



Séminaire BRICS
INALCO

LES BRICS ET LEURS INITIATIVES POUR LA TRANSFORMATION DU SYSTEME MONÉTAIRE ET FINANCIER INTERNATIONAL



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TRANSFORMA | ECONOMY FOR TRANSFORMATION

THE BRICS INITIATIVES FOR THE TRANSFORMATION OF THE INTERNATIONAL MONETARY AND FINANCIAL SYSTEM

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OUTLINE

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- **RMB Internationalization**
- **BRICS' initiatives to change the IMFS**
- **Brazil's chairmanship 2025**
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Brazil, Russia, India and China Finance Ministers Joint Communiqué

São Paulo, November 7, 2008

[\[pdf in English\]](#) [\[pdf in Portuguese\]](#)

1. We, the Finance Ministers of Brazil, Russia, India and China held our first meeting in São Paulo, Brazil, on the eve of the Meeting of Finance Ministers and Central Bank Governors of the G20. We reflected on the main causes of the current financial crisis, its latest developments, future scenarios, as well as BRIC

and to avoid recurrence of similar events. On a longer term perspective, we exchanged views on the reform of international financial institutions and global governance. We also discussed proposals put forward by the countries on reforming the global financial architecture. We welcomed the initiative to convene a summit of



Joint Statement of the BRIC Countries' Leaders

Updated: JUNE 17, 2009 15:43 



16 June 2009

3. We are committed to advance the reform of international financial institutions, so as to reflect changes in the global economy. The emerging and developing economies must have greater voice and representation in international financial institutions, whose heads and executives should be appointed through an open, transparent, and merit-based selection process. We also believe that there is a strong need for a stable, predictable and more diversified international monetary system.

4. We are convinced that a reformed financial and economic architecture should be based, inter alia, on the following principles:

-democratic and transparent decision-making and implementation process at the international financial organizations;

-solid legal basis;

-compatibility of activities of effective national regulatory institutions and international standard-setting bodies;

-strengthening of risk management and supervisory practices.





- **BRICS Trade Ministers Meeting (since 2011):** aimed at addressing joint challenges and objectives, and improve BRICS economic cooperation





POST-BRETTON WOODS IMFS

- Aug 1971: Nixon unilaterally declares the end of the convertibility of US\$ into gold
- 1973: end of the fixed exchange rate regime
- Uncertainties related to the US\$
- 1973: agreement with Saudi Arabia for denomination and settlement of oil barrels in US\$, in exchange of military defense

Triad: Army + Energy + Currency



CURRENCY HIERARCHY

SHARE OF GLOBAL FOREX MARKETS (%)

	1992	1995	1998	2001	2004	2007	2010	2013	2016	2019	2022	2025
USD	81,7	83,0	86,8	89,9	88,0	85,6	84,9	87,0	87,6	88,3	88,4	89,2
EUR				37,9	37,4	37,0	39,0	33,4	31,4	32,3	30,6	28,9
JPY	23,2	24,6	21,7	23,5	20,8	17,2	19,0	23,0	21,6	16,8	16,7	16,8
GBP	13,6	9,3	11,0	13,0	16,5	14,9	12,9	11,8	12,8	12,8	12,9	10,2
CNY			0,0	0,0	0,1	0,5	0,9	2,2	4,0	4,3	7,0	8,5
CHF	8,4	7,2	7,1	6,0	6,0	6,8	6,3	5,2	4,8	4,9	5,2	6,4
AUD	2,5	2,6	3,0	4,3	6,0	6,6	7,6	8,6	6,9	6,8	6,4	6,1
CAD	3,3	3,4	3,5	4,5	4,2	4,3	5,3	4,6	5,1	5,0	6,2	5,8
HKD	1,0	1,1	1,0	2,2	1,8	2,7	2,4	1,4	1,7	3,5	2,6	3,8
SGD	0,3	0,5	1,1	1,1	0,9	1,2	1,4	1,4	1,8	1,8	2,4	2,4
INR			0,1	0,2	0,3	0,7	0,9	1,0	1,1	1,7	1,6	1,9
KRW			0,2	0,8	1,1	1,2	1,5	1,2	1,7	2,0	1,8	1,8
SEK	1,1	0,6	0,3	2,5	2,2	2,7	2,2	1,8	2,2	2,0	2,2	1,6
MXN			0,5	0,8	1,1	1,3	1,3	2,5	1,9	1,7	1,5	1,6
NZD	0,2	0,2	0,2	0,6	1,1	1,9	1,6	2,0	2,1	2,1	1,7	1,5
NOK	0,2	0,2	0,2	1,5	1,4	2,1	1,3	1,4	1,7	1,8	1,7	1,3
TWD			0,1	0,3	0,4	0,4	0,5	0,5	0,6	0,9	1,1	1,2
BRL			0,2	0,5	0,3	0,4	0,7	1,1	1,0	1,1	0,9	0,9
ZAR	0,3	0,3	0,4	0,9	0,7	0,9	0,7	1,1	1,0	1,1	1,0	0,8
PLN			0,1	0,5	0,4	0,8	0,8	0,7	0,7	0,6	0,7	0,8
DKK	0,5	0,5	0,3	1,2	0,9	0,8	0,6	0,8	0,8	0,6	0,7	0,7
IDR			0,1	0,0	0,1	0,1	0,2	0,2	0,2	0,4	0,4	0,7



