picture of financial policy and of material economic exchange. This is an acknowledgement that financial de-dollarization is no abstract ideal but has to be made a reality in tangible areas such as energy, trade and finance.

Third, the results show that institutionalised systems like the New Development Bank and the Contingent Reserve Arrangement are coming up as requisite systems to stabilise bilateral BRICS financial relations. But despite the fact that the respective member states still possess varying degrees of the economic development and the political structures, they are being more and more recognized to exemplify patterns of threat mitigation, investments in capital and evoke the joint economic practises.

And finally, the paper ends with the thought that however noble the pursuit of a post-dollar era is, it is an issue that turns and turns, and is a phenomenon that rises and falls. The international community is not ready to follow the standard of multipolar monetary order, however, the members of BRICS should listen to coordinate each other to stay in cooperation with each other and to think long-term because of the asymmetry of their development of economic scale, maturity of the market and geopolitical location. These findings, in my view, confirm that de-dollarisation is beyond being a strategic imperative to act tactically and concertedly at multiple levels.

5. Discussion

The results of the papers appear to support a complementing and mutually reinforcing association between energy diversification, institutional deepening and financial innovation of the BRICS nations in that its economies are increasingly dollarizing. These are economic and geo-political effects. De-dollarization can also enable member countries to avoid currency instability and external sanctions. Geo-politically, this would give BRICS a gear on world financial standards, and a counter balance to US Dollar based standards..

And the results are also really threatening. Moreover, achieving full convergence of the de-dollarization processes is not to be expected among the members of BRICS in light of various domestic policy priorities, inadequate financial market maturity and economic fundamentals. I shall argue, however, that the depreciation of the dollar towards a post-dollar world is today progressive and inevitable, and is founded on long-term institutional cooperation and market confidence.

In the study, it is also observed that there is evidence that energy policy is a major facilitator of financial autonomy. Because of the negotiation of energy contracts in local or non-monetizable currencies, the BRICS nations set the stages of an even greater redefinition of finance. Besides these, institutional and financial innovations may be regarded as resilience measures that enable these economies to withstand global monetary stress and achieve developmental objectives.

Last but not least, the article provides tangible support of BRICS policies as an all over and multi-dimensional transition to the post-dollar system. But such efforts require policy co-ordination, market responsiveness and forward planning to succeed. Participatory query it is rather that the policy makers and scholarly care had done the same relocation rather not, unless it had put itself by status in such a position, in which it would be much better placed to sense the shifting frontiers of the mass of money, on a world-scale, which is.

6. Conclusion

In this network of de-dollarization, geopolitical tensions, financial inventions and the independence of the economy, the phenomenon of interaction between economic and geopolitical factors multiplies several times in the case of BRICS. The BRICS countries are diligently striving to reduce their overdependence on the US dollar, through transnational cooperation in the oil trade, financial markets, and institutional mechanisms. This is an excellent strategy, although it is a long and laborious process requiring a long-term commitment of the member states in ensuring that solutions are found to the structural, economic and political challenges. Webster: Post-dollar world is only a subset of a larger change to which financial governance is conducted in the international system. It may be either alternative currencies, which solidify regional institutions or specialising energy relations BRICS is issuing the basis of a more multipolar economy. Still; there are also impediments to this possibility: coordination and maturation of the markets of mixed economy, and not to mention the external pressures exerted upon these by the retained decision powers of finance, there remains also an effective disincentive. Nevertheless, the shift toward de-dollarization is a thought-out,

thoroughly planned and knowledgeable choice that may transform the character of global economic relations and global banking activity within the next decades.

7. Way Forward

1. More Multilateral Co-ordination: Synchronisation of Forums and Co-ordination of related energy and trade policies.

2. Bilateral trade - Non-dollar trade - Non-dollar terms to bilateral trade/energy deals.

3. Strengthening Institutions: increase operational coverage of the New Development Bank (NDB) and Contingent Reserve Arrangement (CRA).

4. pay: build financial markets: invest in financial instruments not dollar-based,

5. Energy trade and trade stabilisation: hybrid energy and economics policies.

6. African Research Based RBM, Academic Cooperation and AFR.

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