

BRICS for using local currencies in foreign trade

Member nations push for necessary reforms at WTO

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The BRICS nations on Friday underlined the need for using local currencies in international trade and financial transactions besides committing themselves to supporting rule-based open and transparent global trade. A joint statement issued at the end of the meeting of the BRICS Ministers of Foreign Affairs and International Relations, also pressed for a robust Global Financial Safety Net with a quota-based and adequately resourced International Monetary Fund (IMF) at its centre.

It further said the process of IMF governance reform under the 16th General Review of Quotas, including a new quota formula as a guide, should be completed by December 15.

The joint statement titled 'The Cape of Good Hope', said ministers expressed their support for a free, open, transparent, inclusive, equitable, non-discriminatory and rules-based multilateral trading system with the World Trade Organization (WTO) at its core, with special and differential treatment (S&DT) for developing countries, including Least Developed Countries.



India's External Affairs Minister S Jaishankar (extreme right) with his counterparts from Brazil, Russia, China, and South Africa at a BRICS meeting, in Cape Town

PHOTO: PTI

"They stressed their support to work towards positive and meaningful outcomes on the issues at the 13th Ministerial Conference (MC13). They committed to engage constructively to pursue the necessary WTO reform with a view to presenting concrete deliverables to MC13. They called for the restoration of a fully and well-functioning dispute settlement system accessible to all members by 2024,

and the selection of new Appellate Body Members without further delay," it said.

They condemned unilateral protectionist measures under the pretext of environmental concerns such as unilateral and discriminatory carbon border adjustment mechanisms, taxes and other measures, it said.

The ministers recognised the impact on the world economy from unilateral approaches in breach of inter-

national law and they also noted that the situation is complicated further by unilateral economic coercive measures, such as sanctions, boycotts, embargoes, and blockades.

The two-day ministers' meeting emphasised the importance of financial inclusion so that citizens can reap the benefits of economic growth and welcomed new technological instruments for financial inclusion.

Ukraine war ignites global backlash against dollar

MICHELLE JAMRISKO & RUTH CARSON
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All around the world, a backlash is brewing against the hegemony of the US dollar.

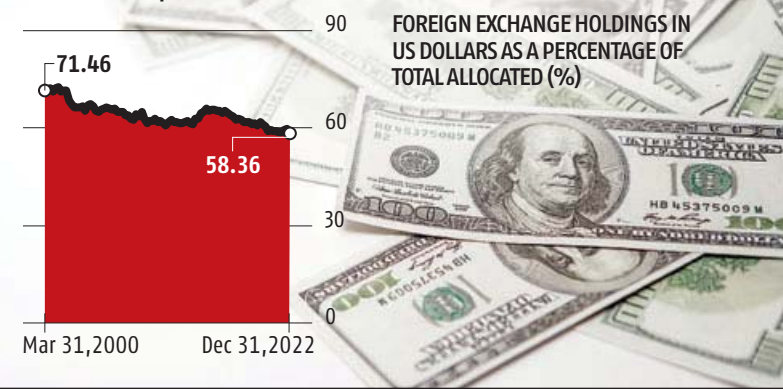
Brazil and China recently struck a deal to settle trade in their local currencies, seeking to bypass the greenback in the process. India and Malaysia in April signed an accord to ramp up usage of the rupee in cross-border business. Even perennial US ally France is starting to complete transactions in yuan.

For many global leaders, their rationales for taking these measures are strikingly similar. The greenback, they say, is being weaponised, used to push America's foreign-policy priorities — and punish those that oppose them.

Nowhere has that been more evident than in Russia, where the US has brought unprecedented financial pain to bear on Vladimir Putin's regime in response to the Ukraine war. The Biden administration has imposed sanctions, frozen trillions of dollars of Moscow's foreign reserves, and all but ousted the country from the global banking system. For much of the world, it's been a stark reminder of their own dependency on the dollar, regardless of what they think of the war.

Undoubtedly, part of the shift away from the dollar is being orchestrated by China. President Xi Jinping is seeking to

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carve out a bigger role for the yuan in the global financial system, and his government has made expanding the currency's use abroad a priority. Yet much of the push is happening without its involvement.

India — hardly a strategic ally of China — and Malaysia in April announced a new mechanism to conduct bilateral trade in rupees. It's part of a broader effort by the Narendra Modi administration to bypass the dollar for international transactions.

The currency's centrality to the global payments system also allows America to wield unique influence over the economic destiny of other nations.

About 88 per cent of all global forex

transactions, even those not involving the US or its firms, are in dollars, according to the most recent data from the Bank for International Settlements. Because banks handling cross-border dollar flows maintain accounts at the Federal Reserve, they're susceptible to US sanctions.

The Biden administration has averaged 1,151 new designations per year to the Office of Foreign Assets Control's list of specially designated nationals, according to a report from the Center for Economic and Policy Research. That's up from an average of 975 during the Trump administration, and 544 during Obama's first four-year term.

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