ASYMMETRIES OF THE IMFS

- Economic implications

Exorbitant privilege
(US\$)

vs.

Compulsory burden
(peripheral currencies)

(Carneiro and De Conti, 2022)



ASYMMETRIES OF THE IMFS

Money
is
power

(Strange, Tavares, Fiori, etc)



ASYMMETRIES OF THE IMFS

- Multilateral institutions of the post-war period are still quite asymmetric:
 - International Monetary Fund:
 - USA still have ~17% of the voting power
- Conditionalities/impositions:
 - IMF & World Bank, through loans
 - Credit Rating Agencies as policy makers (De Conti, Borsari and Martínez, 2022)
- Weaponization of the IMFS

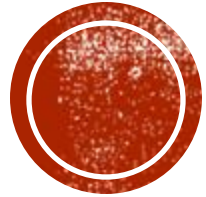


Figure: Cao Yi (CGTN)



- **In order to face International Monetary-Financial System asymmetries, peripheral countries have two options:**
 - **National policies searching for some autonomy**
 - **Collaboration with other peripheral countries**





INTERNATIONALIZATION OF THE CHINESE RENMINBI

INITIATIVES FOR THE INTERNATIONALIZATION OF THE RMB

Reform the international monetary system:

The outbreak of the current crisis and its spillover in the world have confronted us with a long-existing but still unanswered question, i.e., **what kind of international reserve currency do we need to secure global financial stability and facilitate world economic growth**, which was one of the purposes for establishing the IMF?

Zhou Xiaochuan – Governor of the PBOC (March 2009)



INITIATIVES FOR THE INTERNATIONALIZATION OF THE RMB



Image taken from globalbroker.com



INITIATIVES FOR THE INTERNATIONALIZATION OF THE RMB

País	Cidade	Data	Banco
China SAR	<i>Hong Kong</i>	12.2003	<i>Bank of China</i>
China SAR	<i>Macau</i>	08.2004	<i>Bank of China</i>
Taiwan	<i>Taipei</i>	12.2012	<i>Bank of China</i>
Cingapura	<i>Cingapura</i>	04.2013	<i>Industrial and Commercial Bank of China</i>
Reino Unido	<i>Londres</i>	06.2014	<i>China Construction Bank</i>
Alemanha	<i>Frankfurt</i>	06.2014	<i>Bank of China</i> <i>Deutsche Bank AG</i>
Coreia do Sul	<i>Seul</i>	07.2014	<i>Bank of Communications</i>
França	<i>Paris</i>	09.2014	<i>Bank of China</i>
Luxemburgo	<i>Luxemburgo</i>	09.2014	<i>Industrial and Commercial Bank of China</i>
Qatar	<i>Doha</i>	11.2014	<i>Industrial and Commercial Bank of China</i>
Canadá	<i>Toronto/Vancouver</i>	11.2014	<i>Industrial and Commercial Bank of China</i>
Malásia	<i>Kuala Lumpur</i>	11.2014	<i>Bank of China</i>
Austrália	<i>Sydney</i>	11.2014	<i>Bank of China</i>
Tailândia	<i>Bangkok</i>	01.2015	<i>Industrial and Commercial Bank of China</i>
Hungria	<i>Budapeste</i>	06.2015	<i>Bank of China</i>
África do Sul	<i>Johannesburg</i>	07.2015	<i>Bank of China</i>
Argentina	<i>Buenos Aires</i>	09.2015	<i>Industrial and Commercial Bank of China</i>
Suíça	<i>Zurique</i>	11.2015	<i>China Construction Bank</i>
Chile	<i>Santiago</i>	05.2016	<i>China Construction Bank</i>
Irlanda	<i>Dublin</i>	12.2016	<i>Shenzhen Connect</i>
Estados Unidos	<i>Nova Iorque</i>	09.2016	<i>Bank of China</i>
Emirados Árabes	<i>Dubai</i>	02.2018	<i>JP Morgan Chase Bank *</i>
Rússia	<i>Moscou</i>	03.2017	<i>Industrial and Commercial Bank of China</i>
Japão	<i>Tóquio</i>	10.2018	<i>Bank of China</i> <i>MUFG Bank (Mitsubichi)*</i>



