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BRICS

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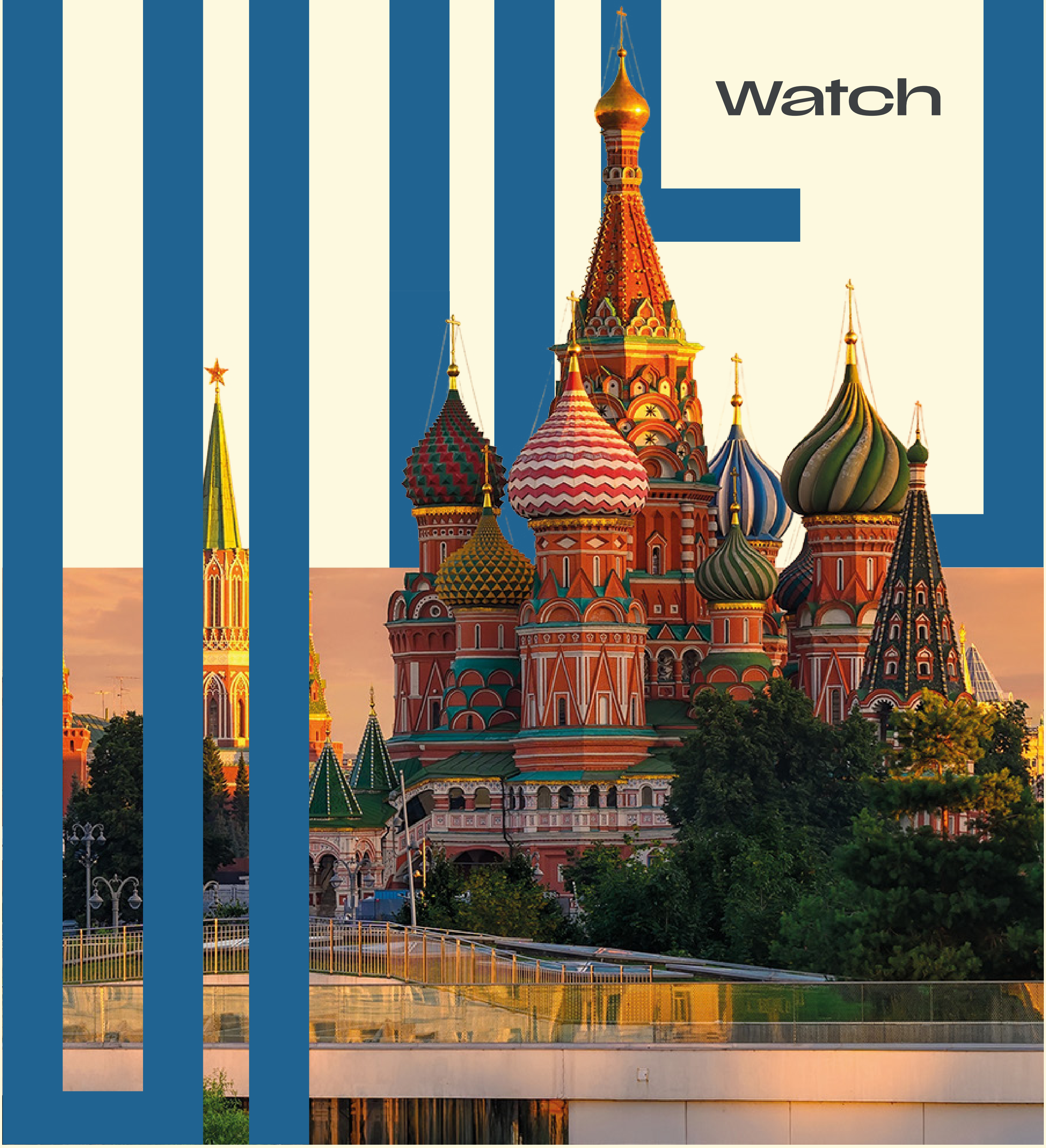

