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**CHALLENGING DOLLAR DOMINANCE? BRAZIL'S ENGAGEMENT WITH  
RMB INTERNATIONALIZATION IN THE INTERNATIONAL MONETARY  
FINANCIAL SYSTEM**

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The fallout from the 2022 Russia-Ukraine conflict has further intensified debates on de-dollarization, as Moscow's exclusion from dollar reserves and the international payments system underscored, once again, the vulnerabilities of a dollar-centric international monetary and financial system (IMFS) (Eichengreen 2024). These events reignited discussions on alternatives to dollar dominance, which have been going on at least since the 2007-2009 Global Financial Crisis (GFC) (Cohen 2019; Norrlof et al. 2020). In response to the dollar's weaponization, nations worldwide have accelerated efforts to adopt alternative currencies in international trade, strengthen or establish independent payment systems, and even explore the creation of a new BRICS reference currency (Batista Júnior 2024). Against this backdrop, China's ambitions to internationalize the RMB find fertile ground in the growing push, particularly by developing and emerging economies (DEEs), to reduce dollar dependence – while the United States seeks to preserve its currency's centrality.

These developments signal a current tension, and potential shift, in the IMFS, placing DEEs at the center of the escalating monetary rivalry between the United States and China. DEEs face structural constraints within the IMFS, which have been exacerbated by financial globalization (Kaltenbrunner & Paineira 2018; Bonizzi et al. 2020; Carneiro & De Conti 2022; Alami et al. 2023; Jibril 2025). As Ocampo (2018) notes, their limited ability to generate international liquidity increases their reliance on foreign exchange reserves, reflecting heightened vulnerability to boom–bust financial cycles and balance of payments crises. Consequently, DEEs remain dependent on a flawed global financial safety net, lack a proper international debt resolution mechanism, besides being underrepresented in traditional global economic governance institutions – particularly in the International Monetary Fund (IMF) (Hooijmaaijers 2021). As a result, these countries face significant economic and political challenges within a hierarchical and asymmetrical IMFS, where their policy autonomy is constrained by the need to navigate spillover effects from core economies, most notably the United States (De Paula et al. 2017). In this context, reducing dependence on the dollar would serve to mitigate these external vulnerabilities. At the same time, currency choice has increasingly taken on a geopolitical dimension, reflecting broader strategic alignments and power dynamics in the global economy.

While recognizing that the success of the RMB's internationalization depends on China's domestic policies and structural constraints, this article emphasizes the willingness of foreign governments to integrate the Chinese currency into their domestic financial systems (Chey 2019, 2022; Chey and Hsu 2020; Pacheco Pardo 2018). In this sense, while China's rise as a global economic power and its ambitions to promote its currency have catalyzed a rich body of literature on RMB's international usage (Chin and Helleiner 2008) and its trade and investment influence in DEEs (Alden and Mendez 2023; Jenkins 2019; Menezes and Bragatti 2020; Xing and Vadell 2024), there remains a quite unexplored territory for analyzing how individual countries respond to the RMB's ascent. This invites an investigation into how large DEEs, like Brazil, will adapt to and navigate a potential reconfiguration of the IMFS. Regardless of whether a global shift materializes, these nations face the current pressing challenge of positioning themselves within a geoeconomic landscape dominated by competing powers.

Building on this empirical gap, this study explores the role of the RMB in Brazil, analyzing how the country positions itself in the shift toward alternative

currencies to the dollar amidst changing global monetary power. The study assesses Brazil's progress in de-dollarization and the rising influence of the RMB. It addresses three key questions: How widely is the RMB used in Brazil's economy? What institutional measures support RMB adoption in Brazil? And what are the implications of this engagement for Brazil's role in the IMFS?

Our research design to address these questions combines both qualitative and quantitative aspects. The first part aims to construct a chronology of key events (Armijo et al. 2025), from a Brazilian perspective, focusing on the measures taken by Brazil to reduce its dependence on the dollar and/or promote the integration of the RMB into the Brazilian economy. Particular attention is given to its alignment with the BRICS in promoting reforms and arrangements that reduce reliance on the dollar. To this end, we analyze official developments, such as government agreements and diplomatic engagements, implemented to advance RMB usage in Brazil. The second part adapts Liu & Papa's (2022) framework for measuring de-dollarization in BRICS economies, specifically in the real economy. This assessment is based on three key indicators: (i) the composition of global reserves, evaluating diversification away from the dollar; (ii) currency predominance in trade invoicing, measuring the extent of RMB incorporation into Brazil's external transactions; and (iii) payment infrastructure, examining the adoption of alternative systems such as CIPS and bilateral arrangements beyond SWIFT.

The findings of this research suggest that while Brazil is not actively championing the RMB as a global currency, its actions – such as including RMB into its reserves and engaging in trade discussions – demonstrate a pragmatic adaptation to shifting global dynamics. The growing presence of the RMB in Brazil–China relations reflects a calibrated adjustment to China's expanding influence, one that seeks to enhance economic cooperation without undermining Brazil's autonomy or its ties with the United States. In this context, Brazil's approach to the RMB embodies a delicate balancing act amid the China–U.S. rivalry. Rather than signaling a decisive shift away from the dollar or the broader U.S.-led IMFS, these measures represent a strategic effort to facilitate trade with China while mitigating the risks of overreliance on the dollar. However, this positioning lacks a clear or cohesive long-term strategy, raising questions about Brazil's ability to navigate its economic engagements with both major powers effectively.

This article is organized in six sections. Following this introduction, the next two sections present the theoretical framework to explain Chinese ambitions and

limitations to internationalize its currency. The second section presents the currency internationalization literature, highlighting the role played by institutional and infrastructural processes in building the international appeal of a currency. The third section reviews the literature on the underlying power dynamics within the IMFS, where economic and political capabilities do not automatically translate into monetary power. The fourth section gives the historical background of Brazil and China shared desire to reduce their dependence on the dollar and China's policies to internationalize the RMB. The fifth section evaluates Brazilian policies to reduce dollar dependency, and to what extent these measures have translated into an increased use of the RMB. The sixth section concludes the article.

Palavras-chave: de-dollarization; rmb internationalization; brazil-china relations; international monetary and financial system; economic sovereignty; developing and emerging economies.