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**THE DEVELOPMENT  
OF BRICS:  
Risks and Opportunities  
for Brazil in the New  
Geopolitical Context**



# THE DEVELOPMENT OF BRICS:

## Risks and Opportunities for Brazil in the New Geopolitical Context

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Foto: Xinhua/Li Xueren



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# 1.

# Introduction

**T**his report will analyze the role of the BRICS group and its positioning as a bloc aiming to advance a proactive agenda for changes in the geopolitical configuration of the international system, through the creation of new institutions and the challenge to the current model. This differs from its original conception, which focused solely on the economic profile of emerging countries, without suggesting political alignment or shared interests.

The development of BRICS as a geopolitical group has drawn significant attention on the international stage. The recent inclusion of new members has broadened perspectives on the bloc's aspirations and strategic role. Despite internal disagreements and economic differences among members, the group continues to expand, with no fewer than 40 countries showing interest in joining BRICS+, reinforcing its relevance in discussions about global governance.

The following sections of this document will first address the origin and institutionalization process of BRICS and will later provide a detailed analysis of the Final Declaration of the most recent BRICS Summit — the 16th Summit — to understand how these new ideas have been formalized. Finally, Brazil's participation in the group will be evaluated in light of its political and economic weight on the international stage, especially in relation to China and Russia, assessing whether it is possible to determine risks and opportunities for the country in this context.

The positioning of BRICS+ — the new acronym created after the inclusion of additional countries in early 2024 — will present challenges, and a thorough study and understanding of the potential consequences for Brazil in this new scenario will be necessary, particularly in relation to the United States of America (USA).

## 2.

# Origin of BRICS

In 2001, economist Jim O'Neill of the American bank Goldman Sachs coined the term BRICS in his study titled “[Building Better Global Economic BRICS](#)” The economist’s idea was to conduct a comparative study between the G7 countries and four “emerging economies”: Brazil, Russia, India, and China. The article presented various comparisons between the two groups, analyzed each country individually, and projected the future of these economies. Thus, the document had a purely economic bias and, when entering the political field, briefly considered the possibility of expanding the G7 to a G9 to include two BRICS countries—in his view, Russia and Brazil would be the most interested, but China’s entry would be the most relevant given its weight in global trade and its double-digit growth rates at the time..

Regarding geopolitical change, particularly in relation to the dollar-based global trading system, the economist only mentioned the potential strengthening of the euro against the dollar and even a “strengthening of the Euro/Yen exchange rate.” There was no mention of the institutionalization of the BRICS, nor of a shared geopolitical agenda among the four countries. Finally, O’Neill argued that to discuss and implement changes brought by the rise of the BRICS, the emergence of a new global economic forum would be necessary.

O’Neill clearly based his analysis on the material conditions of the countries and their potential entry into more exclusive circles of the global economy. In his view, the enrichment of the BRIC countries would create a need to include these states in more powerful decision-making arenas and would change the current system by integrating new members—without challenging or seeking to overcome the system itself. This would demonstrate the system’s ability to absorb more countries and gain increasing support from the international community, leading to a strengthening of the existing world order. It is worth noting that the idea of the “Western” international system’s victory and the American hegemony was part of the post-Soviet Union (USSR) worldview, with no space for the emergence of a new bipolar world or nations capable of confronting U.S. power.

Far from a merely economic approach, Brazil, Russia, India and China began joint collaboration in 2006, when their foreign ministers met on the sidelines of the 61st United Nations General Assembly, on September 23, in New York. This meeting marked the beginning of collective efforts among these countries, consolidating the transition from the theoretical concept of “BRICS” to concrete action on the international stage under the name BRIC<sup>1</sup>.

This institutionalization process led to the first BRIC Summit in 2009. Unlike the 2006 meeting, which included only foreign ministers, the summit brought together heads of state, raising the coordination to a higher level. In 2011, South Africa joined the group, and the acronym became BRICS. Over time, other topics were added to the discussion agenda, such as agriculture and energy<sup>2</sup>. This thematic expansion began to indicate an attempt at geopolitical alignment beyond trade issues.

The consolidation of the bloc occurred with the creation of the New Development Bank—popularly known as the “BRICS Bank”—in 2014, during the VI Summit in Fortaleza. In 2016, the bank established its headquarters in Shanghai and is currently presided over by Dilma Rousseff. Among its declared goals is “mobilizing resources for infrastructure and sustainable development projects, both in BRICS countries and in other developing nations, complementing the efforts of multilateral and regional financial institutions.” In IMF negotiations,

BRICS demonstrated greater relevance as an articulation mechanism than the G11, the traditional group of developing countries on the Executive Board.