INITIATIVES FOR THE INTERNATIONALIZATION OF THE RMB



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- **Authorization for Foreign Direct Investments in RMB**



INITIATIVES FOR THE INTERNATIONALIZATION OF THE RMB

- Belt and Road Initiative



INITIATIVES FOR THE INTERNATIONALIZATION OF THE RMB

EAST AFRICA

Kenya converts \$3.5 bln dollar loans from China into yuan to cut interest

PUBLISHED: TUE, 07 OCT 2025 10:05:15 GMT

Duncan Miriri
Reuters

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In this article:






KES=X | United Stated Dollar ... | 129.25 | -0.05(-0.04%)



Upcoming Events

No upcoming events at this time.

TRENDING

-  Africa Gold Council: More African Central Banks expected to buy gold from African refiners
-  Strike: Resident doctors issue fresh deadline to Nigeria government
-  In Conversation with Mo Ibrahim, Founder & Chairman of the Mo Ibrahim Foundation
-  Nigeria tightens cash withdrawal limits to curb money-laundering risk
-  World Bank warns developing world 'not out of



INITIATIVES FOR THE INTERNATIONALIZATION OF THE RMB

- E-yuan





BRICS INITIATIVES TO CHANGE THE IMFS



“Every night I ask myself why all countries are forced to trade backed by the dollar.

Why can't we trade backed by our own currency? Why aren't we committed to innovating? Who decided it was the dollar that would be the currency, after gold disappeared as a standard? Why wasn't it the yen? Why wasn't it the real? Why wasn't it the peso?”

President Lula da Silva, 2023; free translation



BILATERAL INITIATIVES

- Sanctions on Russia related to the SWIFT



Stimulus to CIPS

- Russia's settlement of its trade with China in national currencies
 - From 3.1% in 2014 to: 17.5% in 2020; Around 90% in mid-2024!
- Russian banks issuing credit cards linked to Union Pay (Chinese international system)
- Brazil-China: agreement for bilateral trade in national currencies



BRICS INITIATIVES TO CHANGE THE IMFS

- *BRICS Contingent Reserve Arrangement*
 - US\$ 100 billion
 - ↓ Risk of a currency crisis => ↑ confidence in BRICS currency
 - But: only 30% is the “IMF-delinked portion”. Above this limit:
 - “Evidence of the existence of an on-track arrangement between the IMF and the Requesting Party that involves a commitment of the IMF to provide financing to the Requesting Party based on conditionality, and the compliance of the Requesting Party with the terms and conditions of the arrangement” (BRICS CRA Treaty, Article 5.d.ii).



BRICS INITIATIVES TO CHANGE THE IMFS

- BRICS Credit Rating Agencies
 - Divergences within the group
- BRICS Pay
- New Development Bank