BRICS Watch

The bimonthly series of the Hungarian Institute of International Affairs

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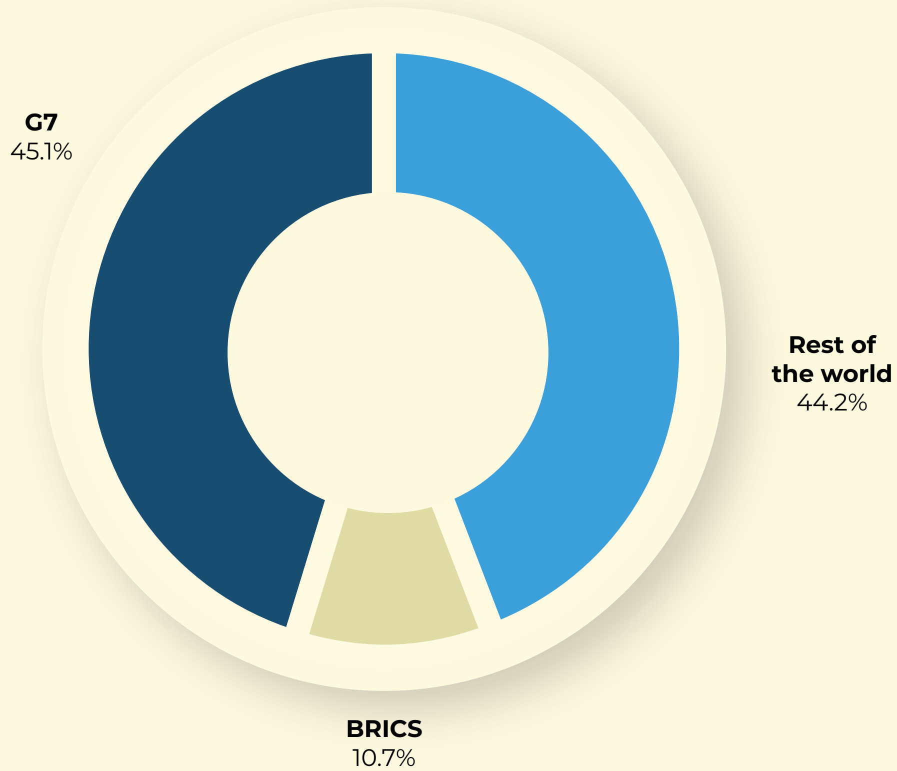
Typesetting and layout: Gergely Érdi

Content

BRICS in Numbers

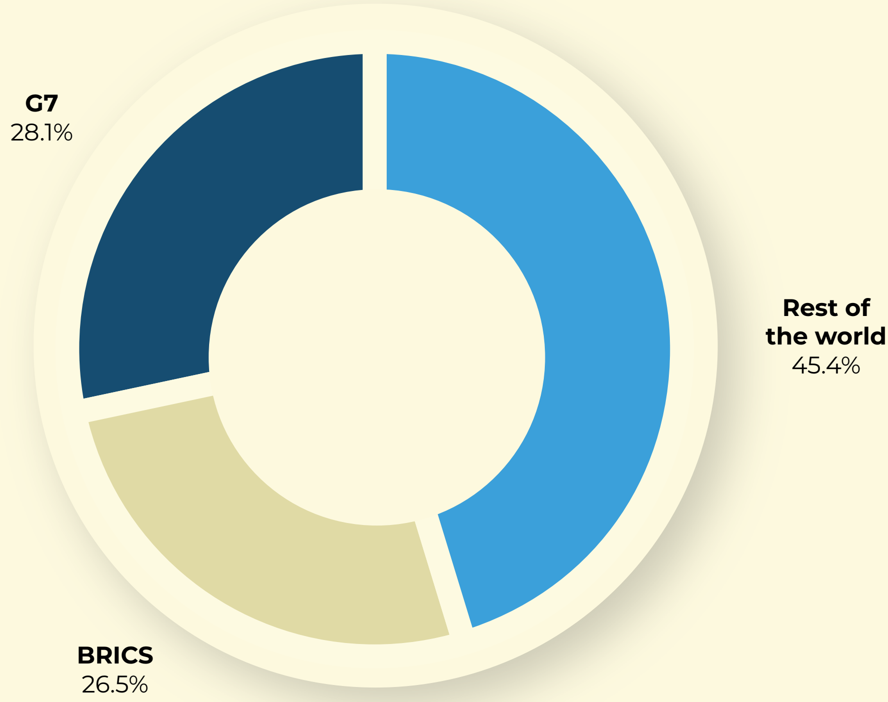
SHARE OF WORLD TRADE

Global merchandise exports (2000)