This strengthening of BRICS, especially through the structure of the New Development Bank, placed the bloc in the spotlight of international analysts. Since the first foreign ministers’ meeting in 2006, the bloc has undergone a continuous institutionalization process, with formal summits and consultations between meetings. The development bank proposal, initially introduced at the 2012 summit in Delhi, took shape and was officially launched at the 2014 summit in Brazil, consolidating the group’s structure in the global order.

A dedicated investment bank allows countries to build ties beyond mere trade. Infrastructure, agriculture, industrialization, and other sectors become part of a shared interest agenda—realized through structured, analyzed, and executed programs, not merely expressed in documents.



At the 2023 BRICS Summit in Johannesburg—the first after the COVID-19 pandemic—the most significant outcome was the invitation extended to new countries: Argentina, Egypt, Ethiopia, Iran, Saudi Arabia, and the United Arab Emirates. According to item 91 of the Johannesburg II Declaration (August 23, 2023)<sup>3</sup>, these countries would officially become members on January 1, 2024. This expansion positioned BRICS as a reference point for the Global South, with an expanded geographic and economic weight following the inclusion of five new countries.

However, this growth has also brought challenges, including increased internal

complexity and a wider range of geopolitical perspectives. While some members may adopt a more critical stance toward the West, others may seek to avoid radical alignment — highlighting existing internal divisions.

The bloc's new composition — now referred to as BRICS+ — has raised questions about the geopolitical direction it will follow, especially regarding ongoing conflicts such as the wars between Russia and Ukraine and between Israel and Hamas. The first meeting of the expanded BRICS took place from October 22 to 24, 2024, in Kazan, Russia, a country under sanctions<sup>5</sup> and formally excluded from the international financial system.



<sup>1</sup> IPEA. Instituto de Pesquisa Econômica Aplicada. Conheça os BRICS. Disponível em: <https://www.ipea.gov.br/forumbrics/pt-BR/conheca-os-brics.html>. Acesso em: 10 de out. de 2024.

<sup>2</sup> Idem

<sup>3</sup> Johannesburg II Declaration – Sandton, Gauteng, South Africa – August 23, 2023. Ministry of Foreign Affairs, 2023. Available at: [https://www.gov.br/mre/pt-br/canais\\_atendimento/imprensa/notas-a-imprensa/declaracao-de-joanesburgo-ii-sandton-gauteng-africa-do-sul-23-de-agosto-de-2023](https://www.gov.br/mre/pt-br/canais_atendimento/imprensa/notas-a-imprensa/declaracao-de-joanesburgo-ii-sandton-gauteng-africa-do-sul-23-de-agosto-de-2023). Accessed on: October 15, 2024.

<sup>4</sup> The United States, Canada, the European Union, Australia, Japan, and other countries imposed sanctions on Russia.

# 3.

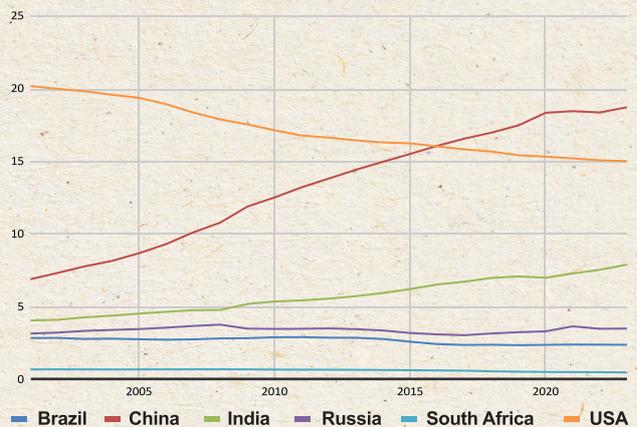
# China dominate the BRICs

Since its inception, the BRICS group has lacked governance homogeneity, encompassing democracies such as Brazil and South Africa, often classified as “free” by international agencies, while India is considered “partly free,” and China and Russia are “not free.” Similarly, the member countries differ significantly in terms of economic, military, or technological relevance.

