

BRICS Alliance: A SWOT Analysis and the Potential Implications for Ending the Dominance of the USD

Ahmed Alrefai,

Fahad Bin Sultan University (Tabuk, Kingdom of Saudi Arabia)

<https://doi.org/10.21684/2412-2343-2024-11-3-135-148>

Abstract. The group known as BRICS, comprising Brazil, Russia, India, China, and South Africa, came into being when its members decided to join hands to challenge the economic and political power of the wealthier nations of North America and Western Europe and expanded as BRICS+ when Egypt, Ethiopia, Iran, Saudi Arabia, and the United Arab Emirates entered the alliance with the same goals. Among the main reasons that led to the formation of the bloc was to put an end to the global dominance of the United States dollar (USD). Today, the BRICS+ bloc is motivated more than ever to find a solution to the ever-growing sanctions imposed by the United States (U.S.) on its member states as well as to cope with the fluctuating market situations that are merely based on the USD. The effectiveness of the newly expanded bloc's alliance is the need of the hour, and for this purpose, the current study conducted a SWOT analysis to evaluate the bloc's strengths, weaknesses, opportunities, and threats. The study took the facts and figures associated with the BRICS member states and their dealings with the U.S. and tried to analyze the effectiveness of this bloc should its members decide to conduct business with each other in a common currency. Furthermore, the study also evaluated the reasons behind the concept of de-dollarization and the benefits it offers the member states of the BRICS bloc. Additionally, the study proposes essential recommendations, such as the formulation of necessary measures to deal with potential disagreements that may arise regarding the choice of a common currency that should be used for trade among the member countries. Such an application of the study is an entirely novel application in the current area of research with the potential to open new horizons for future research considering the new targets of the BRICS+ group.

Keywords: BRICS; U.S.; dollar; bloc; SWOT; USD; dominance; de-dollarization; currency.

Recommended citation: Ahmed Alrefai, *BRICS Alliance: A SWOT Analysis and the Potential Implications for Ending the Dominance of the USD*, 11(3) BRICS Law Journal 135–148 (2024).

Table of Contents

- 1. BRICS vs. USD: A Battle of Dominance?**
- 2. International Trade and the United States Dollar (USD)**
- 3. BRICS Currency: Is This the End of Dollar Dominance?**
- 4. De-Dollarization: Why Is it Happening?**
- 5. Methodology**
- 6. SWOT Analysis of the BRICS Alliance**
 - 6.1. Strengths**
 - 6.2. Weaknesses**
 - 6.3. Opportunities**
 - 6.4. Threats**
 - 6.5. New Members of the BRICS**
- 7. Recommendations**
- Conclusion**

1. BRICS vs. USD: A Battle of Dominance?

The supremacy and global leadership of the United States dollar (USD) have come under increased scrutiny since the global financial crisis of 2007–2008. Since the crisis originated in the U.S., concerns were expressed regarding the legitimacy of U.S. leadership and the justification for preserving the dollar's hegemonic position in the global financial system.¹ It was in 2001 when the idea of BRIC came out in the report published by Goldman Sachs (a U.S.-based multinational investment bank). The famous economist James O'Neill presented this idea, and he claimed that Brazil Russia India, and China (BRIC) will dominate the world's economy by 2050. The alliance formation was initiated by Russia in 2009 and later in 2010 South Africa also joined this bloc.² Furthermore, Brazil in 2014, Russia in 2015, India in 2016, China in 2017, South Africa in 2018, and Brazil in 2019 are the order that is observed for the countries that joined over time. BRICS nations now have access to more than 20 alternative communication formats, such as energy efficiency, climate change, and international financial institutions to mention a few.³

The establishment of Interbank Cooperation is also included in the list of priorities of BRICS. Furthermore, The New Development Bank or BRICS Development Bank was formed in 2015 by BRICS member countries. The foundation on which this institution was built was to provide funding for developing nations so that they can build their infrastructure through sustainable projects. The purpose of the group is to aid its five

¹ Zongyuan Z. Liu & Mihaela Papa, *Can BRICS De-Dollarize the Global Financial System?* (2022) (May 2, 2024), also available at <https://www.cambridge.org/core/product/identifier/9781009029544/type/element>.

² *What Is BRICS, Which Countries Want to Join and Why?*, Reuters, 21 August 2023 (May 2, 2024), available at <https://www.reuters.com/world/what-is-brics-who-are-its-members-2023-08-21/>.