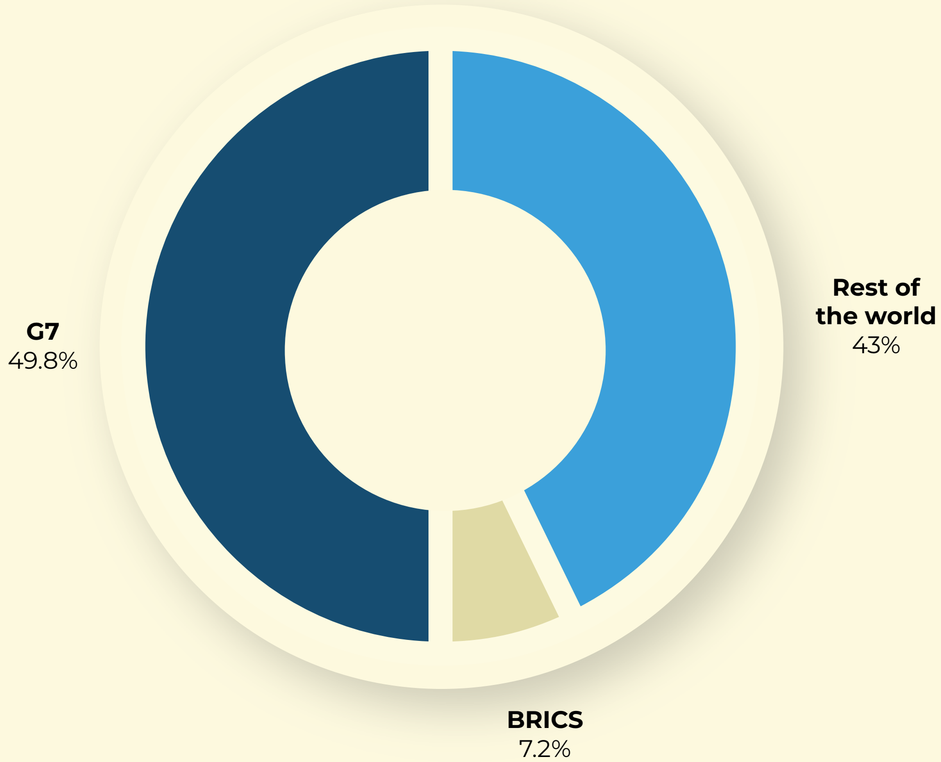
Source: WTO

Global merchandise exports (2024)



Source: WTO

Global merchandise imports (2000)



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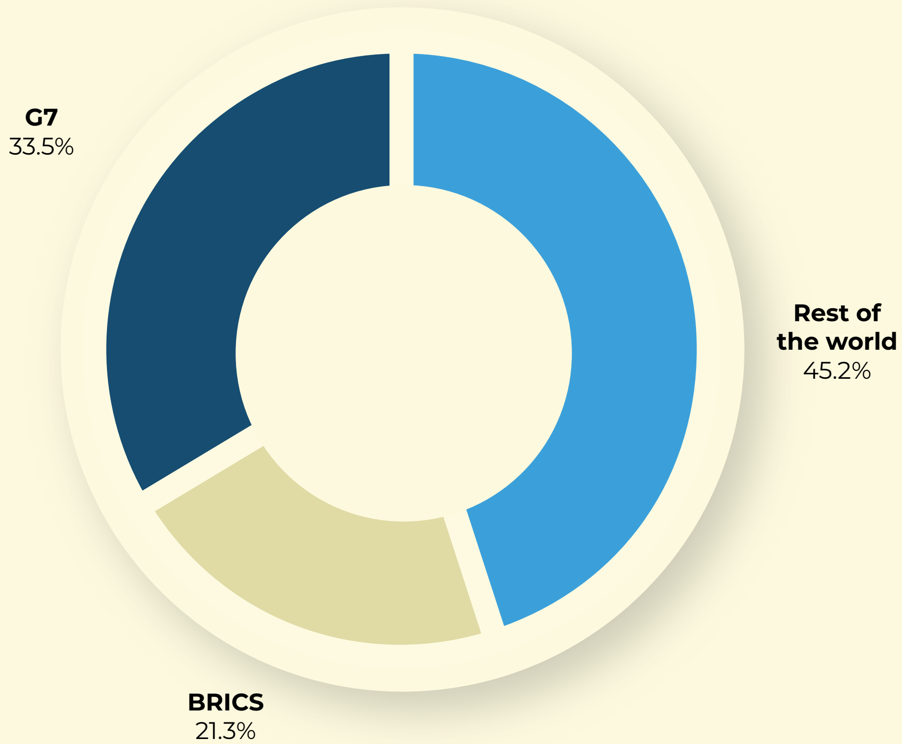
Global merchandise imports (2024)



