Brazil, Russia, India, China and South Africa

AGENDA:
Deliberation on forming a "Global Economic Recession 2025 Recovery Initiative" with Special Emphasis on De-dollarisation and Decentralisation of the Economy.

BRICS

STUDY GUIDE

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LETTER FROM THE BUREAU

Greetings Distinguished Delegates,
With immense gratification, we, the bureau of BRICS Summit, welcome you all to the 10th iteration of the Shishukunj Model United Nations.

For this year's BRICS Summit, we will be addressing the agenda "Deliberation on forming a 'Global Economic Recession 2025 Recovery Initiative' with Special Emphasis on De-dollarisation and Decentralisation of the Economy".

The unforeseen 2025 global recession has overwhelmed the nations and institutions worldwide. It has exposed the overdependence on the U.S. dollar to the vulnerabilities of centralized economic structures. This agenda requires the delegates to engage in comprehensive discussions and debates on the recession, analyze its root causes and implications, and collaboratively formulate a path towards reconstruction of the global economic system.

We expect the delegates to research thoroughly on the agenda, and understand its implications in the real world, so as to come out with a comprehensive and implementable declaration.

Finally, we envision this committee not only as a platform for serious and engaging discussions but also as a space that encourages collaboration, creativity, and mutual respect. We hope it becomes a highly interactive, intellectual, and an enriching experience, one that stands out as a memorable milestone in your overall MUN journey.
Looking forward to meeting you all soon.

Regards,
Neev Lalwani, Chairperson
Daksh Firoda, Co Vice-Chairperson
Aryan More, Co Vice-Chairperson
Vedant Garg, Rapporteur

INTRODUCTION TO THE COMMITTEE

What once started as an idea has now turned into one of the most powerful groups in the world, capable of changing the entire course of international trade and politics. The idea of BRICS was proposed by Chief Economist at Goldman Sachs, Jim O'Neill, under a study in 2001 named "Building Better Global Economic BRICs." This gave rise to the group BRIC, consisting of Brazil, Russia, India, and China in 2006, and shortly after, the 1st BRIC summit was held at Yekaterinburg, Russia, on June 16th, 2009. But the acronym BRICS we know of today was adopted after South Africa was accepted as a full member at the BRIC Foreign Ministers' meeting in New York in September 2010, and they all came together at the 3rd BRICS Summit in Sanya, China, on April 14th, 2011. Today, a total of 17 BRICS Summits have been held, and six more countries—Egypt, Ethiopia, Indonesia, Iran, and the United Arab Emirates, Saudi Arabia—have joined. BRICS was formed to promote economic growth, development, and cooperation among its member countries and to reform the international financial and political system.

The new growth represents a strategic change and strengthens BRICS as a forum for developing nations to express their issues and influence international policy. It displays the bloc's desire to establish a more representative, multipolar, and balanced international order based on respect for one another and national sovereignty, as well as growing dissatisfaction with the current Western-dominated institutions.

As of 2024, the BRICS group includes the following 11 member countries:
1.Brazil
2.Russia
3.India
4.China
5.South Africa
6.Egypt,
7.Ethiopia
8.Iran
9.United Arab Emirates
10.Indonesia
11.Saudi Arabia

These additions were part of the BRICS expansion announced in 2024 and became effective in 2025.

INTRODUCTION TO THE AGENDA

At a time of unprecedented world economic uncertainty, the agenda, **"Deliberation on forming a 'Global Economic Recession 2025 Recovery Initiative' with Special Emphasis on De-dollarisation and Decentralisation of the Economy"** is on the cards. The world is now on the brink of experiencing a 2025 recession, which is being fueled by the tightening of fiscal policy, inflation, supply chain uncertainty, and increasing debt levels, following a couple of years of economic recovery from the COVID-19 pandemic and geopolitical tensions.

This committee will function on the premise of an assumed scenario of a full-blown global economic crisis, marked by sudden deterioration in trade and investment, rise in unemployment, and falling GDP (Gross domestic product) growth rates. In this regard, the importance of innovative and concerted efforts at recovery has never been more urgent.The agenda is about crafting a comprehensive, BRICS-sponsored proposal that is aimed at repurposing long-term economic resilience through structural transformation and addressing short-term economic revival.

