

THE ROLE OF DEDOLLARIZATION AND BRICS EXPANSION IN STRENGTHENING ECONOMIC RESILIENCE IN DEVELOPING COUNTRIES (A Study of Brazil, Russia, India, Indonesia, and Egypt)

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ABSTRACT

The dominance of the United States dollar in the global financial system has persisted for decades and has influenced the economic stability of developing countries. Dependence on the dollar makes developing countries vulnerable to exchange rate fluctuations, United States monetary policy, and global economic pressures. Therefore, the phenomenon of dedollarization has emerged as an effort to reduce dependence on the dollar through the use of local currencies in international trade and the diversification of foreign exchange reserves. In this context, the BRICS group plays an important role in promoting the dedollarization agenda and expanding economic cooperation among developing countries. This study aims to analyze the development of dedollarization and the expansion of BRICS in strengthening the economic resilience of developing countries, particularly Brazil, Russia, India, Indonesia, and Egypt. The research method employed is a qualitative descriptive approach using secondary data in the form of foreign exchange reserves, Gross Domestic Product (GDP), exchange rates, and international trade indicators during the 2015-2024 period. Data were obtained from various official sources such as the International Monetary Fund, the World Bank, and publications from the central banks of each country. The results indicate that dedollarization policies and the expansion of BRICS contribute to strengthening the economic resilience of developing countries through increased foreign exchange reserves, diversification of international trade, and stronger regional economic cooperation. Russia and India demonstrate relatively stronger economic resilience due to their large foreign exchange reserves and substantial economic capacity. Meanwhile, Indonesia and Egypt still face various structural challenges in improving economic stability and global trade capacity.

Keywords: dedollarization, BRICS, economic resilience, developing countries.

INTRODUCTION

The global financial system remains dominated by the United States dollar as the primary currency in international trade transactions, foreign exchange reserves, and global payment systems. This dominance has persisted since the collapse of the Bretton Woods System and has positioned the United States as a major influence on global economic stability. For developing countries, dependence on the dollar often creates economic vulnerability, particularly during exchange rate fluctuations, global financial crises, and shifts in monetary policy implemented by the Federal Reserve.

Dependence on the United States dollar has caused many developing countries to face substantial external economic pressures. When the dollar appreciates, import costs rise and external debt becomes more expensive. This condition demonstrates that dollar dominance not only affects global economic stability but also influences the capacity of developing countries to maintain their economic resilience. Therefore, many countries have begun seeking alternatives to reduce dependence on the dollar through dedollarization policies.

Dedollarization refers to efforts to reduce the use of the United States dollar in international economic transactions and to promote the use of local currencies in cross-border trade. This policy aims to strengthen monetary sovereignty, enhance domestic economic stability, and mitigate the impact of United States economic policies on developing countries. In recent years, dedollarization has become an important agenda in international economic cooperation, particularly within initiatives promoted by the BRICS group.

BRICS is an economic cooperation group consisting of Brazil, Russia, India, China, and South Africa. The group was established as a cooperation forum for developing countries with significant economic potential and aims to enhance the influence of developing nations within the global economic system. Over time, BRICS has evolved beyond a forum for economic dialogue and has become a strategic platform for promoting dedollarization and fostering a more multipolar global financial system.

The expansion of BRICS by involving more developing countries indicates the group's increasing role in the global economy. The enlargement of BRICS membership provides opportunities for developing countries to expand economic cooperation, improve access to development financing, and reduce dependence on Western financial systems. With broader BRICS cooperation, developing countries gain greater opportunities to strengthen their economic resilience in facing global economic dynamics.

Several previous articles have examined the phenomenon of dedollarization and its implications for global financial stability. These articles generally emphasize the increasing efforts of countries to reduce dependence on the United States dollar, particularly in response to global financial crises, exchange rate volatility, and the use of economic sanctions in international relations. In addition, a number of articles have also highlighted the growing role of BRICS as a platform for economic cooperation among emerging economies, aiming to create a more balanced and multipolar global financial system.

However, despite the growing body of literature on dedollarization and BRICS, existing studies tend to analyze these issues separately. Only a limited number of articles specifically examine the combined impact of dedollarization and BRICS expansion on the economic resilience of developing countries. This gap indicates the need for a more comprehensive analysis that integrates both aspects in order to better understand how these developments contribute to strengthening economic stability and reducing external vulnerabilities in developing economies.

