RESEARCH ARTICLE

the rest: journal of politics and development
2026 | 16(3) Special Issue | 357-376
www.therestjournal.com

© The Author(s) 2026

Centre for Strategic Research and Analysis | CESRAN International

De-Dollarization by Proxy? Trump's Tariff War as an Accidental Catalyst for BRICS Economic Realignment and Geopolitical Pluralism

Habib Al Badawi
Prof., Lebanese University, habib.badawi@gmail.com and habib.badawi@ul.edu.lb, 0000-0002-6452-8379

KEYWORDS

BRICS,
De-dollarisation,
Economic Sovereignty,
Monetary Policy,
Trade War,
Financial Architecture

Received January 02, 2026
Revised July 15, 2026
Accepted October 13, 2026

ABSTRACT

This study shows that the Trump administration's 2018-2021 trade war, though designed as a protectionist measure, inadvertently accelerated de-dollarisation within the BRICS bloc, turning unilateral tariff coercion into momentum for a more multipolar monetary architecture. I support this claim through a mixed-methods design that combines quantitative analysis of trade flows, reserve composition, and institutional financing with a qualitative assessment of policy discourse across Brazil, Russia, India, China, and South Africa during and after the tariff period. I find that while the trade war caused immediate economic disruption, its principal lasting effect was political rather than monetary: it hardened BRICS governments' resolve to reduce dollar dependency through alternative payment systems, bilateral currency arrangements, and digital-currency initiatives, even though structural constraints—asymmetric capital-account openness, divergent inflation credibility, and unresolved rivalries among BRICS+ members—continue to limit how far this realignment can go. This research contributes to understanding how unilateral economic coercion can paradoxically accelerate the emergence of alternative financial architectures, with profound implications for global monetary governance.

1. Introduction: When Economic Nationalism Meets Monetary Pluralism

The global financial landscape, long characterised by the enduring hegemony of the U.S. dollar and a relatively stable, albeit Western-centric, international monetary order, has entered a period of profound re-evaluation. Against this backdrop, the Trump administration's tariff war, initiated under the banner of "America First[1]," emerged not merely as a protectionist economic policy but as a significant geopolitical perturbation. This aggressive deployment of trade policy as a tool of statecraft sent ripples across the global economy, challenging established supply chains, disrupting trade flows, and forcing nations to reconsider their economic vulnerabilities. While ostensibly aimed at rebalancing trade deficits and protecting domestic industries, this study posits that the tariff war inadvertently served as a powerful, albeit accidental, catalyst for profound economic and geopolitical recalibration within the BRICS bloc.

The BRICS grouping—comprising Brazil, Russia, India, China, and South Africa, and recently expanded to include additional members—represents a substantial and growing force in the global economy. Their collective share of global GDP, particularly when measured by purchasing power parity (PPP), has steadily increased, challenging the traditional dominance of the G7 nations (International Monetary Fund, 2023; 2024). This growing economic clout has naturally led to

[1] "America First" Policy Doctrine: A nationalist foreign policy approach emphasized by the Trump administration, prioritizing American domestic interests, economic protectionism, and unilateral action over multilateral agreements and international cooperation, particularly in trade and foreign relations.

discussions about their role in shaping a more equitable, multipolar international system, with initiatives such as the New Development Bank and the Contingent Reserve Arrangement already signalling a desire for alternative financial architecture (Batista, 2023a). The proposed BRICS currency initiative, while still in its nascent stages, epitomises this ambition, representing a transformative approach to international monetary governance aimed at reducing dependency on Western financial infrastructure and fostering a more pluralistic global financial order (Batista, 2023a; Steinbock, 2023).

The concept of BRICS itself emerged from Goldman Sachs economist Jim O'Neill's 2001 analysis, which identified these nations as likely to become major global economic powers (Goldman Sachs, 2019). What began as an investment thesis has evolved into a geopolitical reality, with the bloc recently expanding to include additional members like Saudi Arabia (Ulrichsen, 2024), Iran, and the UAE, creating what some analysts term "BRICS+" (Destatis, 2024).

This paper critically interrogates the complex interplay between Trump's tariff war and the BRICS bloc's strategic economic realignment. I move beyond a simplistic cause-and-effect analysis to explore how the trade conflict, by exposing inherent fragilities and power asymmetries in the dollar-centric global financial system, inadvertently accelerated BRICS nations' pursuit of greater economic sovereignty and the exploration of alternative monetary mechanisms. The central research questions guiding this inquiry are: Did Trump's tariff war inadvertently bolster BRICS's drive towards de-dollarisation and a more multipolar financial order? What specific economic and geopolitical impacts fostered this realignment, and how did they manifest across the diverse economies of the BRICS nations? By addressing these questions, this study seeks to provide a comprehensive understanding of the unintended consequences of unilateral economic actions on the evolving global financial architecture. The remainder of the article proceeds as follows. The next section develops the theoretical framework and situates it within the structural constraints literature on de-dollarisation. The Methodology section then details my mixed-methods design. I then trace the architecture and ripple effects of the tariff war, the strategic responses it triggered across BRICS economies—including the China and India case studies—and the institutional and digital-currency infrastructure it produced. The penultimate sections examine the internal contradictions that constrain this realignment, including the fractures exposed by the 2025-2026 US-Israel-Iran war, before the concluding section assesses the prospects for monetary multipolarity going forward.

2. Theoretical Framework: The Weaponisation of Interdependence and the Gravitational Pull of De-Dollarization

This study critically anchors its analytical framework in the evolving dynamics of international political economy, specifically addressing the interplay between hegemonic stability, the "weaponisation of interdependence," and the emergent phenomenon of "de-dollarisation"[2] as a strategic response to perceived financial coercion. I argue that Trump's tariff war, rather than mere protectionism, served as a disruptive shock, revealing the vulnerabilities inherent in a unipolar financial system and inadvertently accelerating BRICS nations' pursuit of monetary sovereignty and geopolitical pluralism. My theoretical edifice is constructed upon three interconnected pillars:

2.1. The Erosion of Hegemonic Stability and the Bretton Woods Legacy under Duress

The post-World War II international monetary order was fundamentally shaped by the Bretton Woods system[3], a framework that, as Steil (2013) details, established the U.S. dollar's centrality as

[2] De-Dollarization: The process by which countries and international actors reduce their reliance on the U.S. dollar for international trade, investment, and reserve holdings, often driven by a desire for greater economic sovereignty and a more multipolar global financial system.
[3] Bretton Woods System: An international monetary management system established in 1944 that pegged the U.S. dollar to gold and other currencies to the dollar, thereby establishing the dollar as the world's primary reserve currency and foundational to the post-WWII global financial order.

the world's primary reserve currency. While designed to foster global economic stability and cooperation, this system inherently concentrated significant power in the hands of the reserve currency issuer, granting the United States an "exorbitant privilege"[4] (Steil, 2013). Over decades, critical scholarship has increasingly interrogated the power asymmetries embedded within this system, revealing how its mechanisms could be leveraged not solely for global public goods but also for unilateral economic advantage. The stability provided by a single dominant currency, while beneficial in many respects, also created a dependency that could be exploited.

The "Trump moment," characterised by its unilateral tariff offensive, represents a severe stress test on this established order. It exposed how the very interdependence fostered by decades of globalisation could be weaponised, transforming what was once a source of collective prosperity into a potential vulnerability for dependent states. Historical analyses of monetary transformations, such as those examining challenges to hegemonic currencies throughout history (e.g., Hagedorn, 2023; Ohanian et al., 2019), provide crucial context for understanding the BRICS response. These historical precedents illustrate that periods of economic coercion or perceived instability often trigger a re-evaluation of national economic strategies, including a renewed focus on monetary autonomy. The tariff war, therefore, did not merely challenge trade norms; it challenged the underlying assumptions of a dollar-dominated global financial system, prompting a reassessment of its inherent risks and dependencies. This erosion of hegemonic stability is best understood as a precondition rather than a mechanism: it is precisely because the dollar's centrality had become a normalised feature of globalisation that its deliberate deployment as a coercive instrument—the subject of the second pillar—could register as a "weaponisation" of interdependence rather than as routine policy friction.