Source: WTO

BRICS vs. Trump II: What's the Big Deal?

Introduction

Though his foreign policy may seem Don Quixote-like, President Trump actually employs a sophisticated, down-to-earth approach. His attitude toward the BRICS forum shows how he uses vague constructs to send clear messages to particular countries without naming or confronting them directly. This strategy consists of well-segmented phases ranging from vagueness and evasive inference to tangible results. For President Trump, the BRICS forum reflects the problems facing the United States, both domestically and internationally. Paradoxically, however, the effect on the forum and the reaction from its member countries is not what one would expect. Trump's criticism of the forum pushes its members to acknowledge imbalances, such as trade disparities among BRICS countries. He is trying to convince some of these countries that the United States is irreplaceable in many relationships. Is the BRICS forum the preferred foreign policy battleground where President Trump will try to win back members and create parity of influence? His stakeholder foreign policy in the Middle East may provide solutions to some of the key problems he has identified relating to the BRICS forum, especially regarding de-dollarization.

Part I: Creating Foreign Policy Flexibility—New Order, New Rules!

I believe it is God's job to sit in judgment, my job [is] to defend America and to promote the fundamental interests of stability, prosperity and peace. This is the new American president's Ars Poetica. The Trump administration's second term is anchored in a clear mandate from the American electorate, with 52% of his voters prioritizing economic restoration. This voter-driven imperative shapes the administration's actions, particularly as foreign policy increasingly reflects domestic priorities.

The global economic landscape, shaped by thirty years of free trade, has seen China emerge as a dominant force, accounting for nearly 30% of global industrial output and controlling critical rare earth supply chains. Meanwhile, Taiwan's dominance in chip manufacturing underscores the United States' reliance on foreign production for essential goods. As a consumption-driven economy, the United States benefits from robust domestic demand but is vulnerable to disruptions in global supply chains. To mitigate these risks, the Trump administration has launched a strategic reindustrialization initiative.

Restoring Economic Might through Strategic Reindustrialization

The administration's primary goal is to bring critical manufacturing, including the production of semiconductors and automobiles, back to the United States. However, this ambition faces a tight timeline because establishing new production facilities and securing skilled labor are time-intensive processes. To speed up the process, the administration is committed to creating an optimal investment environment. One key instrument is its tariff policy, which is designed to incentivize corporations to relocate production to the United States. Equally critical is the administration's energy policy, encapsulated by the "Drill, Baby, Drill" approach, which prioritizes energy sovereignty. In essence, President Trump aims to regain the industrial power that America transferred to China over the last 30 years.

The Trump administration's transformative agenda establishes a new American policy framework for a multipolar world. During its first term, the administration set a precedent by imposing targeted tariffs on Chinese goods, signaling a shift toward economic protectionism. These measures aim to reinvigorate U.S. economic strength in a global order in which America can no longer dictate terms unilaterally. Consequently, the administration is recalibrating its geopolitical commitments, notably in Europe, where it demands greater burden-sharing from the European Union to ensure the continent's security. This reallocation of resources allows U.S. foreign policy to concentrate on its main strategic rival, China. China has developed its own frameworks, such as the Belt and Road Initiative, and is attempting to dominate BRICS with ambitions like de-dollarization.