³ Dmitry I. Kondratov, *Internationalization of the Currencies of BRICS Countries*, 91 *Her. Russ. Acad. Sci.* 37 (2021).

members in developing renewable energy sectors and also extend its work to the developed nations that are not part of this group.⁴ Similarly, the BRICS parliamentary forum is also another development by this bloc and the responsibility of this forum is to enhance the cooperation and consultations among the parliamentarians of the member nations. As a result, countries like Argentina, Egypt, Iran, the United Arab Emirates (UAE), Saudi Arabia, and Ethiopia were invited by BRICS to join the group. Four of them became full members of this bloc in 2024.

2. International Trade and the United States Dollar (USD)

The United States, as the world’s largest economy, holds a dominant position in international trade with its currency, the USD. In 2022, the United States will have a gross domestic product (GDP) of more than \$25,467 billion, which roughly makes up about 24% of the total global economy.⁵ Due to this dominance almost, every country must have Foreign Exchange Reserves (FER) in USD so that they can import things from other countries. Similarly, it can also be observed in Figure 1, where it depicts that more than 50% of FER is in USD.

Apart from being the largest economy, the robust U.S. economy and the high liquidity of its currency make the USD the king of international trade. However, giving so much financial power to one country is sometimes tricky. The United States has the ability to punish the countries financially by putting up trade sanctions and thus manipulating the entire system in its favor. These things drove the other nations to think about other alternatives to reduce the dollar’s dominance and that’s exactly where the BRICS nations are trying to find another way to cater to this issue.

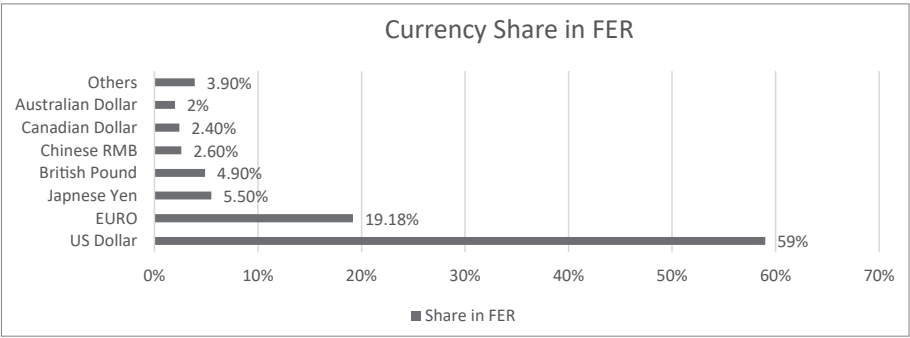


Figure 1: Currencies Share in FER, Source:⁶

⁴ Thiago F. Almeida & Roberto L. Silva, *The Development Bank of BRICS*, 5(4) BRICS L.J. 5 (2018).

⁵ The 50 largest economies in the world, Worlddata.info (May 2, 2024), available at <https://www.world-data.info/largest-economies.php>.

⁶ IMF Data, International Monetary Fund (2023) (May 2, 2024), available at <https://data.imf.org/?sk=e6a5f467-c14b-4aa8-9f6d-5a09ec4e62a4>.

3. BRICS Currency: Is This the End of Dollar Dominance?

More than half of Russia's foreign exchange reserve was frozen by Western countries after it invaded Ukraine in 2022, followed by its removal from the SWIFT global system, which facilitates the majority of international payments and allows you to send and receive electronic payments internationally. Soon after that, the United States also imposed huge restrictions on its semiconductor and chip fabrication technology exports to China.⁷ These events served as major driving forces for the BRICS member nations to seriously start thinking about an alternative currency as a means to reduce the dominance of USD in a global economy. On 23 August 2023, at the BRICS summit held in Johannesburg, this very idea was presented by Brazil's president as a means to reduce the vulnerabilities and increase the option for payments. Russian President Vladimir Putin is strongly in favor of de-dollarization and has hailed it as an idea that is gaining momentum. Other BRICS member nations are also interested in using their national currencies for trade between them, hoping to reduce their dependency on the USD.⁸ Nevertheless, it can be safely said that creating a whole new currency would be a daunting task and could present the following challenges:

- Need for a common central bank;
- Development of convergence among member countries;
- China will eventually have a bigger say in the alliance than other countries (being the second biggest economy). This is depicted in Figure 2, which explains the hold China has among the world's biggest economies with respect to them being consumers in terms of their purchases of pewter, lead, zinc, basic steel, aluminum, and copper, with shares as high as 45%, 42%, 35%, 42%, and 38%, respectively;
- Establishment of economic infrastructure (Fiscal Union, Banking Union, etc.).