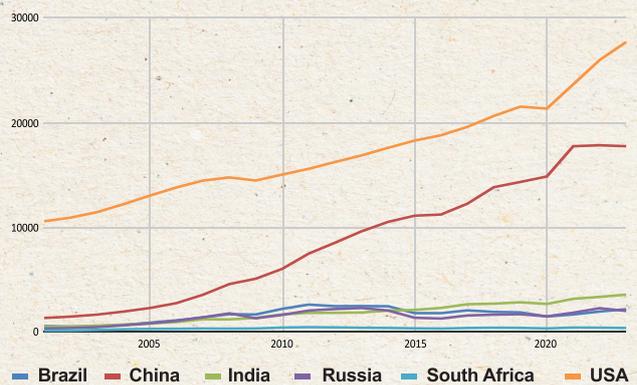
In economic terms, according to data from the International Monetary Fund (IMF) for 2023, China leads with a GDP of approximately US\$18 trillion, establishing itself as the world’s second-largest economy and accounting for around 18% of global GDP. India follows with a GDP of around US\$3.4 trillion, ranking as the fifth-largest global economy due to its rapid growth and expanding population. Brazil, with a GDP of approximately US\$2 trillion, remains the largest economy in Latin America, driven by agriculture, industry, and natural resources. Russia recorded a GDP of around US\$1.7 trillion in 2023, despite facing challenges from international sanctions and reliance on commodity exports such as oil and gas. South Africa, with a GDP of about US\$419 billion, experiences modest growth marked by internal inequalities and high unemployment.

The economic weight of BRICS as a bloc has increased year after year. While emerging countries grow and rich countries lose relative power, this aggregate growth hides a reality: China is responsible for nearly all this expansion, with India following behind.

Brazil, Russia, and South Africa have remained relatively stagnant since 2001, the year the Goldman Sachs economist introduced the concept. IMF data supports this:



In nominal terms, the pattern is similar. Only China and India have grown significantly, with China’s economy standing far above its BRICS partners:



Economically, Brazil has lost relevance within the BRICS and globally, despite the political power projection often made by PT-led governments. Today, China is the destination for 30.7% of Brazilian exports, highlighting the impact of this relationship on the national

economy. However, this relationship, initially described as mutually beneficial, has come under scrutiny due to its growing asymmetry.

Data from the [SIPRI Military Expenditure Database](#) reveals a large gap in military spending among BRICS members. China stands out with the world's second-largest defense budget, estimated at US\$296 billion in 2023. Its strategy includes heavy investment in military technology, naval expansion, and space capabilities, affirming its global power status. Russia, traditionally strong militarily, allocates around US\$110 billion to defense, focusing on nuclear weapons, advanced technologies, and ground operations. India, with a budget of about US\$83 billion, balances national security concerns involving China and Pakistan and invests in arms modernization and cyber defense. Brazil, with a defense budget of US\$23 billion, focuses on territorial protection, peace operations, and equipment modernization but remains far behind its Asian counterparts. South Africa, with a defense budget of only US\$3 billion, struggles to maintain and modernize its military forces.

In terms of military personnel, China has the largest armed forces with about 2 million active soldiers, followed by India with around 1.4 million. Russia maintains over 1 million active troops plus a vast reserve. Brazil has approximately 366,000 active military personnel, while South Africa operates with a reduced force of around 63,000.

Regarding nuclear weapons, Russia leads with the world's largest arsenal, estimated at 5,889 warheads, followed by China with about 410. India has approximately 164 warheads, while South Africa has no active nuclear program and Brazil abides by international agreements prohibiting nuclear weapons.

This geopolitical diversity reflects substantial differences in objectives, which could become more pronounced with the inclusion of new members. BRICS does not function as an economic or military union, and its dynamics include internal tensions. While South Africa and China support Russia in the war against Ukraine, India remains neutral and has had military conflicts with China. Additionally, Brazil and Argentina are US allies

Photo by Jiang Guangzhen



through the Rio Treaty, while the UAE and Saudi Arabia maintain close military ties with Washington, and Egypt continues to receive major financial support from the US.

The admission of new members could further complicate group cohesion, as countries like the UAE and Saudi Arabia have conflicting diplomatic and trade relations with Iran, another recent entrant. Regional disputes, such as the Nile River issue between Egypt and Ethiopia, also introduce new internal challenges.

Despite these divisions, a common denominator among current and prospective members is their strong trade relationship with China. Countries like Saudi Arabia, Iran, and the UAE are part of the Belt and Road Initiative, while Brazil and Argentina have expanded trade and industrial agreements with Beijing.

In Latin America, Brazil has attracted significant Chinese investment, accounting for 42% of all Chinese capital in the region. During his previous term (2003–2010), President Lula positioned China as Brazil's main trading partner—a status it still holds. Among the major projects announced in 2024 is a R\$5.5 billion electric vehicle complex in Bahia.

In the Middle East, China has strengthened its economic presence, becoming Saudi Arabia's top trading partner, with billion-dollar transactions in mining and renewable energy, and maintaining similar relations with the UAE. With Iran, China signed a 25-year cooperation pact and remains its main commercial partner.