BRICS: An Organization of Challengers

Over the past three decades, the BRICS nations—China, Russia, India, South Africa, and Brazil—have flourished as beneficiaries of the global free-market era. China has excelled in industrial production, India in services, and Russia, South Africa, and Brazil through natural resource exports. Of these nations, China stands out as the primary strategic challenger to the United States. It is distinguished by its unparalleled economic growth, its role as the world's manufacturing hub, and its political system, which starkly contrasts with that of the United States. The intensifying rivalry between Washington and Beijing, reminiscent of the Cold War, now shapes global dynamics. Emerging competing blocs are poised to dominate the global economic landscape, with the key issue being the U.S. dollar's global dominance.

From a U.S. foreign policy perspective, the BRICS forum is an institution that undermines American economic and geopolitical interests. In the rhetoric of the Trump administration, references to BRICS primarily target China. The administration's strategic objective is to weaken integration frameworks in which China plays a leading role. Among the BRICS members, India—the world's most populous nation and largest democracy—is a critical opportunity for aligning with U.S. efforts to counter China's influence. However, India's heavy reliance on Russian fossil fuels has created a rift between the U.S. tactical goals of achieving peace in the Ukrainian conflict and balancing China. The largest tariffs on India—50%—are intended to lead New Delhi toward American foreign policy aims, but for now, they are merely creating a cooling-off period in U.S.–India relations. The United States has great leverage in the relationship because India's main export market is the United States. This colliding interest will massively challenge India's strategic autonomy in foreign policy. Meanwhile, Brazil currently leans toward China, and South Africa faces similar tensions with the United States. The American administration views Lula's Brazil as the main obstacle to advancing American interests in the region. The key question is the extent to which financial and geopolitical strategies can align the BRICS+ members.

Part II: Trump Tariffs on BRICS Members—Arbitrary or Fair?

President Trump's post on Truth Social launched the fierce crusade against BRICS: "We demand a Commitment from these countries that they will neither create a new BRICS Currency, nor back any other Currency to replace the mighty U.S. Dollar or, they will face 100% Tariffs." Trump further cautioned that any attempt to challenge the dollar's dominance would result in nations losing access to the U.S. market. His choice of adversary in the global arena left everyone puzzled.

First, the issue of dollar dominance is not exclusive to BRICS. In 2018, then-European Commission President Jean-Claude Juncker remarked: "It is absurd that Europe pays for 80% of its energy import bill—worth 300 billion euros a year—in U.S. dollars when only roughly 2% of our energy imports come from the United States." Yet, the EU proudly announced that the euro accounted for around 20% of official foreign exchange reserve holdings worldwide in 2023. As for the Chinese renminbi, the yuan, Reuters reported in 2024 that it had regressed as a global reserve currency. It accounts for only 2% of global foreign reserves. Although important, all other major currencies lack the economic might that China has amassed and do not threaten the dollar. Russia and Brazil are the biggest proponents of the BRICS currency, but they have little chance of convincing other countries, especially India. In terms of trade finance, the U.S. dollar is the clear leader, accounting for 82.1% of global transactions. The Chinese yuan comes in second with 7.4%, while the euro lags behind with 6.2%.

From this perspective, President Trump's rhetoric against BRICS appears to be another Don Quixote moment. That said, it remains an effective strategy for pressuring certain members and squeezing concessions out of them. The main red flag he is waving at BRICS concerns de-dollarization. All tariffs, trade deals, and security arrangements aim to prevent it. The focal point is not the long-term challenge of the Chinese renminbi but rather OPEC oil and gas, as well as the question of who will provide stability in the Middle East. A 100% tariff on BRICS might sound abusive and arbitrary, but it is not. It is his way of highlighting a potential source of trouble that needs to be addressed. BRICS was not a problem for Trump until the BRICS+ initiative began. There is a qualitative difference between the two. The new members in BRICS+ were predominantly middle powers from the Middle East that produce oil and are closely linked to the petrodollar system.

BRICS+ and Trump's Focus on Preventing De-Dollarization

Attempts at de-dollarization manifest in various ways. Following the Nixon Shock of 1971, the role of the gold standard was assumed by the petrodollar system, which occurred when OPEC was encouraged to price oil in dollars in exchange for U.S. security guarantees. This essentially forced every country that imports oil to maintain dollar reserves. Currently, over 58% of global foreign exchange reserves are in dollars. Thus, the petrodollar has become the new de facto gold standard. China's strategy is to erode the need for the underlying security umbrella, which would render the petrodollar system obsolete. China has publicly attempted to broker peace between Iran and Saudi Arabia. The Trump administration views these efforts as part of a sophisticated plan to reduce the U.S. role as a provider of security in the Middle East. If successful, this would break the backbone of the petrodollar system and ultimately end the global dominance of the U.S. dollar.