Based on this background, this study aims to analyze the development of dedollarization and the expansion of BRICS, as well as their implications for the economic resilience of developing countries, particularly Brazil, Russia, India, Indonesia,

RESEARCH METHODS

This study employs a qualitative descriptive approach to analyze the dynamics of dedollarization and the expansion of BRICS, as well as their impact on the economic resilience of developing countries. This approach is chosen because it enables a comprehensive explanation of global economic phenomena through data interpretation and analysis of relevant literature.

The type of data used in this study is secondary data obtained from various official

sources and scientific publications. The data include economic indicators such as foreign exchange reserves, exchange rates, exports and imports, and trade balances in Brazil, Russia, India, Indonesia, and Egypt during the 2015–2024 period. The primary data sources are publications from the International Monetary Fund, the World Bank, as well as statistical data from the central banks of each respective country.

Data collection was conducted through library research by reviewing various sources related to the research topic, including academic books, scientific journals, reports from international institutions, and global economic policy documents. This method aims to obtain a comprehensive understanding of the concepts of dedollarization, the expansion of BRICS, and the economic resilience of developing countries.

Data analysis was carried out using qualitative descriptive analysis and cross-country comparative analysis. Descriptive analysis is used to illustrate the development of economic indicators in each country, while comparative analysis is used to compare economic conditions among countries within the BRICS framework. Through this approach, the study identifies patterns of economic development and the factors influencing the economic resilience of developing countries.

To enhance data validity, this study also applies source triangulation by comparing multiple sources of information that are relevant to the research topic. Thus, the data used in this study have a high level of credibility and support more accurate analysis.

RESULTS AND DISCUSSION

The Development of Dedollarization and BRICS Expansion

The phenomenon of dedollarization in recent years has become a significant issue in the global financial system, particularly in the context of shifting economic power and financial stability. Dedollarization refers to the strategic efforts undertaken by countries to reduce their dependence on the United States dollar in various aspects, including international trade transactions, foreign exchange reserves, and global payment systems. This process reflects a broader transformation in the international monetary system, where reliance on a single dominant currency is increasingly seen as a potential source of vulnerability. As a result, many countries have begun to explore alternative mechanisms to safeguard their economic sovereignty and financial resilience.

This phenomenon has gained increasing attention amid rising geopolitical tensions and global economic uncertainty, especially in the aftermath of financial crises, trade conflicts, and the use of economic sanctions by major powers. Such conditions have exposed the risks associated with excessive dependence on the United States dollar, particularly for developing countries that are more vulnerable to external shocks and exchange rate volatility. Consequently, these countries are actively seeking more stable, diversified, and independent alternatives to the existing financial system, including the adoption of local currencies and the strengthening of regional financial cooperation frameworks.

The BRICS group plays an important role in promoting the dedollarization agenda through various economic and financial cooperation initiatives among its member states. As a coalition of major emerging economies, BRICS has increasingly positioned itself as a counterbalance to traditional Western-dominated financial institutions. Member countries of BRICS strive to enhance the use of local currencies in international trade, reduce transaction costs, and minimize exposure to exchange rate fluctuations

associated with the United States dollar. Furthermore, BRICS has also encouraged deeper financial integration through institutions such as the New Development Bank, which supports development financing in member and partner countries.

BRICS countries are actively working to develop alternative payment systems and financial infrastructures that are not entirely dependent on the United States dollar or existing Western-controlled systems. These initiatives include the exploration of cross-border payment mechanisms, digital currency cooperation, and the strengthening of bilateral and multilateral trade agreements using local currencies. Collectively, these efforts aim to foster a more multipolar global financial system, enhance economic stability, and reduce the dominance of a single currency in international trade. Ultimately, dedollarization and BRICS expansion are expected to contribute to a more balanced and resilient global economic order.

Analysis of the Economic Resilience of Developing Countries

A country's economic resilience can be assessed by its ability to maintain macroeconomic stability and withstand various external shocks, such as global financial crises, exchange rate fluctuations, and changes in international commodity prices. In an increasingly interconnected global economy, these external pressures can significantly affect domestic economic performance, particularly in developing countries that tend to be more vulnerable to external dependencies. Therefore, economic resilience becomes a crucial indicator in evaluating how effectively a country can absorb, adapt to, and recover from such disturbances without experiencing prolonged economic instability.