In Africa, Egypt has seen exponential Chinese investment growth in recent years, while in Ethiopia, China accounts for 60% of all foreign investment, reinforcing its continental leadership.

Although India is an exception, restricting Chinese investment and refusing to participate in the Belt and Road Initiative, it still maintains strong commercial ties with China, its second-largest trading partner.

In this sense, BRICS expansion reflects a clear Chinese strategy to expand its economic and political influence—particularly in the Global South and the Middle East—while seeking to establish itself as a counterweight to the United States on the world stage. This growing economic interdependence could increase Beijing's geopolitical leverage, requiring greater attention from Washington to these regions.





# 5.

## XVI BRICs Summit – Final Declaration

**T**he Final Declaration of the BRICS Summit<sup>1</sup> formalizes the bloc's positions and intentions for the coming year. The document has not yet been thoroughly interpreted by most national political analysts, making it necessary to outline which points were raised, which geopolitical stances were defended, and the positions taken regarding economic, political, and social challenges.

Elaborated in 134 paragraphs, the document is divided into five subsections: i) Strengthening multilateralism for fair global development and security; ii) Strengthening multilateralism for a more just and democratic world order; iii) Enhancing cooperation for global and regional stability and security; iv) Promoting economic and financial cooperation for fair global development; and v) Strengthening people-to-people exchange for social and economic development.

### 5.1 “Strengthening multilateralism for fair global development and security”

**T**he first section introduces the main thematic axes of the group and reaffirms its geopolitical positioning to include the “Global South” in international articulations:

We welcome the Russian presidency of BRICS for hosting a BRICS Plus Outreach Dialogue with the participation of EMDCs [Emerging Markets and Developing Countries] from Africa, Asia,

Europe, Latin America, and the Middle East under the theme: ‘BRICS and the Global South: Building a Better World Together,’ in Kazan, on October 24, 2024.

Also reaffirmed is the need to advance institutional strengthening of the group as a forum for “true international cooperation for the benefit of all.”

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<sup>1</sup> XVI BRICS Summit – Kazan, Russia, October 22–24, 2024 – Final Declaration. Ministry of Foreign Affairs, 2024. Available at: [https://www.gov.br/mre/pt-br/canais\\_atendimento/imprensa/notas-a-imprensa/xvi-cupula-do-brics-2013-kazan-russia-22-a-24-de-outubro-de-2024-declaracao-final](https://www.gov.br/mre/pt-br/canais_atendimento/imprensa/notas-a-imprensa/xvi-cupula-do-brics-2013-kazan-russia-22-a-24-de-outubro-de-2024-declaracao-final). Accessed on: October 15, 2024.

## 5.2 “Strengthening multilateralism for a more just and democratic world order”

This section develops the geopolitical dimension and begins with the following vision:

We note the emergence of new centers of power, political decision-making, and economic growth that may pave the way for a more equitable, just, democratic, and balanced multipolar world order. Multipolarity can expand opportunities for EMDCs to unlock their constructive potential and benefit from universally beneficial, inclusive, and equitable globalization and economic cooperation.

The group reaffirms its commitment to improving global governance through a more agile, effective, representative, and democratic multilateral system. Without directly naming Russia, the declaration expresses concern about “the disruptive effect of unilateral and illegal coercive measures, including illegal sanctions (...)” which would undermine the UN Charter, multilateral tra-

de systems, sustainable development, and environmental agreements.

Paragraphs 11 and 12 reaffirm the commitment to a strong Global Financial Safety Net and call for the reform of Bretton Woods institutions. The BRICS bloc highlights its role in strengthening the international monetary and financial system (IMFS).

Paragraphs 13 and 14 align with the UN 2030 Agenda for Sustainable Development but denounce politically motivated discriminatory practices and unilateral coercive measures that contradict the UN Charter. The G20 is recognized as the main forum for global economic and financial cooperation.

The following paragraphs address topics such as human rights, climate, biodiversity, fundamental freedoms, the fight against Nazism and racial discrimination, among other social issues.

## 5.3 “Aprimoramento da cooperação para a estabilidade e segurança global e regional”

This section directly mentions the “humanitarian crisis in the Occupied Palestinian Territory” and calls for an “immediate ceasefire.” It also denounces “Israeli attacks against humanitarian operations, facilities, personnel, and distribution points” and calls for the implementation of UN Security Council resolutions on the matter. In the same context, it references the “situation in southern Lebanon” and defends the “sovereignty and territorial

integrity of the State of Lebanon,” also mentioning the case of Syria, all related to Israel.