It can further be stated that during this time, China also started to trade strategically with the BRICS, buying \$133 billion worth of raw materials from Brazil and \$103 billion from India. The majority of Brazil's exports to China were made up of iron and soybeans, 55% of Russia's were made up of oil and oil derivatives, and 55% of India's exports were made up of iron, cotton, and copper.⁹ According to recent numbers, the trade between China and the BRICS countries has exceeded \$330.62 billion in the year 2023, which makes an approximate year-on-year increase of 19.1%.¹⁰

⁷ Sumayya Ismail, *Can BRICS Dethrone the US Dollar? It'll Be an Uphill Climb, Experts Say*, Al Jazeera, 24 August 2023 (May 2, 2024), available at <https://www.aljazeera.com/features/2023/8/24/can-brics-dethrone-the-us-dollar-itll-be-an-uphill-climb-experts-say>.

⁸ Rachel Savage, *What Is a BRICS Currency and Is the U.S. Dollar in Trouble?*, Reuters, 24 August 2023 (May 2, 2024), available at <https://www.reuters.com/markets/currencies/what-is-brics-currency-could-one-be-adopted-2023-08-23/>.

⁹ *Id.*

¹⁰ *China, Other BRICS Countries Report Rapid Trade Expansion in Jan.–July*, The State Council of the People's Republic of China, 21 August 2023 (May 2, 2024), available at https://english.www.gov.cn/archive/statistics/202308/21/content_WS64e30ccdc6d0868f4e8deb75.html.

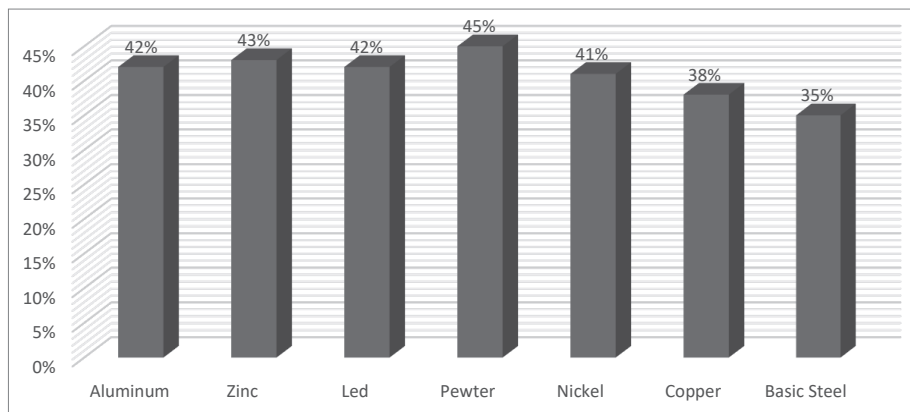


Figure 2: The Role of China and the BRICS Project, Source:¹¹

4. De-Dollarization: Why Is it Happening?

Furthermore, another topic to examine is the idea of de-dollarization. Given the imminent economic and political hurdles, the process of de-dollarization will be neither simple nor quick. For instance, more than 80% of global commerce and 58% of the world's foreign exchange reserves are denominated in U.S. dollars. However, despite the dollar's hegemony, some analysts believe it is conceivable to picture the new BRICS currency being utilized for trade.¹² In this scenario, the majority of developing countries, including Russia, China, and India, have begun reshaping their economies in an effort to move away from using the dollar for their international trades. This phenomenon of moving away from the use of the dollar in international trade is referred to as de-dollarization.¹³ The reasons can be justified by the fact that the United States, as the top economy in the world and the issuer of "greenbacks" (a slang term for the USD bank note) that accounts for 60% of the foreign trade,¹⁴ has a tight hold on the international trade. Other countries must follow the monetary policy that is made by the U.S. to fulfill their needs by carrying out international trade. To loosen this tight grip on them, other developed countries are also now seeking to become financially independent and moving towards de-dollarization.

¹¹ Arturo O. García, *The Role of China and the BRICS Project*, 7(1) Mex. L. Rev. 109 (2014).

¹² Yusra Asif, *BRICS Summit, Economic Shift: Exploring a New Currency and Possible De-Dollarization*, Al Arabiya, 8 August 2023 (May 2, 2024), available at <https://english.alarabiya.net/News/world/2023/08/08/Can-a-BRICS-currency-put-the-brakes-on-rising-dollar-dominance->.

¹³ Jiahua Zhang, *Research on "De-Dollarization" and RMB Development in Central Asian Countries During 2010–2021*, 5(3) Front. Bus. Econ. Mgmt. 28 (2022).