In this study economic resilience is analyzed using several key indicators, namely foreign exchange reserves, Gross Domestic Product (GDP), and international trade capacity. Foreign exchange reserves serve as a critical buffer that enables countries to stabilize their currencies, manage balance of payments pressures, and maintain investor confidence during periods of economic uncertainty. A higher level of reserves generally indicates a stronger ability to respond to external shocks and sustain economic stability.

Gross Domestic Product (GDP) reflects the overall economic performance and productive capacity of a country. Sustained GDP growth indicates a healthy and expanding economy, which enhances a country's ability to generate income, create employment opportunities, and support long-term development. In the context of economic resilience, stable and consistent GDP growth demonstrates the capacity of an economy to withstand global disruptions while maintaining internal economic momentum.

International trade capacity plays a vital role in determining a country's economic resilience. Countries with diversified export structures and strong trade networks are generally better positioned to mitigate the adverse effects of global market fluctuations. Trade diversification reduces dependence on a limited number of commodities or trading partners, thereby minimizing risks associated with price volatility and demand shocks. Consequently, strengthening these key indicators is essential for developing countries to enhance their resilience and ensure sustainable economic growth in an uncertain global environment.

Table 1.

Country	Indicator (Billion USD)	2015	2017	2019	2021	2023	2024	Main Trend
Brasil	PDB (GDP)	1.802	2.058	1.879	1.835	2.126	2.179	Post-pandemic recovery
	Foreign	358,5	381,6	378,1	346,7	344,6	298,5	Declined due to fiscal

Country	Indicator (Billion USD)	2015	2017	2019	2021	2023	2024	Main Trend
	Exchange Reserves							pressure
Rusia	PDB (GDP)	1.365	1.579	1.699	1.800	2.063	2.173	Resilience to Western sanctions
	Foreign Exchange Reserves	368,4	432,7	557,5	632,5	591,9	689,4	Increased (Diversification Strategy)
India	PDB (GDP)	2.039	2.651	2.870	3.176	3.638	3.912	Most consistent growth
	Foreign Exchange Reserves	349,5	412,0	454,7	638,5	623,5	704,9	Highly significant increase
Indonesia	PDB (GDP)	860,8	1.015	1.119	1.186	1.371	1.396	Stable and continuously increasing
	Foreign Exchange Reserves	105,9	130,2	129,2	144,3	146,4	155,7	Increased (Driven by LCT policy)
Mesir	PDB (GDP)	330,1	350,3	442,3	404,1	395,9	389,1	Minor fluctuations
	Foreign Exchange Reserves	16,4	37,0	45,4	40,9	35,1	40,3	Relatively low, but showing signs of strengthening

Based on data from the 2015-2024 period, Russia and India show a significant increase in foreign exchange reserves. Russia's reserves rose from approximately USD 368 billion in 2015 to around USD 689 billion in 2024. Meanwhile, India experienced an increase from approximately USD 349 billion to over USD 700 billion during the same period. This growth in foreign exchange reserves indicates the ability of both countries to strengthen economic stability and withstand global economic pressures.

Brazil has relatively stable foreign exchange reserves but experienced declines in certain periods due to fluctuations in global commodity prices. On the other hand, Indonesia shows a fairly consistent upward trend in foreign exchange reserves, although on a smaller scale compared to Russia and India. Egypt has also experienced an increase in foreign exchange reserves, although it continues to face various structural economic challenges.

Implications of Dedollarization and BRICS for Economic Resilience

Dedollarization and the expansion of BRICS have several important implications for the economic resilience of developing countries, particularly in the context of reducing external vulnerabilities and strengthening domestic economic stability. One of the primary implications is the increasing diversification of international trade through the use of local currencies in cross-border transactions. By reducing reliance on the United States dollar, countries can minimize exposure to exchange rate fluctuations and external monetary shocks originating from advanced economies. Furthermore, the use of local currencies can lower transaction costs associated with currency conversion and enhance the efficiency of trade settlements. This shift not only promotes more balanced trade relationships but also supports the development of regional economic integration among participating countries.