Paragraph 36 contains the only reference to Ukraine in the entire document:

We recall national positions regarding the situation in and around Ukraine, as expressed in the appropriate forums, including the UNSC and UNGA. We em-

phasize that all States must act consistently with the Purposes and Principles of the UN Charter in their entirety and interrelation. We acknowledge with appreciation relevant proposals for mediation and good offices aimed at a peaceful resolution of the conflict through dialogue and diplomacy.

Unlike the case of Israel, the Ukraine conflict was neither condemned nor detailed. This contrasts with the position of the European Union and the United States of America, which have repeatedly condemned the invasion:

*We reiterate our resolute condemnation of the Russian Federation's aggression against Ukraine, which constitutes a manifest violation of the UN Charter. We reaffirm our unwavering support for Ukraine's independence, sovereignty, and territorial integrity within its internationally recognized borders<sup>1</sup>.*

The following paragraphs touch on conflict situations around the world, such as Sudan, Haiti, and Afghanistan. They then mention support for non-proliferation of “weapons of mass destruction,” condemnation of terrorism, and the fight against drug trafficking, financial crimes (such as money laundering), and corruption. Finally, paragraph 56 mentions

*“(…) serious concern about the dissemination and exponential proliferation of misinformation, false information, including the spread of false narratives and fake news, as well as hate speech, especially on digital platforms that fuel radicalization and conflict.”*

There is also a defense of state sovereignty and “guarantee of the free flow and public access to accurate and fact-based information, including freedom of opinion and expression.”



<sup>1</sup> Joint Statement Condemning Russia's War of Aggression Against Ukraine. US. Embassy & Consulates in Russia, 2024. Available at: <https://ru.usembassy.gov/joint-statement-condemning-russias-war-of-aggression-against-ukraine/#:~:text=We%20condemn%20continued%20military%20support,for%20Russia's%20war%20of%20aggression>. Accessed on: October 15, 2024.

## 5.4 “Promoting economic and financial cooperation for fair global development”

The largest section, spanning paragraphs 57 to 118, expresses the group’s view of the international financial system, advocating for multilateralism as an “essential factor in limiting the risks arising from geopolitical and geoeconomic fragmentation, and we commit to intensifying efforts in areas of mutual interest.” The adopted stance is to pursue a reform of the “current international financial architecture to address global financial challenges, including global economic governance, to make the international financial architecture more inclusive and fair.”

The indebtedness of countries is a point of concern, and the group advocates a “holistic” approach to “support economic recovery and sustainable development.” In this regard, the “key role of the New Development Bank (NDB)” is mentioned, including the “expansion of developing countries’ membership in the bank.”

Paragraphs 63 to 69 present the group’s view on the financial system, particularly regarding the role of the Interbank Cooperation Mechanism (ICM) “in facilitating and expanding innovative financial practices and approaches for projects and programs, including the pursuit of acceptable mechanisms for financing in local currencies.” The issue of local currency is repeated in these paragraphs and is positioned as a feature exclusive to member countries. As the group expands, in theory, all included countries will access these financial transaction mechanisms in local currency, which in practice means without using the dollar. The political line used was

one of complementing the existing financial market, rather than confronting it. Paragraph 66 details the mechanism:

66. We recognize the importance of exploring the feasibility of connecting the financial market infrastructure of BRICS countries. We agree to discuss and study the viability of establishing an independent cross-border settlement and clearing infrastructure, BRICS Clear, as an initiative to complement the existing financial market infrastructure, as well as an independent reinsurance capacity for BRICS, including the BRICS (Re)Insurance Company, with voluntary participation. (emphasis added)

Paragraphs 70 to 75 address trade more directly, mentioning projects and structures created by BRICS to strengthen and encourage trade among member countries. Then, from paragraphs 76 to 92, the focus is on industrialization, technological development, including new technologies such as Artificial Intelligence (AI), energy, climate, and logistics. On climate issues, there is a renewed mention of “protectionist, unilateral, punitive, and discriminatory measures,” which, according to BRICS, are carried out “under the pretext of environmental concerns.”

The remaining paragraphs mention various agreements and actions by the group to increase financial, commercial, and regulatory coordination among its members, with projects involving investments in universities, research, technology centers, and education.