¹⁴ Bafundi Maronoti, *Revisiting the International Role of the US Dollar*, Bank for International Settlements, 5 December 2022 (May 2, 2024), available at https://www.bis.org/publ/qtrpdf/r_qt2212x.htm.

Lastly, it is important to mention that the trade war between the United States and China is yet another major driving force for the de-dollarization. It all started in 2018 when the Trump Administration imposed more than \$200 billion of tariffs on imports from China in the name of unfair trade practices.¹⁵ This event was then followed by various sanctions on Chinese companies and a ban on different products, especially in the field of semiconductors and high-tech military applications. On the other hand, as part of its involvement in the Belt and Road Initiatives (BRI) and the Regional Comprehensive Economic Partnership (RCEP) with Southeast Asian Nations, China is reducing its holding of U.S. government bonds and preparing for swap agreements.¹⁶ A brief overview of these sanctions is given in Figure 3 below. To end this high-tension scenario, China is now seeking to eliminate its dependence on the USD, and since then, it has emerged as one of the most crucial active members of the BRICS group.¹⁷



Figure 3: Sanctions on China by the U.S., Source:¹⁸

Moreover, the U.S. national debt is another concerning factor that has prompted other countries to think about de-dollarization. Currently, the U.S. national debt is \$32 trillion, which is more than its GDP, and this figure is only rising with each fiscal quarter.¹⁹ This huge amount of debt puts an enormous amount of pressure on the country's economy. If the U.S. were to declare bankruptcy, the USD price

¹⁵ Lyudmila O. Popova, *USA and China: Relations in International Trade*, 3(1) Int'l J. Adv. Sci. Res. 29 (2023).

¹⁶ Anuradha Chenoy, *Bypassing the Dollar: The Rise of Alternate Currency Systems*, The Wire, 25 May 2020 (May 2, 2024), available at <https://thewire.in/trade/dollar-currency-trade>.

¹⁷ Raul Gouvea & Margarida Gutierrez, "BRICS Plus": A New Global Economic Paradigm in the Making?, 14(5) Mod. Econ. 539 (2023).

¹⁸ Anthony Tellez, *Here Are All the U.S. Sanctions Against China*, Forbes, 8 February 2023 (May 2, 2024), available at <https://www.forbes.com/sites/anthonytellez/2023/02/08/here-are-all-the-us-sanctions-against-china/>.

¹⁹ What Is the U.S. National Debt Right Now – and Why Is It So High?, Peter G. Peterson Foundation (2023) (May 2, 2024), available at <https://www.pgpf.org/national-debt-clock>.

would take a nosedive and lose its value as a foreign exchange currency resulting in hyperinflation. Thus, in a bid to avoid a situation such as this, countries are promoting the prospect of de-dollarization while also working on other sustainable financial resources. The trend of national debt in the U.S. can be seen in Figure 4 below, which clearly shows that it is on a continuous rise.

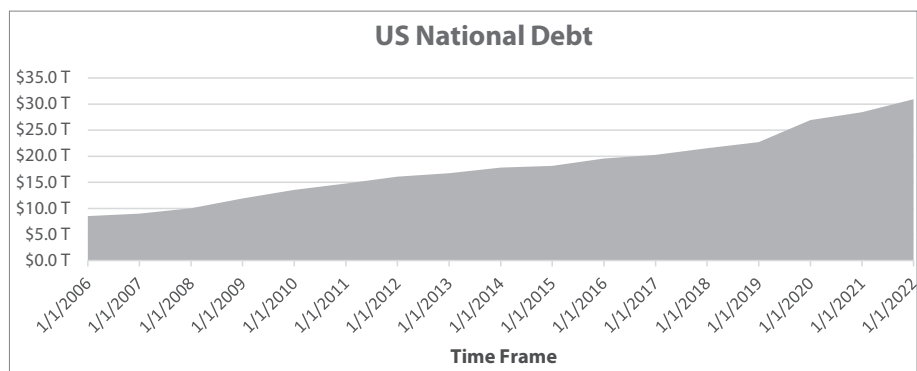


Figure 4: U.S. National Debt, Source:²⁰

In addition to these facts, Russia invaded Ukraine as part of its ongoing war against Ukraine, which was already initiated in 2014. This war has caused several currencies to weaken in relation to the dollar as well as threatens to send the world's largest economy, i.e. the U.S., into recession. As a result of the war in Russia and Ukraine, natural gas prices have increased threefold compared to those in Europe. Due to the war's disruption of the supply of wheat, barley, and cooking oil from Russia and Ukraine, much of Africa, the Middle East, and portions of Asia have suffered significantly.²¹ It must be kept in mind that for the cause of national security, values of democracy, and humanitarian grounds, the U.S. and its ally countries are supporting Ukraine in this war. Due to the long standing rivalry between Russia and the United States, the U.S. has imposed numerous sanctions on Russia, not only in the economic sector but also in the energy sector and at diplomatic levels. These sanctions have further ignited the de-dollarization momentum, as Russia is in the top ten of the world's largest economies. Russia is now actively pushing this concept to give some payback to the U.S. by arranging huge oil deals between China and India to be paid back in Chinese yuan instead of the USD. In 2022, the imports from Russia to China were worth \$88 billion. It was 52% higher than the year 2021

