

Why is Trump taking aim at BRICS?

**What is the grouping's position on creating a BRICS common currency?
What about India's stance?**

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U.S. President Donald Trump. File | Photo Credit: AP

The story so far: U.S. President Donald Trump's threat to impose 10% tariffs on members of the BRICS grouping that held a summit in Rio de Janeiro this week is the latest in a series of similar threats.

Why is BRICS in Mr. Trump's cross-hairs?

Even before he was sworn in as U.S. President for the second time, Donald Trump had made it clear that he saw the BRICS grouping as “anti-American” and a threat to the dollar that he needed to neutralise. On November 30 last year, Mr. Trump said the U.S. would require BRICS members to commit that they would not create a new

BRICS common currency, “nor back any other currency to replace the mighty U.S. dollar”, threatening 100% tariffs on them.

It’s a threat he has repeated several times since. Mr. Trump’s irritation appears to stem from BRICS declarations in South Africa in 2023 and Russia in 2024, where members that now also include Egypt, Ethiopia, Indonesia, Iran and the UAE, discussed a BRICS Cross-Border Payments Initiative that aims to facilitate trade and investment within BRICS countries using local currencies and other mechanisms. The initiative built momentum due to the problems Western sanctions on Russia have meant for trading partners in the Global South.

What has the U.S. threatened to do?

Last Sunday (July 6, 2025), just as BRICS leaders gathered in Rio for the 17th BRICS summit, Mr. Trump said in a social media post that any country aligning with BRICS would face a 10% added tariff. The penalty was “just for that one thing” of being a member, Mr. Trump said later. It is unclear why the tariff rate was dropped to a tenth from the original threat of 100%, and even whether Mr. Trump will go through with the BRICS tariffs along with other reciprocal tariffs planned for August 1. But there seems little doubt that Mr. Trump wants BRICS de-fanged. “You can tell the (U.S.) President is (upset) every time he looks at the BRICS de-dollarisation effort...(and) Rio didn’t help,” said Steve Bannon, Trump’s former White House chief strategist, according to Politico magazine.

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In addition, the Trump administration has slapped 50% tariffs on Brazil after accusing President Lula da Silva of a “witch-hunt” against former Brazilian President Jair Bolsonaro, who faces charges of attempted coup. It has also imposed 30% tariffs on South Africa after accusing it of unequal trade, as well as expressing concerns over the treatment of Afrikaners (White South Africans). Republican Senators close to Mr. Trump also plan to bring a bill called the Sanctioning Russia Act of 2025 that seeks to place 500% tariffs on imports of oil and sanctioned Russian products, which would hurt Russia, as well as India and China, its two biggest importers.

Are Mr. Trump’s concerns valid?

Mr. Trump’s concerns about de-dollarisation have been denied by practically every BRICS member. The South African Ministry of Foreign Affairs issued a detailed statement explaining why the BRICS attempt to use national currencies within the grouping is not the same as replacing the dollar as the global standard. While anti-U.S. rhetoric of some BRICS leaders has been harsh, the wording of the BRICS Rio declaration 2025 issued this week does not directly challenge the U.S. or the dollar.

In the operative Paragraph 50, the leaders said they resolved to task ministers of finance and central bank governors “to continue the discussion on the BRICS Cross-Border Payments Initiative and acknowledge the progress made by the BRICS Payment Task Force (BPTF) in identifying possible pathways to support the continuation of discussions on the potential for greater interoperability of BRICS payment systems.” Paragraph 13 expressed “serious concerns” over the rise of unilateral tariff and non-tariff measures but didn’t name the U.S.

Where does India stand?

The Modi government, hopeful of clinching a Free Trade Agreement with the U.S., has strenuously objected to Mr. Trump's categorisation of the BRICS as "anti-American".

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In a parliamentary response on December 2, 2024, the MoS (Finance) Pankaj Chaudhury made it clear that the U.S. allegations referred to a report prepared by Russia during its chairmanship of BRICS, where it had spoken of "possible alternatives relating to cross-border payments" and "leveraging existing technology to find an alternative currency".

He added that the report was only "taken note of" by other BRICS members, not adopted. In March 2025, External Affairs Minister S. Jaishankar was more categorical, saying there is no Indian policy to replace the dollar. He conceded, however, that BRICS members had differences, and there was no unified position of the grouping on the issue.

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