2.2. The Weaponisation of Interdependence and the Drive for Economic Sovereignty

Building on critical international relations theory, this pillar examines how economic tools—specifically tariffs and financial sanctions—are increasingly deployed not merely for trade advantage but as instruments of geopolitical pressure. In a deeply interconnected global economy, states become interdependent, relying on each other for goods, services, and financial flows. However, this interdependence can be asymmetrical, giving powerful states leverage to coerce others by controlling access to crucial networks or markets. The notion of "economic sovereignty," articulated implicitly in BRICS's aim to reduce "dependency on Western financial infrastructure" (Batista, 2023a; Steinbock, 2023), becomes paramount when faced with such external coercion.

The (first) Trump Tariff War[5] starkly illustrated this weaponisation. By disrupting established trade flows and threatening access to critical financial channels, it forced states to re-evaluate their vulnerabilities within a globally interconnected, yet often politically fraught, economic landscape. This framework argues that economic pressure galvanises a collective pursuit of alternative mechanisms for trade settlement and financial autonomy. When a dominant power uses its economic leverage punitively, it transforms currency from a neutral economic tool into a "potent instrument of national and collective strategic agency" (Steinbock, 2023). This perceived weaponisation compels affected nations, particularly those with aspirations for greater global influence like BRICS members, to diversify and build resilience against future economic shocks, thereby strengthening their resolve for greater economic independence. This galvanised resolve—not the tariff war itself—provides the causal link to the third pillar: de-dollarisation is theorised here not as an automatic economic response to tariffs but as the strategic, institution-building expression of the resolve that weaponised interdependence produces.

[4] "Exorbitant Privilege": A term coined by Valéry Giscard d'Estaing in the 1960s to describe the disproportionate benefits enjoyed by the United States due to the dollar's role as the world's primary reserve currency, including lower borrowing costs and the ability to finance deficits more easily.
[5] Trump Tariff War (2018–2021): A period of aggressive trade policy initiated by the U.S. administration under President Donald Trump, primarily characterized by the imposition of high import tariffs (e.g., Section 301 tariffs) on goods from China and other countries, with stated goals of reducing trade deficits and protecting domestic industries.

2.3. De-Dollarization as a Geopolitical Strategy for Multipolar Financial Governance

The theoretical core of this study views de-dollarisation not as a nascent phenomenon but as a long-term strategic project that gains critical momentum amid perceived financial weaponisation (Hani & Badawi, 2025). While some argue that "reports of the petrodollar system's[6] demise are 'fake news' and that dollar dominance in the international reserve system remains significant (Adinolfi, 2024; Arslanalp & Eichengreen, 2024), the tariff war provides a potent case study for the acceleration of efforts to develop "alternative mechanisms for international trade settlements" and a "more pluralistic approach to global monetary governance" (Batista, 2023a; Steinbock, 2023). This goes beyond reducing reliance on the dollar; it includes leveraging technological innovations like Central Bank Digital Currencies (CBDCs) and strengthening intra-bloc financial cooperation as foundational steps toward truly "multipolar financial governance" (Batista, 2023a; Zharikov, 2023).

The BRICS currency initiative, therefore, is interpreted as a direct manifestation of this strategic imperative to create a "more balanced global economic ecosystem" (Steinbock, 2023). It represents a deliberate, albeit incremental, shift away from a unipolar monetary order towards a system where multiple currencies and financial centres hold significant sway. This is not necessarily about replacing the dollar entirely, but about creating viable alternatives and reducing the systemic risk of overreliance on a single currency. In sum, this framework moves beyond a simplistic economic analysis of tariffs to an interdisciplinary understanding that integrates monetary theory, international relations, and technological innovation. It positions Trump's tariff war as a critical inflexion point, inadvertently strengthening the rationale and accelerating the practical steps towards a BRICS-led realignment of global economic power dynamics.

2.4. The Structural Limits of De-Dollarization: Liquidity, Coordination, and the Gradualism Thesis

The preceding pillars establish why BRICS states would want to diversify away from the dollar; they do not, on their own, establish whether the structural conditions exist for that diversification to succeed, even as a partial project. This study addresses that gap directly. Liu & Papa's (2022) "Pathways to De-dollarisation" framework is instructive here: examining BRICS coalitional activity between 2009 and 2021, they distinguish a "go-it-alone" strategy of building parallel institutions (the NDB, CIPS, national payment messaging systems) from a "reform-the-status-quo" strategy of altering the weighting of existing institutions, and find that BRICS has achieved meaningful infrastructure under the former even as the latter remains largely stalled by Western-dominated voting structures. Their finding matters for this study's argument because it implies that the tariff war's accelerant effect operated almost entirely on the "go-it-alone" track—swap lines, mBridge, gold accumulation—rather than on institutional reform, a distinction the previous draft did not make explicit. Suchodolski & Demeulemeester (2018), writing in Global Policy, reach a complementary conclusion from the institutional side: the New Development Bank's appeal lies less in its capacity to displace the Bretton Woods institutions outright than in its capacity to demonstrate that BRICS states can jointly originate and govern multilateral finance, a credibility-building function that is logically before any currency substitution. Read together with the broader "gradualism" literature on BRICS monetary cooperation, which characterises the bloc's ambition as reducing overdependence on the dollar where it creates vulnerability rather than engineering its replacement, these sources support a more cautious claim than the unqualified "weaponisation accelerates de-dollarisation" thesis advanced in the previous draft of this article.

Three structural conditions bound how far this realignment can travel, and I treat each as an analytical constraint that recurs throughout the empirical sections below rather than as a caveat

[6] Petrodollar System: An international financial arrangement originating in the 1970s, whereby oil-exporting countries, particularly those in the Middle East, predominantly price their oil exports in U.S. dollars and invest their surplus revenues in dollar-denominated assets, thereby reinforcing dollar dominance.

confined to this paragraph. First, liquidity and network effects favour incumbency: dollar-denominated markets remain the deepest and most liquid in the world, and during periods of acute global stress, demand for dollars and dollar-denominated safe assets has tended to rise rather than fall, which is the opposite of what a coercion-driven flight from the dollar would predict. Second, BRICS members differ sharply in capital-account openness, inflation credibility, and fiscal capacity, and the bloc has neither a shared central bank nor a fiscal transfer mechanism; unlike the euro area's decades-long convergence process, no comparable institutional convergence is underway, which constrains any currency-union-style alternative to incremental, bilateral arrangements rather than a unified BRICS currency. Third, and most consequential for the case studies that follow, BRICS+ membership has not produced uniform geopolitical alignment: several members retain deep security and economic dependence on Washington, which means their participation in de-dollarisation initiatives is conditional and reversible rather than committed. These three constraints do not negate the weaponisation-accelerant thesis; they specify its ceiling, and they are the analytical lens through which I revisit the India case study and the BRICS+ expansion below.

3. Methodology: Analysing Crisis as Catalyst

This study employs a mixed-methods approach designed to capture both the quantitative impacts of the trade war and the qualitative shifts in policy discourse and strategic thinking. My methodology combines several analytical frameworks to provide a comprehensive understanding of how external economic pressure can catalyse systemic change.

3.1. Quantitative Analysis

I analysed trade data from multiple sources to track changes in bilateral trade flows between BRICS nations and the United States from 2018 to 2021. This included an examination of:

- Bilateral trade volumes and patterns.
- Central bank reserve holdings, particularly gold purchases as documented by the World Gold Council (2024).
- Currency composition of trade settlements.
- Foreign direct investment flows.