²⁰ Fiscal Data Explains the National Debt, FiscalData (2023) (May 2, 2024), available at <https://fiscaldata.treasury.gov/americas-finance-guide/national-debt>.

²¹ Paul Wiseman & David McHugh, *War in Ukraine at 1 Year: Pain, Resilience in Global Economy*, AP News, 15 February 2023 (May 2, 2024), available at <https://apnews.com/article/russia-ukraine-war-economic-impact-ef6e4c4443743ccbf7740892fb0b4f3b>.

and most of its payments were paid in Chinese Yuan.²² Some major sanctions on Russia by the U.S. are listed in Figure 5. Apart from these sanctions, many U.S. based multinational companies like McDonald's, Zara's, H&M, etc. have wrapped up their operations in Russia, which has resulted in a major hit to businesses in the Russian Federation. It is estimated that there are more than 100 companies that have ceased their operations in Russia to this date.²³



Figure 5: Major Sanctions Imposed by US on Russia, Source:²⁴

5. Methodology

The SWOT analysis is being implemented for the analysis of the current research study. SWOT, which stands for strengths, weaknesses, opportunities, and threats is a technique used for assessing a business or organization. The technique's objective is to assess the internal and external factors of an organization or project in order to determine its effectiveness if implemented. The technique was introduced by Albert Humphrey in the mid-1960s.²⁵ In the current research context, the BRICS alliance looks quite good on paper, but it would be quite helpful if the strengths, weaknesses,

²² Huileng Tan, *China's Mounting Such a Strong Attack on the Dollar's Dominance That It's Paying for Almost All of its Russian Oil Imports in the Yuan*, Business Insider, 11 March 2023 (May 2, 2024), available at <https://www.businessinsider.com/dedollarization-china-yuan-russia-oil-imports-sanctions-2023-5>.

²³ *What Are the Sanctions on Russia and Have They Affected its Economy?*, BBC, 23 February 2024 (May 2, 2024), available at <https://www.bbc.com/news/world-europe-60125659>.

²⁴ *Id.*

²⁵ Richard W. Puyt et al., *The Origins of SWOT Analysis*, 56(3) Long Range Plan. 102304 (2023).

opportunities, and threats (SWOT) analysis is done based on some facts and figures. For this purpose, the study has utilized different facts and figures to carry out the SWOT analysis for the implementation of the BRICS alliance.

6. SWOT Analysis of the BRICS Alliance

The SWOT analysis of the BRICS alliance revealed some significant findings, the results of which are summarized in the paragraphs that follow:

6.1. Strengths

One of the biggest strengths of this alliance is the combined GDP of its member countries, and currently, the BRICS group of countries collectively account for 36% of the world's GDP.²⁶ The GDP of its member countries is only expected to rise in the coming years, which will further add to the value of this alliance in the future. In a recent BRICS Summit held in South Africa, twenty-two additional countries applied to be a part of this alliance. The forecasted growth of GDP can be seen in Figure 6 below. Furthermore, the BRICS group of countries represents 46% of the world's total population, which makes it quite rich in terms of manpower.²⁷ Apart from that, the total land area of the member countries combined encompasses 29.5% of the world's total land surface.²⁸ Moreover, this alliance is also very rich in minerals and oil production. Currently, its member countries jointly produce 20.4% of the world's total oil, and when Saudi Arabia joins the alliance, this figure will go up to 43.1%.²⁹

6.2. Weaknesses

One of the biggest weaknesses of this bloc is the inequality that exists among its member states, especially from a monetary perspective. China's position as the second largest economy in the world within this bloc will undoubtedly influence the group's decision-making in the future. Border disputes that arise among member nations, particularly between India and China, are another weak point of this alliance. For instance, such an issue was escalated in 2020 when a dispute erupted at the Himalayan border between China and India. Troops were positioned from both sides, which resulted in twenty-four deaths. After nineteen sessions between diplomats

²⁶ Wandiswa Ntengento, *BRICS GDP to Grow by 36% Following Expansion*, Africanews, 13 August 2023 (May 2, 2024), available at <https://www.africanews.com/2023/08/25/brics-gdp-to-grow-by-36-following-expansion/>.