## 5.5 “Fortalecimento do intercâmbio entre pessoas para o desenvolvimento social e econômico”

**N**a última seção, o tema principal é a cultura, estruturada em projetos de intercâmbio de pessoas, cultural, esportiva e educacional, com referência a intercâmbio de jovens no âmbito da Cúpula da Juventude dos BRICS. O intercâmbio político também é citado, no parágrafo 127, com menção ao “diálogo entre os partidos políticos dos países do BRICS” que pode desempenhar “um papel construtivo na construção de consenso e no aprimoramento da cooperação.”. Na área empresarial, parágrafo 129, é mencionada “(...) a realização bem-sucedida do Fórum Empresarial do BRICS” e um apoio às “atividades do Conselho Empresarial do BRICS em diferentes domínios, incluindo agricultura, finanças e investimentos, infraestrutura, transporte e logística, economia digital, produção de energia e desenvolvimento sustentável.”.

No parágrafo 132, há a defesa do “fortalecimento dos laços entre as comunidades de especialistas e a sociedade civil dos países do BRICS”:

A esse respeito, saudamos a realização bem-sucedida do Fórum Acadêmico do BRICS e do Fórum Civil do BRICS, as atividades do Conselho de Think Tank do BRICS, que aprimoram a cooperação em pesquisa e em construção de capacidades entre as comunidades acadêmicas dos países do BRICS, e o lançamento da Rede de Think Tank do BRICS para Finanças, que apoiará as discussões da trilha de finanças BRICS. Nós endossamos o estabelecimento do Conselho Civil do BRICS.

O último parágrafo indica o apoio para a realização da próxima cúpula, em 2025, no Brasil.



## 6.

# Indicators of a U.S. reaction

It is important to understand that an agenda of de-dollarization or the creation of alternatives to the current financial system is increasingly becoming a geopolitical vision of a power like China, capable of challenging the U.S. in the commercial sphere in pursuit of strategic advantages and systemic reforms. Brazil, on the other hand, lacks the capacity and means to lead such changes but, in theory, is assuming a prominent role in this discussion. Russia's Foreign Minister Sergei Lavrov stated that the idea to create a parallel system to the dollar was proposed [by Brazil's President Lula](#).

This assumption of a formal leadership position places Brazil in a delicate situation, as the country does not have the tools to sustain a direct dispute against the consensus of established countries around the “dollar standard” — i.e., the U.S. dollar's centrality as a global reserve currency, medium of exchange, and unit of account in international transactions.

The dollar standard became dominant after the end of the Bretton Woods system in the 1970s, when the U.S. unpegged the dollar from gold. Since then, the dollar has been widely used in international trade, as central bank reserves, and as a benchmark for pricing commodities such as oil and gold.

Criticism of the dollar standard commonly revolves around concerns over the loss of autonomy by sovereign nations, the impact of unilateral sanctions, structural vulnerabilities, and asymmetries in the global financial



system. The U.S.'s ability to use the dollar as a geopolitical tool allows it to block access to the international financial system for certain countries. Cases like Iran, Venezuela, and Russia show how restrictions on dollar transactions can significantly harm the economies of non-aligned nations.

Moreover, it is argued that U.S. monetary policies directly affect dollar-dependent economies. Federal Reserve decisions—such as interest rate hikes — attract capital to the U.S., devalue other currencies, and increase financing costs, especially for economies with dollar-denominated debt. This dependence increases vulnerability in times of global instability.

Financial crises in the U.S., such as the 2008 crisis, have amplified the risks of this system. The dollar's centrality means that economic problems in the U.S. reverberate globally, harming countries that have no control over the currency. This asymmetry is reinforced by the so-called "exorbitant privilege" of the U.S., which can finance deficits at low cost while other economies must accumulate dollar reserves as protection.

Furthermore, maintaining large foreign exchange reserves in dollars is said to immobilize capital that could otherwise be used for productive investment. The dominant use of the dollar in global trade also forces countries to acquire it even for transactions that do not directly involve the U.S., contributing to trade imbalances and pressuring local currencies.

Even so, the dollar standard offers strategic advantages. The use of the dollar in Brazil's international transactions and foreign reserves offers multiple economic benefits. Chief among them is stability in international transactions, since the dollar is widely accepted as a trading currency. This reduces the need for currency conversions, simplifies negotiations with foreign partners, and makes operations more predictable.

Using the dollar facilitates access to global markets—such as oil, commodities, and technology—which primarily operate in this currency. This integration enables Brazil to participate more efficiently in these strategic markets. The dollar also serves as a stable store of value, being one of the most reliable currencies worldwide. Holding dollar reserves helps Brazil safeguard its economy from exchange rate volatility, acting as a buffer during economic crises.

Another significant benefit is the reduction of currency risks. By conducting transactions and contracting debt in a widely

used and relatively stable currency, Brazil minimizes the fluctuations associated with exchange rate variability, which is especially important for companies and financial institutions engaged in international operations.