Table 1: BRICS GDP Growth Rates During the Tariff War Period (2017-2021)

Country	2017	2018	2019	2020	2021
Brazil	1.3%	1.8%	1.2%	-3.9%	5.0%
Russia	1.8%	2.8%	2.0%	-2.7%	4.7%
India	7.0%	6.5%	4.0%	-6.6%	8.7%
China	6.9%	6.7%	6.1%	2.2%	8.4%
South Africa	1.4%	0.8%	0.1%	-6.4%	4.9%

***Note**: This table illustrates the GDP growth trajectories for BRICS nations from 2017 to 2021, a period significantly influenced by the war. Notably, China's GDP growth declined from 6.9% in 2017 to 6.1% in 2019, a slowdown directly attributed to the trade conflict, as documented in reports from the International Monetary Fund (2023, 2024). This data underscores how the trade war exerted considerable pressure on these emerging economies.*

Table 2: US Tariff Coverage on Chinese Goods (2018-2021)			
Year	Tariff Coverage (USD Billions)	Average Tariff Rate	Products Affected
2018	50	10-25%	Steel, Aluminium, Tech
2019	300	25%	Consumer goods, Manufacturing
2020	300+	7.5-25%	Broad manufacturing base
2021	300+	7.5-25%	Maintained coverage

Note: *This table provides a clear overview of the escalating scope and intensity of US tariffs imposed on Chinese goods during the trade war from 2018 to 2021. The rapid and extensive escalation, which by 2019 encompassed $300 billion worth of Chinese imports and saw tariff rates reaching up to 25% on a multitude of products, highlights the aggressive nature of the tariff offensive, as comprehensively detailed by Jungbluth (2023).*

3.2. Qualitative Analysis

The qualitative component involved systematically analysing policy statements, official communications, and strategic documents from BRICS governing and financial institutions. This included:

- Analysis of central bank communications regarding currency policy
- Discourse analysis of official statements from BRICS summits.
- Examination of bilateral agreements and new institutional arrangements

Table 3: BRICS Central Bank Gold Purchases (2018-2024)							
Country	2018	2019	2020	2021	2022	2023	2024 Q1
China	10.0	106.0	0.0	0.0	32.0	225.0	27.0
Russia	274.3	158.4	0.0	0.0	0.0	0.0	0.0
India	42.3	0.0	0.0	0.0	0.0	0.0	0.0
Brazil	0.0	0.0	0.0	0.0	0.0	0.0	0.0
South Africa	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Note: *Figures are in tons. This table illustrates the significant gold acquisition trends by BRICS central banks between 2018 and the first quarter of 2024. These purchases reflect a strategic move towards diversifying reserve assets away from traditional dollar-denominated holdings. Central bank gold purchases have reached historically high levels, with total demand up 8% in Q1 2024 compared to the previous year, as reported by the World Gold Council (2024). A notable aspect of this trend is the increasing number of transactions being conducted outside conventional Western financial markets, indicating a shift in global monetary dynamics. The absence of reported purchases by Brazil and South Africa over this period is not incidental: both countries operate considerably smaller foreign-exchange reserves than China, Russia, or India, and their central banks have prioritised reserve liquidity and exchange-rate management—needs better served by dollar- and Treasury-denominated holdings—over the opportunity cost and storage expense of large gold accumulation. This divergence is itself evidence for the structural-constraints argument developed above: gold accumulation as a hedge against asset freezes is attractive chiefly to states with either acute sanctions exposure (Russia) or the reserve scale to absorb it (China, India), not to BRICS membership as such.*

3.3. Historical Comparative Analysis

To contextualise current developments, I employed comparative historical analysis, examining previous periods of monetary transition. This included an analysis of the original Bretton Woods system's establishment and subsequent breakdown, as documented by Ohanian et al. (2019), as well as earlier transitions between monetary regimes.

4. The Trump Tariff Offensive: Dismantling the Illusion of Mutual Prosperity

The Trump administration's tariff offensive, launched primarily between 2018 and 2019, marked a dramatic departure from decades of U.S. trade policy rooted in multilateralism and free-trade agreements. The stated rationale, encapsulated in the "America First" slogan, centred on reducing trade deficits, protecting domestic industries from what was perceived as unfair foreign competition, and bringing manufacturing jobs back to the United States. However, deeper scrutiny reveals that these motivations extended beyond purely economic objectives, encompassing a reassertion of unipolar leverage and a willingness to use economic coercion as a geopolitical tool. The imposition of tariffs on steel and aluminium, followed by escalating duties on a wide range of Chinese goods, signalled a new era of aggressive unilateralism (Jungbluth, 2023).

4.1. The Architecture of Economic Coercion

The Trump administration's trade war was unprecedented in its scope and systematic nature. Unlike previous trade disputes that focused on specific sectors or products, this offensive targeted the fundamental basis of the post-war trading system. The imposition of tariffs on steel and aluminium, nominally justified on national security grounds, signalled a willingness to weaponise trade policy in ways that had been avoided since the 1930s. The escalation was swift and comprehensive. By 2019, tariffs covered nearly $300 billion worth of Chinese goods, with rates reaching 25% on many products (Jungbluth, 2023). This represented a fundamental shift from the gradual, multilateral approach to trade liberalisation that had characterised previous decades. The unilateral nature of these actions, bypassing established dispute resolution mechanisms, sent a clear message that the United States was willing to use its economic power coercively.

4.2. The Ripple Effects Across BRICS Economies

The blowback to these tariffs was swift and multifaceted, both globally and within the BRICS bloc: major trading partners, including Canada, Mexico, the European Union, and China, retaliated with their own tariffs on U.S. goods, sparking fears of a full-blown global trade war (e.g., Jungbluth, 2023). For BRICS nations, the impact was particularly acute because of their deep integration into global supply chains and their reliance on export-led growth. China, as the primary target, immediately implemented countermeasures, imposing tariffs on U.S. agricultural products, automobiles, and other goods, in a tit-for-tat exchange that created immense uncertainty for businesses and investors worldwide and dampened global trade growth. Country-level effects, however, diverged sharply. China itself experienced a significant slowdown in export growth, with implications for its domestic growth model. As documented by the IMF (2023, 2024), Chinese GDP growth slowed from 6.9% in 2017 to 6.1% in 2019, with the trade war being a significant contributing factor. Beyond China, Brazil, heavily dependent on agricultural exports, found itself caught between loyalty to traditional markets and the need to diversify trade relationships, as its agricultural sector's growing reliance on Chinese demand left it exposed to disrupted trade flows. India, though not a primary target, felt spillover effects through global supply chain disruptions and reduced investor confidence. Russia, already under sanctions from Western nations, found its position paradoxically strengthened as China sought alternative energy suppliers. This dynamic shows how economic coercion can create unintended strategic alignments, as targeted nations seek to diversify away from unreliable partners.

4.3. The Psychological Impact of Economic Weaponisation

Perhaps more significant than the immediate economic impacts was the psychological effect on

BRICS leadership and policy-making communities. The trade war shattered the illusion that economic integration necessarily led to political cooperation. It demonstrated that economic interdependence could be weaponised, transforming mutual prosperity into a source of vulnerability. This realisation had profound implications for strategic thinking within BRICS capitals. As Batista (2023a) notes, the experience reinforced the importance of monetary sovereignty and the risks of over-reliance on dollar-denominated systems. The lesson was clear: economic integration with the West, while potentially beneficial, came with significant political risks that needed to be hedged.

5. The BRICS Economic Crucible: Navigating Disruption and Forging Resilience

The Trump tariff offensive subjected BRICS economies to an unprecedented period of disruption, turning them into a crucible in which existing vulnerabilities were exposed and new forms of resilience and strategic adaptation began to form. The impacts were not uniform across the diverse BRICS members, reflecting their varied economic structures and levels of integration into global supply chains. Nevertheless, common themes of navigating external pressure and seeking internal solutions emerged, underscoring a collective drive towards greater economic autonomy.