²⁷ Izzet Karakurt & Gokhan Aydin, *Development of Regression Models to Forecast the CO2 Emissions from Fossil Fuels in the BRICS and MINT Countries*, 263 Energy 125650 (2023).

²⁸ Chiu-Lan Chang & Ming Fang, *Renewable Energy-Led Growth Hypothesis: New Insights from BRICS and N-11 Economies*, 188 Renew. Energy 788 (2022).

²⁹ Marcus Lu, *Visualizing the BRICS Expansion in 4 Charts*, Visual Capitalist, 24 August 2023 (May 2, 2024), available at <https://www.visualcapitalist.com/visualizing-the-brics-expansion-in-4-charts/>.

and military high-ranking officials, a cease-fire was finally enforced, but the tension still remains.³⁰

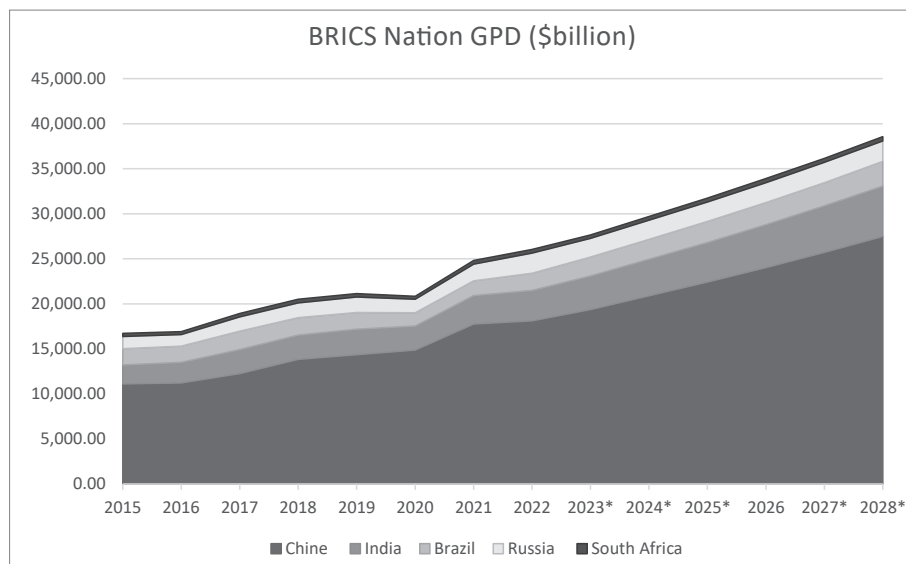


Figure 6: GDP of BRICS, Source:³¹

Furthermore, an important issue that is limiting the full potential of the BRICS bloc is the lack of convergence among its member countries. To do this, they need to develop some common interests and expand the trade among them as much as possible. It is necessary for the better interest of every member because the conflict of interests will surely ruin this alliance. BRICS nations often seem to compete among themselves, particularly in the third market. For instance, there is considerable competition among China, India, and Brazil in the clothing market trade, while China, Russia, and Brazil compete with each other in the aircraft and manufacturing markets.³² This can create a lack of trust among the member nations, which can ultimately lead to a conflict of interest.

³⁰ Shuriah Niazi, *China's Xi, India's Modi Discuss Border Dispute at BRICS Summit*, AA, 24 August 2023 (May 2, 2024), available at <https://www.aa.com.tr/en/asia-pacific/china-s-xi-indias-modi-discuss-border-dispute-at-brics-summit/2975787>.

³¹ BRICS: GDP per country 2029, Statista (2024) (May 2, 2024), available at <https://www.statista.com/statistics/254281/gdp-of-the-bric-countries/>.

³² Petr Mozias, *Russia as a Country of BRICS: Issue of Identification*, 4(3) BRICS J. Econ. 321 (2023).

6.3. Opportunities

Perhaps the biggest and most significant opportunity for the BRICS bloc is adding more countries to their alliance. They recently seized this opportunity by accepting six new members into the BRICS alliance. These new members include Iran, Egypt, Ethiopia, and the UAE, which officially joined the bloc at the start of 2024. Similarly, financial institutionalization is another area in which the BRICS nations have an opportunity to build a robust infrastructure of financial institutions. Although these nations have already established a successful institution as the New Development Bank as the alliance expanded, they need to further enhance the institutionalization process like the United States have done with institutions such as the International Monetary Fund (IMF) and World Bank for lending services. Currency union is another area in which the BRICS bloc can develop a mutual understanding.³³ This will help not only to increase the volume of trade among their member nations but also promote convergence.