Therefore, it should come as no surprise that President Trump views the Middle East as the center of gravity for his foreign policy, with everything else being secondary—probably including the Indo-Pacific. Most BRICS members are involved in the Middle East in some way, which is why it is so important to Trump's foreign policy.

In the Middle East, President Trump aims to reassure the Gulf Cooperation Council countries, traditional U.S. allies, of America's continued commitment to their defense. As an extension of this, he wants Iran to abandon its nuclear weapons program and join the international community as a trusted partner. In short, he is doing everything he can to reaffirm the importance of the petrodollar system in the BRICS+ countries: Saudi Arabia, the United Arab Emirates, and Iran. India, Russia, and China, the three founding members of BRICS, are major stakeholders in this region. Through his tour of the Middle East and negotiations on the Iranian nuclear program, he succeeded in re-engaging key players in the petrodollar system. Rhetoric about 100% tariffs, along with the deep uncertainty surrounding them, facilitated a cooperative atmosphere conducive to a positive attitude from the Gulf partners (BRICS+). Beyond security arrangements and defense procurements, President Trump managed to secure pledges of investments totaling trillions of dollars from the Gulf countries, particularly Qatar. This strengthens the U.S. dollar's position in the global financial system once again, similar to the 1970s after the Nixon Shock. For now, he seems to have made the de-dollarization dreams of some BRICS countries a distant reality. Vague tariff threats have achieved concrete results. By any standard, especially President Trump's, this is a big deal.

Conclusion

The Trump administration's second term marks a turning point for America. It will address the risks of a consumption-driven economy that relies on strong domestic demand but is vulnerable to disruptions in the global supply chains. The administration's bold reindustrialization plan aims to revitalize American manufacturing using tariffs and an energy policy reminiscent of the "Drill, Baby, Drill" slogan. This shift frees up resources, allowing the United States to focus on its biggest rival, China, which dominates global production and attempts to control the BRICS group. Over the years, the BRICS nations have benefited from free-market growth. However, the BRICS+ expansion has raised red flags for the United States, threatening its economic and geopolitical edge. Trump's tariff threats have already hindered some BRICS countries' plans to move away from the dollar, demonstrating their effectiveness. By rethinking global roles, the administration is working to keep America strong in a world splitting into rival blocs. Success will depend on reviving the economy while outmaneuvering China on the global stage, beginning with the Middle East. Brick by brick, President Trump is reshaping BRICS to his advantage—for now.

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The U.S.–China Trade War: A Snapshot

Although the United States imposed tariffs of varying degrees on most countries around the world, one of the primary targets was clearly the largest BRICS economy, China. In response to the massive American tariffs introduced in April, China imposed similar measures, practically paralyzing trade between the two countries. However, after 39 days, the two sides agreed to a 90-day truce, which was extended by another 90 days in August. What is certain is that the standoff between the two superpowers shows no sign of easing.

The U.S.–China trade war, ongoing since 2018, entered a new phase in 2025. When Donald Trump raised tariffs on Chinese products by 10% in both February and March, China reacted quickly but cautiously, so the situation initially seemed manageable. In April, however, a tit-for-tat escalation began, raising American tariffs to 145% and Chinese tariffs to 125%. This practically amounted to a mutual trade embargo between the world's two largest economies, as such high tariff rates made trade almost impossible. Overall, the situation could be described as a game of chicken: the two sides were on the brink of collision when, unexpectedly, on May 12, both "swerved"—agreeing to a truce that significantly reduced tariffs on each other's products.

Under the deal, which was extended for another 90 days in August, the two sides withdrew most of the reciprocal and other tariffs introduced in April. In practice, this means that instead of 145%, the U.S. now levies only a 30% tariff on Chinese goods, while China reduced its tariffs from 125% to 10%. The American tariff consists of a 10% reciprocal duty and an earlier 20% levy imposed as punishment for China's role in the production of fentanyl. In reality, the average U.S. tariff is slightly higher, since sectoral tariffs introduced under the first Trump administration—targeting Chinese cars, steel, and aluminum—remain in force. This is why the White House often cites a 55% tariff level when it wants to emphasize how advantageous the deal was. Similarly, Chinese tariffs on primarily agricultural products, introduced in response to the "fentanyl tariff," remain in place.