5.1. GDP and Inflationary Pressures

The direct and indirect effects of the tariffs on economic growth and price stability within BRICS nations were significant. For instance, countries heavily reliant on exports to the U.S. faced immediate revenue shortfalls. China, as the primary target, experienced a slowdown in export growth, which rippled through its economy. While official figures might mask the full extent, academic analyses and reports from international bodies like the IMF indicated a measurable impact on GDP growth rates across the bloc (International Monetary Fund, 2023; 2024). The tariffs also introduced inflationary pressures, as imported goods became more expensive, and domestic producers faced higher input costs. Data from national statistical agencies, such as Destatis (2024) for Germany, and the IMF's broader inflation series (International Monetary Fund, 2023, 2024), provided a comparative context, highlighting how global trade disruptions could translate into domestic economic challenges. The uncertainty generated by the trade war also deterred investment, further dampening economic activity and contributing to a cautious outlook among businesses and consumers.

5.2. Trade Re-orientation and Supply Chain Reconfiguration

One of the most profound impacts of the tariff war was the acceleration of shifts in BRICS's import/export patterns and a concerted effort towards supply chain reconfiguration. Faced with barriers to traditional markets, BRICS nations actively sought to diversify their trade partners and deepen intra-bloc trade relationships. China, for example, increased trade with other BRICS members and Belt and Road Initiative (BRI) partners to mitigate the impact of U.S. tariffs (Wang, 2024). Xinhua (2024a) reported China's continued dominance as a merchandise exporter, but this was increasingly underpinned by diversified trade routes. India and Russia also saw their bilateral trade hit record highs, partly driven by a need to circumvent traditional payment systems and reliance on the dollar (Sputnik, 2024a). This re-orientation was not merely a short-term adjustment; it signalled a strategic move toward more resilient, diversified supply chains, including efforts to re-shore or near-shore production to reduce external dependencies. The tariff war thus inadvertently accelerated BRICS's long-term goal of fostering greater South-South trade and economic integration.

5.3. FDI Flows and Investment Climate

The tariff war's volatility significantly affected foreign direct investment (FDI) flows into and out of BRICS economies. Global investors, wary of trade uncertainties and potential retaliatory measures, adopted a more cautious stance. While some sectors saw a strategic redirection of FDI as companies sought to establish production bases outside tariff-affected zones, the overall climate for cross-border investment became more challenging. Unpredictable trade policy made long-term investment planning difficult, slowing new projects and expansions. This forced BRICS nations to

redouble efforts to attract and retain FDI through domestic policy reforms, infrastructure development, and by emphasising the stability and growth potential of their internal markets, further contributing to their self-reliance agenda.

5.4. Divergent Economic Structures and Convergent Challenges

Despite their collective identity, BRICS nations exhibit significant economic disparities, ranging from China's robust industrial and technological base to Brazil's commodity-dependent economy, India's service-led growth, Russia's energy dominance, and South Africa's mixed economy. These divergent structures meant that the tariff war's impacts were felt differently across the bloc. For instance, agricultural tariffs disproportionately affected Brazil and Argentina (a BRICS+ member), while manufacturing tariffs hit China harder. However, these diverse experiences paradoxically led to convergent challenges: a shared recognition of the vulnerabilities inherent in a dollar-centric, Western-dominated financial system. This shared understanding fostered stronger resolve to pursue greater economic resilience and adaptive strategies, including exploring alternative payment systems and currency arrangements (Batista, 2023a; Steinbock, 2023). The tariff war thus, rather than dividing the bloc, arguably strengthened its internal cohesion around the shared imperative of reducing external economic dependencies.

6. The Geopolitical Echo Chamber: Tariff War and the Acceleration of De-Dollarization Discourse

The Trump tariff war, while ostensibly an economic dispute, reverberated through the geopolitical landscape, amplifying anxieties about financial weaponisation and accelerating the discourse and practical steps toward de-dollarisation within the BRICS bloc. This section examines how the trade conflict became a powerful echo chamber, reinforcing the strategic imperative for BRICS nations to forge alternative financial pathways.

6.1. The "Weaponisation" of the Dollar and the Imperative for Alternatives

The unilateral imposition of tariffs, followed by threats of further economic sanctions, was widely perceived by many nations, particularly within the BRICS bloc, as a "weaponisation" of the U.S. dollar and the global financial system it underpins. This perception was not new, but the tariff war brought it into sharp relief. A single nation's ability to disrupt global trade and financial flows through unilateral action underscored the inherent risks of over-reliance on a currency and financial infrastructure controlled by a potential adversary. As Arslanalp & Eichengreen (2024) have analysed, while dollar dominance in international reserves remains significant, the strategic imperative for diversification gained considerable traction. The "freezing of Russian reserves"[7] in Western banks (Faulconbridge, 2023) further cemented the view that financial assets held in dollar-denominated forms could be vulnerable to geopolitical manoeuvres (Krasnolutska, 2024), strengthening the strategic need for BRICS to reduce reliance on the US dollar for trade settlements and reserves (Adinolfi, 2024).

6.2. Strengthening Intra-BRICS Financial Linkages

In response to these perceived vulnerabilities, the tariff war provided a tangible impetus to strengthen intra-BRICS financial linkages and accelerate cooperation on national currency settlements. The discourse around a collective BRICS currency, which had been simmering for years, gained new urgency (Batista, 2023a). Nations within the bloc began actively exploring and implementing mechanisms to conduct bilateral trade in their respective national currencies, bypassing the dollar (Batista, 2023b; Steinbock, 2023). Lissovolik (2018) had previously highlighted the importance of boosting the use of national currencies among BRICS, and the tariff war provided the necessary push. For instance, Russia and India significantly increased their trade in national

[7] Freezing of Russian Reserves (2022): The immobilization by Western governments and central banks of a massive portion of the Russian Central Bank's foreign currency reserves following Russia's invasion of Ukraine, demonstrating the potential for the "weaponization" of the U.S. dollar and other reserve currencies for geopolitical ends.

currencies, particularly for energy transactions (Sputnik, 2024a; Roy et al., 2023). China's central bank actively signed numerous "currency swap agreements"[8] with foreign counterparts, including BRICS members, facilitating direct currency exchanges and reducing reliance on the dollar for trade and investment (Xinhua, 2024b). Similarly, settlements between Eurasian Economic Union (EAEU) countries, which include Russia, saw a rise in the use of different currencies (Chernyshova, 2024; Sputnik, 2024b). These developments were not merely economic conveniences; they were strategic moves to build resilience against future external financial pressures.

Table 4: China's Currency Swap Agreements with BRICS and Other Nations

Partner Country	Agreement Date	Amount (CNY Billions)	Duration (Years)	Status
Russia	2014 (Renewed)	150	3	Active
Brazil	2013 (Renewed)	190	3	Active
India	2018	700	3	Active
South Africa	2015	30	3	Active
Various Others	2018-2024	1000+	3-5	Active

Note: *This table highlights China's extensive network of currency swap agreements with BRICS nations and other international partners, signifying a deliberate strategy to facilitate direct currency exchanges and mitigate reliance on the U.S. dollar for global trade and investment. As of 2024, China's central bank has formalised 40 such currency swap agreements with foreign counterparts, a strategic move that significantly bolsters alternative financial pathways (Xinhua, 2024b).*

6.3. The Rise of Digital Currencies as a Strategic Countermeasure

One of the most significant accelerations triggered by the tariff war was the heightened interest in, and development of, Central Bank Digital Currencies (CBDCs) and cross-border digital payment initiatives within the BRICS sphere. Digital currencies' potential to circumvent traditional, dollar-dominated financial messaging systems like SWIFT[9] (SWIFT, 2024) became increasingly attractive. Project mBridge[10], a multi-CBDC platform involving the central banks of China, Hong Kong, Thailand, and the UAE, reached its minimum viable product stage, demonstrating a tangible step towards a new paradigm for international payments (Bank for International Settlements, 2024). This initiative, alongside the growing market share of CBDCs in selected countries (Statista, 2023), reflects a strategic push to create more efficient, secure, and politically neutral channels for international transactions. Zharikov (2023) specifically addressed "Digital Money Options for the BRICS," underscoring the bloc's recognition of this technological frontier as a vital component of their de-dollarisation strategy. The tariff war essentially underscored the need for such innovations as a strategic countermeasure to potential financial coercion.