The U.S.'s interest in maintaining this status quo is directly linked to the economic, political, and strategic benefits of its position. The dollar's predominance enables the U.S. to finance its deficits at lower costs, as global demand for the currency keeps interest rates favorable. This phenomenon—known as "exorbitant privilege"—was described by former French President Valéry Giscard d'Estaing, emphasizing how the U.S. benefits from its currency being the world's primary reserve. Additionally, the dollar's dominance grants the U.S. a powerful tool of international influence, allowing it to impose effective financial sanctions due to the currency's centrality in the global financial system.

American authorities have repeatedly expressed the importance of maintaining the dollar as the main reserve currency. Jerome Powell, then Chairman of the Federal Reserve, stated in June 2023 that the dollar would remain the global reserve currency as long as the U.S. retained its dominant position in the world economy. He cited the rule of law, the strength of democratic institutions, and the depth of U.S. capital markets as foundations of that hegemony. Similarly, Federal Reserve Governor Christopher Waller noted in February 2024 that the dollar accounted for nearly 60% of global reserves—well ahead of the euro, which holds second place at 20%.

Recently, political actions have reinforced the intention to preserve this position. In December 2024, then President-elect Donald Trump threatened on social media to impose 100% tariffs on imports from BRICS countries that replaced the dollar in commercial transactions:





The new Special Envoy for Latin America, Mauricio Claver-Carone, former president of the IDB, wrote in July 2024 about what a Trump administration agenda for Latin America could look like. He explicitly mentions the need for nearshoring through investments in Latin American countries as a way to “make the Americas grow again,” a nod to the “Make America Great Again” slogan. According to Claver-Carone, the Biden administration prioritized global friendshoring with Asian countries instead of strengthening American hemisphere nations. In this context, a wave of U.S. investments may be expected as a geopolitical strategy to curb China’s advance in the region.

The U.S.–China trade war has brought even more uncertainty to this scenario. On February 1, 2025, President Donald Trump signed executive orders imposing an additional 10% tariff on all imports from China, effective February 4. The official justification was the need to curb fentanyl trafficking and protect U.S. industry.

In response, China announced on February 4 a 15% tariff on U.S. coal and liquefied natural gas, as well as a 10% tariff on crude oil, agricultural machinery, and large vehicles.

On March 4, the U.S. raised tariffs on Chinese products to 20%, and China retaliated with additional tariffs on U.S. agricultural products, including chicken, wheat, corn, and cotton.

In April, Trump announced a 34% increase on tariffs for Chinese imports, raising the effective rate to 54%. On April 4, China responded with 34% tariffs on all U.S. goods. Immediately after, the U.S. raised tariffs on Chinese goods to 145%, and China responded with 125% tariffs on American products.

These measures resulted in a significant slowdown in bilateral trade, with the World Trade Organization projecting up to an 80% drop in trade between the two countries.

Supporters of the measures argue that they are tools for reindustrializing the country, reducing Chinese imports, boosting industrial employment, shifting consumption patterns, and correcting the trade balance toward greater reciprocity. Critics, however, have raised concerns about the actual gains for the U.S. economy, as well as the negative impact on international trade, including for traditional U.S. allies.

The tariff war’s impact is already being felt across international supply chains, with companies renegotiating contracts, increasing inventories, and adjusting logistics routes. According to analysts, the trend is toward even greater fragmentation of global trade, with long-term effects on prices, growth, and financial stability in multiple countries.

The escalation has potential consequences not only for Beijing, but also for other emerging BRICS countries (Brazil, India, Russia, and South Africa). These countries may be directly affected by U.S. tariffs when their products become targets of trade measures,

or indirectly, by the ripple effects of a U.S.–China trade conflict, such as trade diversion and shifts in global flows.

In Brazil's case, the government was not directly impacted by the tariff changes, being subject to a basic 10% rate. However, the dispute could affect global commodity prices. The 2018–2019 trade war showed that countries like Brazil can benefit from agricultural export opportunities when China and the U.S. are at odds. In fact, the prolonged U.S.–China tariff dispute favored Brazil and Argentina, as China retaliated by buying more agricultural products from these countries instead of the U.S. One clear example was soybeans: with China imposing tariffs on U.S. soy, it began importing record volumes from Brazil. In 2025, projections suggest the same could happen with other commodities — Brazil has already signed agreements to export sorghum to China, aiming to fill the gap left by U.S. suppliers. Sectors like meat are also watching for potential shifts in Chinese demand toward Brazilian suppliers if U.S. goods become too expensive due to tariffs.