Since May, the two sides have also established a mechanism for consultations on trade and economic issues, thereby institutionalizing negotiations. This enabled the extension of the truce, and such a mechanism will continue to be necessary, since no "peace treaty" has yet been signed in the trade war. The parties now have until November to find a more lasting solution. For the time being, trade is possible again, albeit at higher costs. Moreover, since two-thirds of the current U.S. tariff stems from the fentanyl issue, a breakthrough in this matter—which cannot be ruled out—could lead to further reductions.

While Chinese leaders responded cautiously to news of the May agreement, semi-official opinion leaders celebrated it triumphantly, portraying it as a major Chinese victory and vindication of Beijing's strategy. The dominant narrative in Chinese discourse is that China won the first round of the trade war. Unlike other countries, Beijing responded to the "Liberation Day" tariffs with immediate, forceful countermeasures, rather than seeking negotiations, and accepted the losses that came with it. Since the two sides essentially returned to the status quo of early April, the agreement can reasonably be interpreted as a Chinese success and a U.S. retreat. Washington, of course, also hailed the agreement as a victory, since it forced the Chinese to compromise and accept a U.S. tariff level three times higher than China's.

This sense of victory is reinforced by the release of second-quarter economic data, covering the most intense phase of the trade war. The figures turned out to be better than expected for both China and the U.S. Economic growth held up well, and Chinese exports even increased, as rising shipments to other markets offset the decline in exports to America. Both economies thus proved more resilient than experts had predicted. Unsurprisingly, when the export data were released, both sides celebrated again—and then quickly agreed to extend the truce.

Who "won" depends largely on political perspective. The more important question is what the long-term consequences will be. According to both sides, talks will continue in the fall and may even culminate in a Trump–Xi summit, raising hopes of a more durable agreement before the deadline expires. Even if no such deal is reached, however, the punitive April tariffs of 145% and 125% will not return. Instead, the original 34% countervailing tariffs imposed by the U.S.—and China's retaliatory measures—will come back into effect. Given China's massive trade surplus, Beijing has an interest in reaching some form of accommodation, not least because U.S. tariffs are estimated to have endangered 16 million jobs in China's already troubled economy. Retaining access to the American market is therefore important—though not existential—for China. On the other hand, U.S. concessions show that Washington cannot resist domestic political pressures, which could also encourage compromise.

It is also worth highlighting what the past six months of U.S.–China talks have not addressed. For one, the longstanding grievances routinely cited by Washington as justifications for its anti-China measures—such as forced technology transfer, restrictions on U.S. companies' market access, industrial espionage, intellectual property violations, and numerous non-tariff barriers—were not on the table, or at least do not appear in the agreements. These problems clearly persist, but were sidelined by tariff disputes. Nor did the talks address the deeper structural issues that triggered the trade war in the first place. The fact that China accounts for roughly half of the world's trade surplus while the U.S. carries about half of the global trade deficit is unsustainable in the long run. The bilateral imbalance is only part of the picture, but it too must eventually be managed. Just as unrealistically high tariffs would have caused more harm than benefit, their rollback does nothing to solve these structural problems.

The roots of the imbalance lie on both sides: in China's oversized industrial capacity, low domestic consumption and weak yuan, and in America's overconsumption and deindustrialization. Without addressing these, tariff deals only scratch the surface. Neither side has yet found a long-term solution to reduce these imbalances, leaving only short-term compromises such as the current agreement. Even if extended, this truce would not resolve the underlying issues. Moreover, trade is just one of several arenas of U.S.–China great power competition. Even if the two sides were to reach not just a truce but a lasting peace in trade, the rivalry in other areas—science, technology, the military, ideology, and more—will continue to shape the years and decades ahead in a manner reminiscent of the Cold War.