Economic cooperation within the BRICS framework provides significant opportunities for developing countries to access alternative sources of financing and

investment. Institutions such as the New Development Bank (NDB) play a crucial role in supporting infrastructure development, sustainable projects, and economic growth in member and partner countries. Unlike traditional Western-dominated financial institutions, the NDB offers more flexible financing mechanisms and fewer political conditions, making it more accessible for developing economies. This alternative financing structure allows countries to diversify their funding sources, reduce dependence on institutions such as the IMF and World Bank, and strengthen their capacity to implement long-term development strategies.

Moreover, the expansion of BRICS membership further amplifies its influence in the global economic system by increasing the representation of emerging and developing economies. With more countries joining or aligning with BRICS initiatives, the potential for establishing a multipolar financial architecture becomes more feasible. This expansion also encourages stronger South-South cooperation, enabling countries to share resources, technology, and policy experiences. As a result, developing countries can enhance their economic resilience by building more inclusive and cooperative economic networks that are less dependent on traditional global power structures.

However, the implementation of dedollarization also faces several structural and institutional challenges that may hinder its effectiveness. One of the main challenges is the volatility of local currencies, which can create uncertainty in trade and investment activities if not properly managed. In addition, differences in economic structures, policy priorities, and geopolitical interests among BRICS member countries may complicate coordination efforts. Limited financial integration, underdeveloped payment systems, and regulatory inconsistencies across countries also pose significant obstacles to the smooth implementation of dedollarization initiatives.

Therefore, stronger economic policy coordination and institutional cooperation among BRICS member countries are essential to ensure the success of the dedollarization agenda. This includes harmonizing financial regulations, improving cross-border payment infrastructure, and enhancing currency stability through coordinated monetary policies. Furthermore, continuous efforts to build trust, transparency, and cooperation among member countries are crucial to sustaining long-term progress. If these challenges can be effectively addressed, dedollarization and BRICS expansion have the potential to significantly strengthen the economic resilience of developing countries and contribute to a more stable and balanced global financial system.

CONCLUSION

This study demonstrates that dedollarization and the expansion of BRICS play a crucial role in strengthening the economic resilience of developing countries, particularly in the face of increasing global economic uncertainty and shifting geopolitical dynamics. Through dedollarization policies, developing countries are able to gradually reduce their dependence on the United States dollar in international trade, foreign exchange reserves, and financial transactions. This shift not only enhances monetary sovereignty but also allows countries to implement more independent and flexible economic policies. As a result, developing economies become better equipped to respond to external shocks, exchange rate volatility, and global financial instability.

Furthermore, the expansion of BRICS provides broader opportunities for

developing countries to enhance economic cooperation and integration at both regional and global levels. By fostering stronger collaboration among emerging economies, BRICS facilitates increased trade diversification, encourages the use of local currencies, and supports the development of alternative financial infrastructures. In addition, access to alternative sources of financing, particularly through institutions such as the New Development Bank, enables developing countries to fund infrastructure projects and long-term development programs without excessive reliance on traditional Western financial institutions. These developments collectively contribute to improving economic stability, promoting sustainable growth, and strengthening resilience against global economic disruptions.

Moreover, the growing influence of BRICS in the global economic system reflects a gradual transition toward a more multipolar financial order. This transformation creates a more balanced distribution of economic power and reduces the dominance of a single currency in international transactions. For developing countries, this shift presents an opportunity to play a more active role in shaping global economic governance. It also encourages the development of more inclusive financial systems that better reflect the needs and priorities of emerging economies.

However, the success of the dedollarization agenda and BRICS cooperation largely depends on the effectiveness of economic policy coordination among member countries and the strengthening of regional and international financial institutions. Challenges such as exchange rate volatility, differences in economic structures, and varying national interests may hinder the implementation of these initiatives. Therefore, stronger institutional frameworks, improved financial integration, and consistent policy alignment are necessary to ensure the sustainability of these efforts.

In conclusion, a more integrated and strategic approach to cooperation is required to enable developing countries to optimally leverage the opportunities offered by dedollarization and BRICS expansion. By strengthening collaboration, enhancing financial infrastructure, and promoting policy coordination, developing countries can significantly improve their economic resilience and contribute to a more stable, inclusive, and balanced global financial system.

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