Despite these opportunities, Brazil is not immune to becoming a target of heterodox trade policies. On March 12, 2025, the United States imposed 25% tariffs on all steel

and aluminum imports, including those from Brazil. This measure eliminated previous exemptions and was justified by the U.S. government as a way to strengthen domestic production and prevent overcapacity countries like China from exploiting trade policy loopholes.

During Trump's first term, in March 2018, similar tariffs of 25% on steel and 10% on aluminum were announced. However, Brazil managed to negotiate exemptions and quotas that allowed exports to continue without the full application of the tariffs. Unlike in 2018, the 2025 tariffs were applied with no exceptions, directly affecting Brazil, which is the [second-largest steel supplier to the U.S.](#) [In 2024, the U.S. purchased \\$4.677 billion in Brazilian iron and steel products.](#)

In response to U.S. tariffs and environmental pressures from Europe, Brazil enacted the Commercial Reciprocity Law on April 14, 2025, allowing the implementation of trade measures against countries that unilaterally impose barriers on Brazilian goods. However, Brazil lacks significant economic leverage to engage in a trade standoff with such a powerful nation, making it unlikely that the mechanisms outlined in the law will achieve a stronger position in future negotiations.

# 7. Conclusion

The initial vision, proposed by economist Jim O'Neill, of grouping emerging countries to signal the potential growth of their economies in contrast to the G7 nations, merely indicated the possibility of these nations joining the ranks of the world's leading countries. At most, it suggested an internal reform of international institutions to address new themes and challenges posed by the rapidly growing emerging economies. In this framework, the Western system established after World War II would be capable of absorbing new entrants without opening the door to parallel systems or challenging the existing international order.

However, with the institutionalization of these four countries into an organized bloc—which later included South Africa—a process of deeper diplomatic engagement emerged, along with the pursuit of commercial ties that would benefit them in a context of expanding global trade. Aligning their interests, the bloc began to seek common geopolitical perspectives, such as greater inclusion of member states and the Global South in global decision-making arenas. The BRICS thus initiated a geopolitical role for itself, pursuing an autonomous global outlook that extended beyond a reformist agenda and led to the creation of new institutions such as the New Development Bank (NDB) and alternative financial and commercial mechanisms alongside the current system.

The final declaration of the VI BRICS Summit highlights these developments and underscores the bloc's growing role as a forum for geopolitical and economic coordination among countries of the Global South. The divergent treatment of the Israel-Palestine and Russia-Ukraine conflicts also reveals a clearly opposing stance to that of the "Western world." Combined with the inclusion of countries like Iran (in January 2024) and Cuba (scheduled for the coming year), this trajectory distances Brazil from a position of neutrality between the United States and China.

President-elect Donald Trump has stated unequivocally that the United States will defend the dollar as the global trading currency and views BRICS+ as a bloc attempting to establish an alternative. As a founding member, Brazil is included in Trump's threat to impose a 100% tariff on those attempting to use alternative currencies or institutions for international trade.



At the same time, Brazil finds itself in an asymmetrical position, lacking the capacity to choose a side or engage directly in the dispute, given that China is both the leading member of BRICS and Brazil's largest importer, while the United States remains the top buyer of Brazilian manufactured goods. Brazil's economic and geopolitical weight is minimal when compared to these two powers, and the current government's ambitions do not alter the material capabilities each nation possesses to defend its interests on the global stage.

The greater concern in this context is that Brazil appears to be participating in an initiative to build parallel institutions without a clear understanding of its own strategic interests—whether this participation is feasible, desirable, or whether it merely serves Chinese ambitions, as China is the only actor with the leverage to push for a new international order. The United States has already shown its willingness to take risks to curb China's aspirations, and Brazil lacks the competitive advantages to influence the outcome of this conflict. In fact, it is more likely to suffer retaliations if it openly takes sides in this geopolitical rivalry.

Simultaneously, Brazil overlooks potential opportunities stemming from the "Make the Americas Grow Again" strategy, which could be leveraged to the nation's advantage. In this sense, it is essential that lawmakers, diplomats, and foreign policy experts study and evaluate the evolving BRICS configuration and the potential consequences—positive or negative—of Brazil's participation in the bloc. This analysis must be carried out consciously and realistically, taking into account the foreign policy direction adopted by the new U.S. administration.

Without a national development strategy and lacking the capacity to engage with the U.S. and China on equal footing, Brazil risks becoming entangled in a confrontation from which it will reap no benefits, while facing significant losses it will not be equipped to mitigate in a commercial war between the world's two largest powers. However, with strategic, multisectoral, and in-depth thinking, Brazil could position itself as a safe harbor for both sides—securing competitive advantages from each of the two powers in this emerging geopolitical landscape.



Foto: Agência Brasil



# 8.

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