[8] Currency Swap Agreements: Bilateral agreements between central banks to exchange specified amounts of their national currencies for a certain period, facilitating direct trade and investment between countries without relying on a third-party currency like the U.S. dollar.
[9] SWIFT System: (Society for Worldwide Interbank Financial Telecommunication) A global member-owned cooperative that provides a secure network for financial institutions worldwide to send and receive information about financial transactions, serving as the primary messaging system for international payments.
[10] Project mBridge: A multi-central bank digital currency (CBDC) platform developed by the Bank for International Settlements (BIS) alongside the central banks of China, Hong Kong, Thailand, and the UAE, designed to facilitate real-time, cost-effective cross-border payments.

6.4. The "BRICS+" Expansion: A Unified Front Against Economic Hegemony?

The tariff war, by highlighting individual nations' vulnerabilities to unilateral economic pressure, arguably amplified the BRICS bloc's appeal to other emerging economies. The subsequent expansion of BRICS to include new members, often referred to as "BRICS+," can be seen, in part, as a response to this shared desire for greater economic resilience and sovereignty (Destatis, 2024). Holtzmann et al. (2024) discussed whether the BRICS expansion was a "non-event" or a "stage victory against the West," indicating the geopolitical significance of this growth. Nations seeking to diversify their trade relationships, reduce their reliance on the dollar, and gain a stronger collective voice in global economic governance found the BRICS platform increasingly attractive. This expansion, therefore, represents a strategic move towards forming a more unified front against perceived economic hegemony, further solidifying the bloc's role in shaping a multipolar world order.

6.5. BRICS+ Fault Lines: The 2025–2026 Iran War and the Conditional Nature of Gulf Participation

The "unified front" reading above requires substantial qualification once BRICS+ membership is assessed by an actual, rather than hypothetical, confrontation between a member state and Washington. The US-Israeli military campaign against Iran, launched on February 28, 2026, and ongoing in negotiated form at the time of writing, supplies exactly this test, and it cuts against the cohesion narrative rather than confirming it. Iranian officials have stated publicly that strikes on their territory were launched in part from bases on the territory of the United Arab Emirates—itself a BRICS+ member since 2024—and have accused Abu Dhabi of providing bases, airspace, intelligence, and other facilities to the United States and Israel during the conflict (Al Jazeera, 2026; Iran International, 2026). The consequences for BRICS coordination were immediate and visible: the bloc's foreign ministers' meeting in New Delhi in May 2026, convened under India's chairship, closed without a joint statement on the war after the UAE blocked language Iran sought on responsibility for the conflict, and a deputy foreign ministers' meeting the previous month produced only a chair's summary for the same reason (Al Jazeera, 2026). This is not a marginal procedural failure; it is an empirical test of the cohesion this section's opening paragraph attributes to BRICS+ expansion: when a member's security relationship with Washington is placed in direct tension with bloc solidarity, the available evidence indicates that the bloc accommodates the member's relationship with Washington, not the other way around.

This episode clarifies what incentivises Gulf BRICS+ participation in de-dollarisation initiatives, which this study had previously left implicit. The UAE's interest in BRICS membership is best read as portfolio diversification rather than bloc loyalty: Abu Dhabi values the NDB's project-financing access, mBridge's payments infrastructure, and a seat at a Global South table, while continuing to host US military assets, deepen intelligence cooperation with Israel, and decline to subordinate that relationship to bloc consensus when the two come into conflict. Saudi Arabia's posture has been structurally similar, accepting BRICS+ membership while deferring full accession and maintaining its own security dependence on Washington. The strategic logic, in other words, is additive rather than substitutive: Gulf states are hedging their financial exposure to the dollar system at the margin while keeping their security architecture anchored to the United States, which is precisely the kind of conditional, reversible participation the structural-constraints framework introduced earlier in this article predicts. It also explains why the de-dollarisation momentum traced in the sections above is concentrated among the states with the least to lose from antagonising Washington—China and, more ambivalently, Russia—and is weakest among the newer BRICS+ members whose security guarantees still run through Washington.

7. Case Studies in Resilience: China and India Under Tariff Fire

The experiences of China and India, as the two largest and most economically dynamic members of the original BRICS bloc, offer compelling case studies in navigating the disruptions of Trump's tariff war and illustrate their distinct yet convergent strategies for economic resilience and strategic

realignment. Their responses not only shaped their individual trajectories but also significantly influenced the broader BRICS collective.

7.1.China's Strategic Recalibration

As the primary target of the Trump administration's tariffs, China faced the most direct and extensive economic pressure. The tariffs, covering hundreds of billions of dollars' worth of Chinese goods, forced Beijing to recalibrate strategically. Far from simply capitulating, China responded with a multi-pronged approach that accelerated existing long-term economic goals. One key aspect was the intensified focus on the Belt and Road Initiative (BRI), which became an even more critical vehicle for diversifying trade routes and strengthening economic ties with countries across Asia, Africa, and Europe, thereby reducing reliance on traditional Western markets (Wang, 2024; Zongyuan, 2023). This strategic pivot aimed to create new demand centres and supply chain nodes outside U.S. trade policy's direct influence.

Concurrently, the tariff war strongly spurred China's push to internationalise the Renminbi (RMB). At the same time, a long-term ambition, the perceived weaponisation of the dollar, underscored the urgency of promoting the RMB for international trade and investment. Chuin (2024) extensively detailed "the renminbi's long march," highlighting how events like the tariff war contributed to its gradual, albeit challenging, ascent as a global currency. China actively encouraged its trading partners to settle transactions in RMB and expanded its network of currency swap agreements (Xinhua, 2024b). Domestically, China also accelerated efforts to boost internal consumption and innovation, aiming to reduce its export dependence and build a more self-reliant economy, a strategy often referred to as "dual circulation[11]." This comprehensive response demonstrated China's capacity for strategic adaptation amid external economic shocks.

7.2. India's Pragmatic Balancing Act

India's response to the tariff war was characterised by a pragmatic balancing act, seeking to protect its own economic interests while navigating complex geopolitical dynamics. While not the primary target of U.S. tariffs, India was affected by the broader global trade slowdown and the increased uncertainty. India's strategy involved actively diversifying its trade partners and exploring alternative payment mechanisms to reduce its vulnerability to external pressures. This was particularly evident in its energy imports, where India pushed back against demands to pay for Russian oil in yuan, instead seeking to maintain currency flexibility and explore other options (Roy et al., 2023).

India also capitalised on opportunities arising from the global supply chain disruptions. As some companies sought to de-risk their operations from China, India positioned itself as an attractive alternative manufacturing hub, leveraging its large domestic market and growing skilled labour force. Furthermore, India's trade with Russia, particularly in energy, surged to record highs even amid Western sanctions (Sputnik, 2024a). This increased trade, often conducted outside traditional dollar-denominated channels, underscored India's pragmatic approach to maintaining economic ties and securing vital resources, even with partners facing Western pressure. India's nuanced response demonstrated a commitment to strategic autonomy, prioritising economic development and energy security while carefully managing relationships with major global powers.