6.4. Threats

One of the biggest threats to the BRICS alliance is the United States and its alliance with other Western countries in the form of sanctions and restrictions. The U.S. is one of the most important customers for Chinese goods, and according to a U.N. Comtrade database, China has exported \$352.8 billion worth of commodities and services to the U.S. Given that the United States is among the top Chinese exporters, it is not going to be easy for China to step back from this huge trade potential for the greater cause of the BRICS alliance. As a result, there will always be a risk that China may not fully adhere to those policies of BRICS that could cause them to turn against the US. Once again, this is an issue of convergence, which usually takes ages to develop. Similarly, the exports from China to the U.S. between the years 2012 and 2022 can be seen in Figure 7.

6.5. New Members of the BRICS

The idea and the fact that the new members are joining or have already joined shows a lot of trust in the association, as well as a sign that the association is making its mark, which can prove to be quite fruitful for the current and the new members alike. For the new members such as UAE, Iran, Egypt, and Ethiopia, the integration can bring a lot of new perspectives and their inclusion paints the SWOT assessment's picture as follows:

- **Strengths:** The inclusion of the new members can be able to enhance the global influence of the BRICS, especially because these new members possess strategic locations, vast numbers of natural resources such as Oil, and more importantly, they are all growing economies.

³³ A.A. Obalade et al., *Can West African Monetary Zone Form a Currency Union?*, in William A. Barnett & Bruno S. Sergi (eds.), *International Symposia in Economic Theory and Econometrics* 19 (2023) (May 2, 2024), also available at <https://www.emerald.com/insight/content/doi/10.1108/S1571-03862023000031003/full/html>.

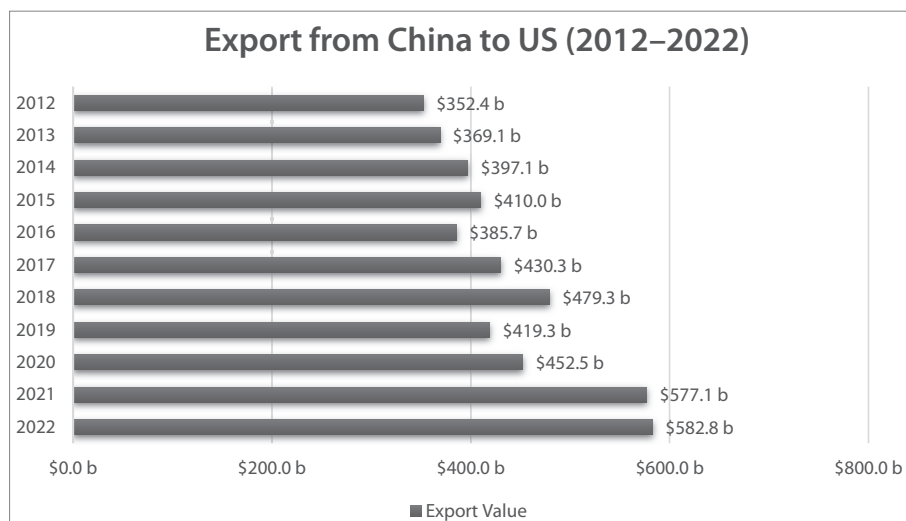


Figure 7: China's Export to U.S., Source:³⁴

- **Weaknesses:** These members also possess some history that can pose negative impact on this alliance. They can bring challenges such as economic sanctions because of civil wars in one of the countries, political instability, and more importantly, infrastructure deficits.

- **Opportunities:** Such a dynamic combination of the countries is bound to bring new opportunities and open doors to greater economic integrations, increased geopolitical influence, and especially, access to new markets.

- **Threats:** The new members are bound to bring some threats in the shape of external pressures such as sanctions on Iran, diverging political agendas, and economic challenges. These factors can create friction within the BRICS and cause uneasiness among the other members.

7. Recommendations

Based on the aforementioned analysis, the study recommends that instead of creating a whole new currency, the BRICS nations should enhance trade among themselves using their local currencies. In this way, it is possible that they may somehow be able to end the dominance of the dollar while dealing and communicating with the member countries. Creating a currency union can be yet another alternative; however, finalizing a single core currency that is acceptable to all member states will still be a problem and can lead to disagreements among the

³⁴ UN Comtrade Database (May 2, 2024), available at <https://comtradeplus.un.org/>.

member nations. It can prove too tricky to end the dollar's dominance in the long run. This can be substantiated by the case of the European Union (EU), which is a bloc of twenty countries using the euro as its common currency and still unable to beat the USD when it comes to international trade. Therefore, it is imperative that the BRICS alliance learn from this example and instead work on devising a viable strategy to dethrone the USD from international market trade.