Gergely Salát, Senior Research Fellow, HIIA

Russia's Place in the New Global Economic Order

A new world order—and within it, a new global economic order—is emerging. Donald Trump's second presidency has fundamentally rewritten the rules of global trade relations, bringing a definitive end to the international economic system based on free trade. As a result of international sanctions, Russia's foreign economic relations have also undergone a profound transformation: its primary export commodity, energy resources, must now be sold on new markets. One of Moscow's key instruments for circumventing the impact of sanctions is the BRICS framework, through which new markets may open for the Russian economy, enabling trade in national currencies. At the same time, the U.S.-Russia normalization process—culminating in the Alaska summit between President Donald Trump and President Vladimir Putin—offers Russia an opportunity for reintegration into the global economy. While this promises significant benefits for the Russian economy, it does not in any way diminish the importance of BRICS cooperation for Moscow.

Contrary to expectations, the Russian economy did not collapse under the weight of European and international sanctions. Russian exports did not fall significantly—in fact, foreign trade even expanded in 2023 and 2024—though this came with a marked shift in export markets from Europe toward Asia and Africa. Whereas in 2021, the Netherlands and Germany ranked among Russia's top three export destinations, by 2023, no single EU member state remained on the list, with India and Turkey taking their place. The Paris-based Organisation for Economic Co-operation and Development (OECD) had forecasted a 2.5% decline in Russia's GDP for 2023 due to the sanctions. Instead, Russian productivity not only avoided contraction but achieved robust growth: 3.6% in 2023, 4.3% in 2024, with projections of 1.5% GDP growth in 2025. The greatest loser from sanctions was not Russia, but the European Union itself. The bloc has been shaken by a series of crises—from the energy shock to runaway inflation and a competitiveness downturn. Its GDP growth fell well short of expectations, reaching only 0.4% in 2023 and 1% in 2024, with a forecast of just 1.1% in 2025. The eurozone's performance has been even weaker.

One of the most painful sanctions for Russia was the exclusion of Russian banks from the SWIFT international interbank communication and transfer network in 2022. In place of the world's primary financial messaging system, Russia has since been working to establish bilateral trade agreements and mechanisms with its partners, while at the same time making significant progress toward developing BRICS Pay, a system designed to replace SWIFT. The initiative is particularly important not only for Russia but also for fellow BRICS member Iran, whose banks were likewise cut off from SWIFT back in 2012. Yet the creation of an alternative interbank payment system is in fact a strategic objective for all BRICS members, partners, and candidate countries, as they seek to reduce their dependence on the U.S. dollar. Brazil has also demonstrated its commitment to this effort, even going so far as to propose a common BRICS currency. The principle that BRICS members will not participate in unilateral sanctions imposed against fellow members carries particular significance for Russia, Iran, and China.

In an increasingly polarized global economy, BRICS cooperation plays a pivotal role for the "Global East and South," and is expected to shape the transformation of international economic relations for many years, even decades, to come. For Russia, however, the opportunity to re-enter the Western dominated global economic system—now opened up by the advent of the second Trump administration—could prove crucial in the short term. The new Washington leadership has signaled its willingness to lift parts of the U.S. sanctions against Russia and even readmit it to the G7, provided Moscow can be compelled into a compromise peace agreement concerning its invasion of Ukraine.

These two directions are not mutually exclusive in Russian foreign policy thinking. Despite confrontational rhetoric and ongoing military aggression in Ukraine, Moscow continues to advocate the peaceful coexistence of great powers and spheres of influence—an approach reflected not only in political discourse but also in normative documents. The Eurasianists, who hold key positions within government circles, on the one hand uphold Russia's great-power ambitions across regions deemed essential for the former empire's security and economy—from Eastern Europe through the Caucasus and Central Asia, and to a lesser extent the Middle East and North Africa—while on the other hand seeking to preserve the mutually beneficial trade and financial relations with diverse actors of the global economy forged during globalization. BRICS is not the exclusive tool of this external economic strategy; while it offers Russia opportunities to deepen its economic ties from Asia to Africa and Latin America, Moscow will only be able to sustain its great-power status if the markets closed off by sanctions reopen—something that the United States, increasingly in open confrontation with China, now appears at least partly willing to consider. Yet since the polarization of the global economy and international relations has by now become a structural reality, loosely organized, mutually advantageous, and non-hierarchical frameworks of cooperation such as the Shanghai Cooperation Organization and BRICS enjoy priority in Russia's strategy for navigating the emerging global political and economic order.

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