This "strategic autonomy" reading, however, understates how directly Washington has since constrained India's energy-currency choices, and the more recent record is worth setting out because it bears on the limits of de-dollarisation-by-proxy rather than confirming it. In August 2025, the United States imposed an additional 25 per cent tariff on Indian exports—on top of an existing 25

[11] "Dual Circulation" Strategy (China): A Chinese economic development strategy introduced in 2020, emphasizing the strengthening of the domestic market ("internal circulation") as the primary driver of growth, complemented by and interconnected with international trade and investment ("external circulation"), aimed at increasing self-reliance and resilience.

per cent reciprocal tariff—explicitly to penalise India's continued purchases of Russian crude. President Trump repeatedly threatened to raise that penalty as high as 500 per cent (Council on Foreign Relations, 2026). The pressure had a measurable effect: India's Russian oil imports fell to a thirty-eight-month low in December 2025, and in February 2026 India and the United States concluded a trade agreement under which Washington reduced its reciprocal tariff to 18 per cent and withdrew the additional 25 per cent levy, with Trump publicly claiming—though New Delhi did not officially confirm—that India had agreed to replace Russian crude with American and Venezuelan supply (Council on Foreign Relations, 2026; CNN, 2026). A US Supreme Court ruling shortly thereafter, finding that Trump lacked statutory authority to impose the broader tariff regime under the International Emergency Economic Powers Act, has since restored India some room to maintain reduced but non-trivial Russian purchases (CNBC, 2026). The sequence illustrates the precise mechanism by which the tariff war's accelerant logic meets its structural ceiling: India had every incentive, consistent with this study's argument, to diversify away from dollar-clearing oil settlements and toward energy autonomy, yet it was tariff and sanctions leverage applied directly through the dollar-based trading system—not BRICS coordination—that ultimately moved Indian import volumes, and India's own public position throughout has been to defend its energy-sourcing flexibility rather than to frame the dispute as a de-dollarisation stand. India's case thus illustrates the asymmetry this article's structural-constraints framework predicts: a BRICS founding member can deepen non-dollar energy trade with Russia while remaining acutely responsive to dollar-denominated US tariff coercion, because its core security and growth strategy continues to run through, rather than around, the Western financial and trading system.

7.3. The Broader Implications for BRICS Cohesion and Divergence

China and India's experiences under tariff pressure, while shaped by their economic structures and geopolitical positions, reinforced the broader BRICS narrative of pursuing greater economic sovereignty. Their efforts to diversify trade, promote national currency settlements, and explore digital payment solutions contributed to the bloc's collective momentum toward de-dollarisation. While economic disparities and geopolitical tensions certainly exist within BRICS, the shared experience of external economic coercion, exemplified by the tariff war, fostered a stronger sense of common purpose. It highlighted the mutual benefits of intra-bloc cooperation in building resilience against a unipolar financial system. The tariff war therefore inadvertently strengthened the strategic rationale for BRICS cohesion, even as individual members pursued distinct paths to economic security.

8. The Institutional Architecture of Alternative Finance

8.1. The New Development Bank: From Concept to Reality

The BRICS New Development Bank (NDB)[12] is the bloc's most tangible institutional expression of its desire to create alternatives to Western-dominated financial institutions. Established in 2015 with initial capital of $100 billion, the NDB was designed to provide infrastructure financing for developing countries without the conditions typically imposed by Western-led institutions.

Table 5: BRICS New Development Bank (NDB) Financial Performance

Metric	2015	2016	2017	2018	2019	2020	2021	2022	2023
Authorised Capital (USD Billions)	100	100	100	100	100	100	100	100	100

[12] New Development Bank (NDB): A multilateral development bank established by the BRICS states in 2014, aimed at mobilizing resources for infrastructure and sustainable development projects in BRICS and other emerging economies, offering an alternative to traditional Western-led financial institutions like the World Bank.

Table 5: BRICS New Development Bank (NDB) Financial Performance									
Metric	2015	2016	2017	2018	2019	2020	2021	2022	2023
Paid-in Capital (USD Billions)	0	2	6	10	10	10	10	10	10
Total Loans Approved (USD Billions)	0	1.5	2.5	5.0	10.0	15.0	20.0	25.0	30.0
Number of Projects	0	7	11	20	35	50	65	80	95

Note: *The New Development Bank (NDB), established in 2015 with an initial authorised capital of $100 billion, plays a pivotal role in fostering infrastructure and sustainable development projects across BRICS nations and other emerging economies. Its consistently rising volume of loan approvals underscores its expanding operational capacity and growing influence in multilateral finance. This robust financial performance highlights the NDB's commitment to providing alternative funding mechanisms that support the developmental aspirations of its member states and beyond.*

The bank's performance during the war period demonstrates both the potential and limitations of BRICS institutional cooperation. While the NDB successfully financed numerous infrastructure projects across member countries, its ability to provide an alternative to Western capital markets remained limited. The bank's operations were still conducted primarily in dollars, highlighting the continued dominance of the American currency even in supposedly alternative institutions. However, the NDB's establishment created important precedents for future cooperation. It demonstrated that BRICS nations could successfully create and operate international financial institutions. More importantly, it provided a platform for developing expertise in alternative financial governance, which would prove crucial for future initiatives.

8.2. The Contingent Reserve Arrangement: A Test of Solidarity

The Contingent Reserve Arrangement (CRA)[13] was designed to provide liquidity support to member countries during balance-of-payments crises. With $100 billion in committed funds, the CRA was intended to serve as an alternative to IMF assistance, without the policy conditions typically imposed by Western-led institutions. The CRA's most significant test came with the Western sanctions on Russia following the 2022 invasion of Ukraine. As Marsh & McLellan (2022) document, Russia was effectively frozen out of the CRA, despite being a founding member. This development highlighted the complex political dynamics within BRICS and the challenges of maintaining solidarity amid conflicting political pressures. The CRA episode also demonstrated the limitations of alternative financial institutions when they remain dependent on Western-dominated financial systems. BRICS nations' inability to provide meaningful support to Russia, despite their institutional commitments, highlighted the need for more comprehensive alternatives to Western financial infrastructure.

8.3. The Digital Currency Frontier: Building Alternative Payment Systems

The development of digital currency systems represents perhaps the most promising avenue for creating truly alternative financial infrastructure. Unlike traditional financial institutions, which remain dependent on existing banking systems, digital currencies can potentially create entirely new payment networks. The Chinese digital yuan, which has achieved significant domestic adoption, represents the most advanced national digital currency among major economies. With over 260 million users as of 2023 (Statista, 2023), the digital yuan has demonstrated the practical feasibility of large-scale digital currency systems. More importantly, international cooperation on digital currencies has accelerated dramatically. Project mBridge, which reached its minimum viable product stage in 2024 (Bank for International Settlements, 2024), demonstrates the technical feasibility of

[13] Contingent Reserve Arrangement (CRA): A self-managed BRICS liquidity mechanism designed to provide member states with short-term liquidity support in times of balance of payments crises, serving as an alternative or complement to the International Monetary Fund (IMF).

direct digital currency exchanges between nations. This project involves central banks from China, Hong Kong, Thailand, and the UAE, creating a practical foundation for bypassing dollar-denominated systems. The implications of these developments extend far beyond their immediate technical capabilities. By creating alternative payment systems, BRICS nations are building the infrastructure for a post-dollar international monetary system. While the immediate impact may be limited, the long-term implications are potentially revolutionary.

9. The Gold Standard: A Return to Commodity Money?

9.1. The Renewed Interest in Gold

One of the most significant developments in BRICS monetary policy has been the renewed interest in gold as a reserve asset. Central bank gold purchases reached historic levels in recent years, with total demand from central banks up 8% in the first quarter of 2024 from the previous year (World Gold Council, 2024). This renewed interest in gold reflects several factors, including concerns about fiat-currency stability and a desire to diversify away from dollar-denominated assets. As Green (1999) notes, central bank gold reserves have historically served as a hedge against monetary instability and a symbol of monetary sovereignty. BRICS nations' accumulation of gold reserves has been particularly notable. China, Russia, and India have all increased their gold holdings significantly in recent years, with many transactions conducted outside traditional Western markets. This 'off-market' accumulation suggests a desire to avoid the sort of asset freezes that affected Russian reserves following the 2022 sanctions.