Conclusion

The United States controls the major part of international trade because of its dominance in the global economy and international trade sector. It enjoys a very powerful position because more than 60% of the trade is being carried out using its own currency, i.e. in U.S. dollars (or USD). The prices of goods, services, fuels, etc. are all regulated and influenced by fluctuations in the USD, which creates a significant issue for the majority of the countries, especially the developing countries, to cope with the changes in the currency and provide for their people at the same time. At the same time, this dominance allows the U.S. to exercise its power over other countries by imposing various sanctions on the countries that do not align with its agenda. To cope with this issue, the BRICS member countries like Russia, China, and India have decided to join hands and work towards pursuing the idea of de-dollarization. One of the key purposes of forming this bloc called BRICS was to try and minimize the hold of the U.S. and to be able to trade among themselves in a common currency without any hindrance. This was a driving factor that led to the formation of the bloc. Since then, it has gained much momentum, and six more countries recently joined this bloc to further strengthen their trade and economies.

Keeping in mind the aforementioned discussion, the current research introduced the idea of conducting the SWOT analysis on the BRICS alliance in order to identify the internal and external strengths and weaknesses of this alliance. The analysis also weighed the idea of carrying out trade in one common currency, which the findings of the analysis consequently revealed could lead to disagreements, therefore suggesting that the member states must first figure out certain issues. The idea of de-dollarization put forth by the BRICS alliance is extremely appealing in a way that if it is executed perfectly, it has the potential to end the supremacy of the USD and thus open doors for other countries to start trading in their local currencies.

References

Almeida T.F. & Silva R.L. *The Development Bank of BRICS*, 5(4) BRICS Law Journal 5 (2018). <https://doi.org/10.21684/2412-2343-2018-5-4-5-32>

Chang C.-L. & Fang M. *Renewable Energy-Led Growth Hypothesis: New Insights from BRICS and N-11 Economies*, 188 Renewable Energy 788 (2022). <https://doi.org/10.1016/j.renene.2022.02.052>

García A.O. *The Role of China and the BRICS Project*, 7(1) Mexican Law Review 109 (2014). [https://doi.org/10.1016/s1870-0578\(16\)30010-5](https://doi.org/10.1016/s1870-0578(16)30010-5)

Gouvea R. & Gutierrez M. "BRICS Plus": A New Global Economic Paradigm in the Making?, 14(5) Modern Economy 539 (2023). <https://doi.org/10.4236/me.2023.135029>

Karakurt I. & Aydin G. *Development of Regression Models to Forecast the CO2 Emissions from Fossil Fuels in the BRICS and MINT Countries*, 263 Energy 125650 (2023). <https://doi.org/10.1016/j.energy.2022.125650>

Kondratov D.I. *Internationalization of the Currencies of BRICS Countries*, 91 Herald of the Russian Academy of Sciences 37 (2021). <https://doi.org/10.1134/s1019331621010044>

Liu Z.Z. & Papa M. *Can BRICS De-Dollarize the Global Financial System?* (2022). <https://doi.org/10.1017/9781009029544>

Mozias P. *Russia as a Country of BRICS: Issue of Identification*, 4(3) BRICS Journal of Economics 321 (2023). <https://doi.org/10.3897/brics-econ.4.e98255>

Popova L.O. *USA and China: Relations in International Trade*, 3(1) International Journal of Advance Scientific Research 29 (2023). <https://doi.org/10.37547/ijasr-03-01-06>

Puyt R.W. et al. *The Origins of SWOT Analysis*, 56(3) Long Range Planning 102304 (2023). <https://doi.org/10.1016/j.lrp.2023.102304>

Zhang J. *Research on "De-Dollarization" and RMB Development in Central Asian Countries During 2010–2021*, 5(3) Frontiers in Business, Economics and Management 28 (2022). <https://doi.org/10.54097/fbem.v5i3.1899>

Information about the author

Ahmed Alrefai (Tabuk, Kingdom of Saudi Arabia) – Dean, College of Business and Management, Fahad Bin Sultan University (King Khalid Rd., Tabuk, 47721, Kingdom of Saudi Arabia; e-mail: aalrefai@fbsu.edu.sa).