BRICS INITIATIVES TO CHANGE THE IMFS

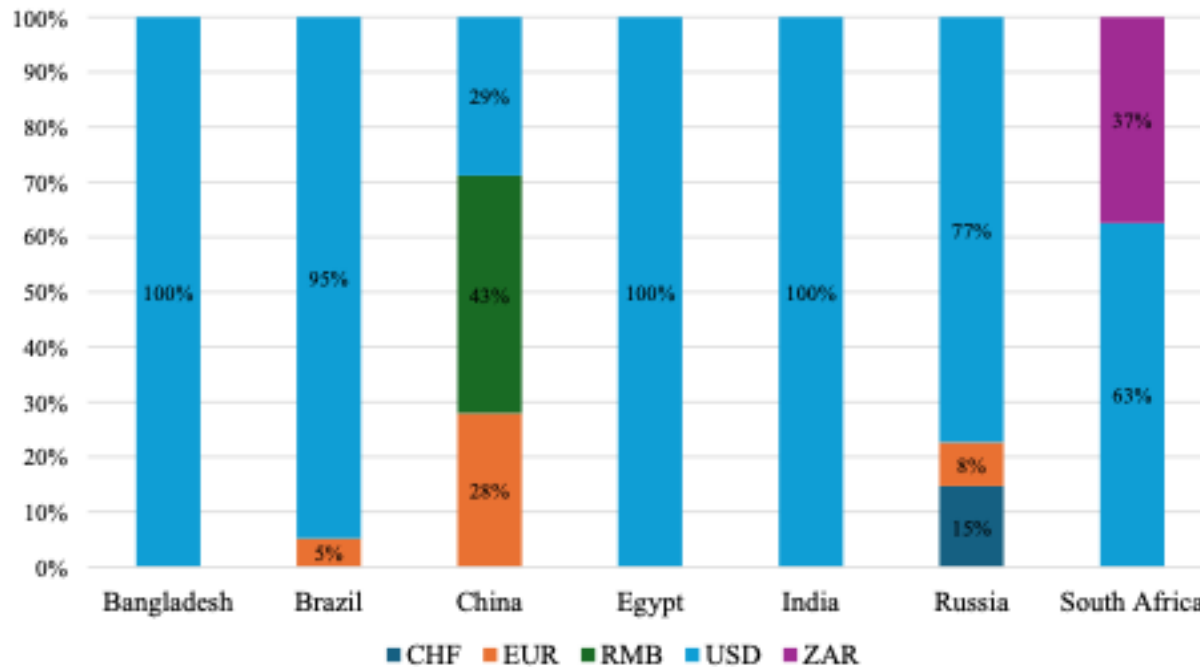
- New Development Bank (NDB):
 - Symmetric governance
 - Alternating presidency
 - Respect to national sovereignty
 - Credit in BRICS currencies (target: 30%)



NDB

- NDB approved credit, by currency (%), 2016-2024

Figure 3 – Share of currencies in total funding of projects, per country (full period)



Energy & Currency



BRICS CURRENCY



- Is it worth? Or it is better to concentrate on the creation of new arrangements for trade in the national currencies?
 - Divisions among the member countries and inside national governments!
- BRICS currency would replace the national currencies?
- Only for trade? Trade and investments?
- Pegged to gold? Basket of the national currencies?





▪ **mBridge project**

- 5 full members + dozens of observers + call open for new observers.
- Many analysts (e.g., Mayer, 2024) understand that the new digital systems could weaken the network effects that reinforce dollar usage and enable easier payment in multiple currencies.
- All full members are from the Global South
- Not by chance, it is the only project that explicitly aims to use multiple currencies for cross-border payments.
- In the pilot project, use of alien currencies (e.g. US dollar) as a vehicle currency is forbidden by design.
- In Oct/24, the BIS withdrew from the project => a geopolitical decision?



BRAZIL'S CHAIRMANSHIP 2025

- No mention to a BRICS currency: the choice is fostering cross-border usage of national currencies
- “We strongly support the further expansion of NDB membership”
 - Colombia and Uzbekistan announced at the Rio Summit
- BRICS Interbank Cooperation Mechanism (ICM)



BRAZIL'S CHAIRMANSHIP 2025

- **CRA:**
 - Claims for flexibility and effectiveness
 - Support for the inclusion of other eligible payment
 - Support for the participation of new BRICS members
- **Multilateral guarantee scheme within the NDB**
- **BRICS grain exchange**



FINAL REMARKS



- There is a “three-layered” movement which could go some way toward meaningful transformation of the IMFS:
 - 1) A shift in the role of some countries in the world economy (China)
 - 2) Rising geopolitical tensions between some of the most powerful countries, and the US using its currency and agencies of its financial system as a weapon;
 - 3) The political disposition of a wide array of countries, individually and in concert, to reduce their dependency on the US dollar.





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Advertisement at the Frankfurt train station, Sep/2025



FINAL REMARKS



- It is then logical to expect that changes associated with the CBDCs and the new cross-border payment systems will boost the development of payment methods other than the US dollar.
- However, such diversification will not *ipso facto* end the dollar's dominance.
- The US is reacting and will react !
 - Trump: “Losing the dollar dominance is like losing a major World War, We won't let that happen”



FINAL REMARKS

- Challenges in the efforts of the BRICS to change the IMFS:
 - Facing inertia;
 - Keeping a harmonic (equal power) group in spite of the economic heterogeneities;
 - Dealing with the internal divergences
 - Dealing with the new paradigm of digitalization
 - Dealing with the reactions from US and other Western countries





THANK YOU !

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