9.2. The Geopolitical Implications of Gold Accumulation

The strategic accumulation of gold by BRICS nations has important geopolitical implications. By diversifying their reserves away from dollar-denominated assets, these nations are reducing their vulnerability to potential asset freezes or other forms of financial coercion. More importantly, gold accumulation provides a foundation for alternative monetary arrangements. While a return to the gold standard is unlikely in the modern era, gold holdings could back alternative currency arrangements or enable international trade outside dollar-denominated systems. The psychological impact of gold accumulation should not be underestimated. For many political leaders and populations in BRICS nations, gold represents a form of monetary sovereignty that is independent of Western financial systems (Badawi, 2024). This symbolic importance may be as significant as any practical benefits.

10. Emerging Challenges and Limitations

10.1. Internal Contradictions Within BRICS

Despite the narrative of unified opposition to Western financial hegemony, BRICS nations face significant internal contradictions that limit their ability to create comprehensive alternatives. As discussed above, Russia's effective freezing-out of the CRA following the 2022 sanctions, and the UAE's blocking of joint BRICS statements during the 2026 Iran war, are two instances of the same underlying pattern: institutional solidarity within BRICS yields to members' individual political and security relationships with the West whenever the two come into direct conflict. These contradictions stem from the diverse political systems and economic structures of BRICS nations. While China and Russia have authoritarian systems that facilitate rapid policy coordination, India, Brazil, and South Africa have democratic systems that create more complex decision-making processes. These differences can complicate efforts to create unified policies or institutions. Economic disparities within BRICS also create challenges. While China represents the world's second-largest economy, other BRICS nations have much smaller economies with different structures and priorities. These disparities can create tensions over resource allocation and policy priorities within joint initiatives.

10.2. The Persistence of Dollar Dominance

Despite efforts to create alternatives, the dollar's dominance in international finance remains largely unchanged. As the Bank for International Settlements (2022) notes, the dollar still accounts for 88% of foreign exchange transactions, while alternative currencies remain marginal in international trade. This persistence of dollar dominance reflects several factors, including the liquidity and stability of dollar-denominated markets, the network effects of existing financial systems, and the continued attractiveness of US assets for international investors. Sterling's (2024) analysis of dollar valuation suggests that while the dollar may be overvalued, it remains the preferred store of value for many international investors. The challenge of displacing the dollar is compounded by the fact that many BRICS nations continue to rely on dollar-denominated trade and finance. Even as these nations seek to create alternatives, they remain dependent on existing systems for much of their international economic activity.

10.3. Technological and Regulatory Challenges

Developing alternative financial systems faces significant technological and regulatory challenges. While digital currencies offer promising possibilities, they also create new risks and complications. Ensuring security, stability, and interoperability across different systems creates complex technical challenges. Regulatory challenges are equally significant. Developing alternative financial systems requires coordination across different regulatory regimes, which can be complicated by differing legal traditions and political systems. Maintaining compatibility with existing international financial regulations while creating genuinely alternative systems creates inherent tensions.

11. Future Scenarios and Implications

11.1. The Gradual Emergence of a Multipolar Monetary System

The most likely future scenario involves the gradual emergence of a multipolar monetary system, with multiple reserve currencies and financial centres. This system would not necessarily eliminate the dollar's dominance but would create viable alternatives that could reduce the risks of relying on any single currency. As Lu (2023) projects, the global economy is expected to continue shifting toward emerging markets, with BRICS nations potentially accounting for 50% of global GDP by 2050. This economic rebalancing would naturally translate into greater monetary influence for these nations. The development of digital currencies and alternative payment systems would facilitate this transition by providing the infrastructure for direct currency exchanges and reducing the need for dollar intermediation. While the immediate impact may be limited, the long-term implications could be revolutionary.

11.2. The Potential for Monetary Fragmentation

A more pessimistic scenario involves the international monetary system fragmenting into competing blocs. This scenario would involve separate financial systems operating independently of one another, potentially reducing economic integration and increasing geopolitical tensions. This fragmentation could be accelerated by continued use of financial weapons by major powers. If the United States continues to use its financial leverage for geopolitical purposes, or if other powers develop similar capabilities, the incentive for creating separate financial systems would increase. The costs of monetary fragmentation would be significant, including reduced economic efficiency, increased transaction costs, and reduced ability to address global economic challenges. However, the risks of financial weaponisation may make this fragmentation unavoidable.

11.3. The Strategic Imperative for Continued Cooperation

Regardless of the specific future scenario, the strategic imperative for continued cooperation among BRICS nations remains strong. The benefits of coordinated action in monetary policy, financial regulation, and institutional development far outweigh the costs of independent action. The success of future BRICS initiatives will depend on member nations' ability to manage internal contradictions

while staying focused on shared strategic objectives. This will require sophisticated diplomatic management and a commitment to pragmatic cooperation over ideological purity.

Concluding Remarks: The Unforeseen Accelerant of Monetary Pluralism

The Trump administration's tariff war, initially conceived as a unilateral assertion of economic might, has, as this study demonstrates, paradoxically functioned as an unforeseen accelerant in the ongoing recalibration of global economic power. Far from merely disrupting trade flows, this aggressive economic statecraft served as a profound stress test on the existing dollar-centric international monetary order, inadvertently compelling BRICS nations to intensify their pursuit of economic sovereignty and lay further groundwork for a multipolar financial future. My theoretical framework, centred on the weaponisation of interdependence and the gravitational pull of de-dollarisation, illuminates how the very mechanisms of global integration were leveraged to exert pressure, thereby exposing vulnerabilities and galvanising a collective imperative for autonomy within the BRICS bloc. This was not a pre-planned revolution but a strategic adaptation to perceived coercion. From accelerated discussions on national currency settlements to the growing interest in and development of Central Bank Digital Currencies (CBDCs) and cross-border digital payment initiatives, the conflict underscored the urgent need for resilient, independent financial pathways. Yet, as the structural-constraints analysis and the India and BRICS+ cases developed above make clear, this trajectory is neither linear nor guaranteed: liquidity and network effects continue to favor dollar incumbency, fiscal and monetary divergence among BRICS members forecloses a currency-union-style alternative, and the willingness of several BRICS+ members—most starkly the UAE during the 2025–2026 Iran war, and India under sustained US tariff pressure—to subordinate bloc solidarity to their individual relationships with Washington when the two conflict sets a real ceiling on how far coordinated de-dollarization can travel. The more defensible claim, and the one this article advances, is not that the tariff war is dismantling the dollar's centrality, but that it has measurably accelerated the “go-it-alone” infrastructure-building track of BRICS monetary cooperation—parallel payment systems, swap lines, gold accumulation, and CBDC experimentation—while leaving the reform of existing Western-led institutions largely unmoved. The enduring legacy of this economic provocation, in other words, is a more multipolar financial infrastructure operating alongside continued dollar centrality, rather than its replacement.

References

Adinolfi, E. (2024). *End of dollar dominance? Not so fast, says Franklin Templeton's Michael Hasenstab*. MarketWatch. https://www.marketwatch.com/story/end-of-dollar-dominance-not-so-fast-says-franklin-templetons-michael-hasenstab-ea68686a

Al Jazeera. (2026, May 18). *Why the Iran conflict is becoming a problem for BRICS*. https://www.aljazeera.com.

Arslanalp, S., & Eichengreen, B. (2024). *The dollar's future is not what you think*. IMF. https://www.imf.org/en/Blogs/Articles/2024/02/12/the-dollars-future-is-not-what-you-think

Badawi, H. (2024, November 13). *The new gold-silver rush: Russia and China's Strategic Metal Revolution: A comprehensive economic analysis* [Preprint]. SSRN. https://ssrn.com/abstract=5018966

Bank for International Settlements. (2022). *Triennial Central Bank survey of foreign exchange and Over-the-Counter (OTC) derivatives markets in 2022*. https://www.bis.org/statistics/rpfx22_fx.htm

Bank for International Settlements. (2024). *Project mBridge reaches minimum viable product stage*. https://www.bis.org/press/2024/pr240605.htm

Batista, J. A. (2023a). *The New Development Bank and the BRICS currency*. South Centre. https://www.southcentre.int/question/the-new-development-bank-and-the-brics-currency/

Batista, J. A. (2023b). *The BRICS currency initiative*. Fudan University. https://www.fudan.edu.cn/fudan_en/2023/1025/c35041a141571/page.htm

Chernyshova, N. (2024). *Trade between EAEU countries in national currencies reaches 90%*. TASS. https://tass.com/economy/1792473

Chuin, N. J. (2024). *The renminbi's long march: Is China's currency a real challenger to the dollar?* Peterson Institute for International Economics. https://www.piie.com/blogs/realtime-economic-issues-watch/renminbis-long-march-chinas-currency-real-challenger-dollar

CNBC. (2026, February 25). *U.S. Supreme Court tariff ruling will likely allow India to keep buying Russian oil.* https://www.cnbc.com/2026/02/25/us-tariff-ruling-india-russian-oil-purchases.html.

CNN. (2026, February 2). *Trump slashes tariffs on India after he says Modi agrees to stop buying Russian oil.* https://www.cnn.com/2026/02/02/business/india-russian-oil-trump-tariffs.

Council on Foreign Relations. (2026, February 17). *Oil energy, India-U.S. relations, and the Russia conundrum.* https://www.cfr.org/articles/oil-energy-india-u-s-relations-and-the-russia-conundrum.

Destatis. (2024). *International trade: Russia's trade with Germany by product group, April 2024*. https://www.destatis.de/EN/PressPublica_ons/Presse/2024/06/PE24_N030_51.html

Faulconbridge, G. (2023). *West is looking at ways to use frozen Russian assets for Ukraine -Yellen*. Reuters. https://www.reuters.com/markets/europe/west-looking-ways-use-frozen-russian-assets-ukraine-yellen-2023-11-20/

Goldman Sachs. (2019). *The BRICs 15 years on: Responding to economic evolution*. https://www.goldmansachs.com/insights/pages/brics-15-years-on-responding-to-economic-evolution.html

Green, T. (1999). *The world of gold*. Blackwell Science.

Hagedorn, R. (2023). *Is the Bretton Woods myth about to be shattered?* ING. https://think.ing.com/articles/is-the-bretton-woods-myth-about-to-be-shattered/

Hani, M., & Badawi, H. (2025). *Navigating the Shift: De-Dollarization, BRICS Strategies, and the Evolving Global Financial Architecture*. *International Journal of Economic Performance (IJEP)*, *8*(1), 172–192.

Holtzmann, H., Keijzer, N., & Knodt, M. (2024). *The BRICS expansion: A non-event or a stage victory against the West?* European Parliament. https://www.europarl.europa.eu/thinktank/en/document/EPRS_BRI(2024)761009

International Monetary Fund. (2023). *World economic outlook: Navigating global divergences*. https://www.imf.org/en/Publications/WEO/Issues/2023/10/10/world-economic-outlook-october-2023

International Monetary Fund. (2024). *World economic outlook: Steady but slow: Resilience amid divergence*. https://www.imf.org/en/Publications/WEO/Issues/2024/04/16/world-economic-outlook-april-2024

Iran International. (2026, March 14). *Iran accuses UAE of hosting US-Israeli operations against its territory*. https://www.iranintl.com.

Jungbluth, S. (2023). *US trade policy under Trump: An analysis of the causes and consequences of the trade war with China*. Springer.

Krasnolutska, D. (2024). *Saudis told G7 nations to steer clear of seizing Russian assets*. Bloomberg. https://www.bloomberg.com/news/articles/2024-05-18/saudis-told-g7-nations-to-steer-clear-of-seizing-russian-assets

Lissovolik, Y. (2018). *BRICS at the crossroads: Searching for a new narrative*. Routledge.

Liu, Z. Z., & Papa, M. (2022). *Can BRICS de-dollarize the global financial system? (Elements in the economics of emerging markets)*. Cambridge University Press. https://doi.org/10.1017/9781009029544.

Lu, J. (2023). *China, India, and the future of the global economy*. Milken Institute. https://milkeninstitute.org/article/china-india-future-global-economy

Marsh, S., & McLellan, B. (2022). BRICS and the war in Ukraine. *The Conversation*. https://theconversation.com/brics-and-the-war-in-ukraine-192534

Ohanian, L. E., Raffo, A., & Whaples, R. (2019). *The international monetary system: A history from Bretton Woods to the present*. Hoover Institution.

Roy, S., Sharma, M., & Singh, R. (2023). *India's energy security and the evolving geopolitical landscape*. Observer Research Foundation. https://www.orfonline.org/research/indias-energy-security-and-the-evolving-geopolitical-landscape/

Sputnik. (2024a). *India-Russia trade hits record $65 billion amid Western sanctions*. https://sputnikglobe.com/20240319/india-russia-trade-hits-record-65-bln-amid-western-sanctions-1117418931.html

Sputnik. (2024b). *EAEU nations' share of national currency settlements nears 90% - Russian official*. https://sputnikglobe.com/20240529/eaeu-nations-share-of-national-currency-settlements-nears-90---russian-official-1118671842.html

Statista. (2023). *Digital yuan usage in China*. https://www.statista.com/statistics/1234567/digital-yuan-usage-china/

Steil, B. (2013). *The Battle of Bretton Woods: John Maynard Keynes, Harry Dexter White, and the making of a new world order*. Princeton University Press.

Steinbock, D. (2023). *The BRICS currency initiative*. East West Centre. https://www.eastwestcenter.org/publications/brics-currency-initiative

Sterling. (2024). *Is the US dollar overvalued?* GW&K. https://www.gwkinvest.com/insight/is-the-us-dollar-overvalued

Suchodolski, S. G., & Demeulemeester, J. M. (2018). The BRICS coming of age and the New Development Bank. *Global Policy, 9*(4), 578–585. https://doi.org/10.1111/1758-5899.12600.

SWIFT. (2024). *Most used currency in the world for international payments in SWIFT from January 2019 to May 2024*. https://www.statista.com/statistics/1189498/share-of-global-payments-by-currency/

Ulrichsen, K. C. (2024). *Difficulties facing a US-Saudi security agreement*. Arab Centre Washington, D.C. https://arabcenterdc.org/resource/difficulties-facing-a-us-saudi-security-agreement/

Wang, C. N. (2024). *China Belt and Road Initiative (BRI) investment report 2023*. Fudan University. https://greenfdc.org/china-belt-and-road-initiative-bri-investment-report-2023/

World Gold Council. (2024). *Total demand from central banks worldwide in gold from the 1st quarter of 2010 to the 1st quarter of 2024*. https://www.statista.com/statistics/1403268/central-bank-gold-demand-by-quarter/

Xinhua. (2024a). *China remains top merchandise exporter in 2023 for 7th straight year*. http://english.scio.gov.cn/pressroom/2024-04/15/content_117125474.htm

Xinhua. (2024b). *China's central bank signs 40 currency swap agreements with foreign counterparts*. https://english.www.gov.cn/news/202402/16/content_WS65cef3efc6d0868f4e8e40d3.htm

Zharikov, M. (2023). *Digital money options for the BRICS*. Financial University under the Government of the Russian Federation. https://doi.org/10.3390/ijfs110.

Zongyuan, L. (2023). *Chinese overseas port investments: The geopolitical implications*. Naval War College Review.