By enhancing monetary sovereignty and lowering vulnerability to external shocks, developing economies are now demanding that they be made less reliant on the U.S. dollar in international transactions and financial arrangements. This is reflected in the focus on de-dollarization. Concurrently, the call for decentralization seeks to strengthen the local economies, improve the financial cooperation of the regions, and reduce the dominance of centralized institutions that tend to be pro-industrialized nations.

The systemic flaws brought about by the long-standing monopoly of the US dollar have been exposed by the approaching recession. As the world's reserve currency, the dollar grants the US disproportionate control over global capital flows, trade, and financial regulations. This dominance enables the United States of America to shape international markets through monetary policy, sanctions, and interest rate decisions that often serve its domestic interests. Such concentration of power has heightened economic insecurity, leaving developing nations vulnerable to external shocks. The current crisis has sparked global calls to reduce dollar dependence in favor of more equitable and diversified monetary systems. Over the course of the next few days, this committee, which will function under a full-blown recession, will act as a platform for brainstorming, negotiating, and working together on solutions to the fictitious global recession.

KEYWORDS

1. **Recession:** A time of economic decline marked by a drop in overall output, a slowdown in business growth, and an increase in unemployment

2. **Tariff Barriers:** Taxes on imported goods used to protect domestic industries but can trigger trade conflicts

3. **Non-Tariff Barriers:** Policy or regulation-based restrictions on trade (e.g., quotas, embargoes, standards) that do not involve direct taxation

4. **Decentralisation:** shifting financial and trade decisions away from global central systems (like reliance on the US dollar) to regional or national control, allowing countries to trade in local currencies and strengthen their economic independence.

5. **Monetary Sovereignty:** A country's ability to manage its own currency, interest rates, and financial systems independent of foreign intervention.

6. **Currency Volatility:** constant and erratic fluctuations in exchange rates that can destabilize trade and the economy

7. **Currency Devaluation:** A planned reduction in a nation's currency value to increase exports or decrease trade deficits.

8. **Liquidity:** Speed at which an asset or currency can be exchanged for cash without a loss in value—critical to trade and investment.

9. **Overvaluation:** A situation where a currency is valued more than its market value, rendering exports costly and imports relatively less costly.

10. **Distributed Economy:** An economic system where production, decision-making, and trade are dispersed in different regions rather than centralized locations.

11. **Trade Settlement:** The act of finishing a trade agreement, such as transferring money and goods—commonly in USD.

12. **Supply Chain Resilience:** A production and distribution network's capacity to return to normal after interruption.

13. **US Dollar Dominance:** The USD as the world's dominant global reserve and trade currency, which confers disproportionate power to the U.S.

COMPARATIVE ANALYSIS
THE GREAT RECESSION, 2008 AND THE GLOBAL RECESSION, 2025

While many argue that the 2025 recession is not the same as the 2008 crisis, it shares striking similarities at its core.

The origin of the Great Recession lay in the collapse of the U.S. real estate market. Banks granted high-risk loans whose overvaluation and lack of regulation sparked a liquidity crisis as borrowers were starting to fail to pay. The bankruptcy of Lehman Brothers in September 2008 proved to be the turning point, spreading panic globally. Governments and central banks reacted with immense bailouts and extensive monetary policies amendments. This ameliorated the situation of total collapse. The recession caused a global GDP decline, massive unemployment and a shrinkage in international trade.

Today we do not face a systemic financial crisis like in 2008, but rather a global economy characterized by uncertainty. Current factors include the US-China Trade War, the new tariff system by the US, persistent inflation and elevated interest rates to combat inflation.

Currently, central banks have adopted a more restrictive stance after years of the COVID-19 Pandemic. The Federal Reserve and the European Central Bank have raised interest rates so as to control inflation, which has made credit more expensive and hindered growth. Trust in these institutions has therefore lessened to a large extent, and global public debt has attained phenomenal levels. At this point of time, there is no globally declared recession , but growth is feeble. The IMF projected in October 2024 witnessed a global growth of approximately 3% for 2025, below the historical average being 3.7% between 2000 and 2019. Unemployment has not surged, but rising inflation has reduced people’s buying power.

NOTE: This analysis is only for better understanding. It will not be discussed separately in the committee sessions.

CAUSES AND EFFECTS OF THE 2025 GLOBAL ECONOMIC RECESSION

Causes of the Recession:

The international economic downturn that started in 2025 has severely impacted individuals and companies worldwide. One of the primary reasons behind this crisis is the U.S. President Donald Trump's tariff policy enacted in his second term. At the start of 2025, President Trump imposed a 10% duty on all commodities entering the United States, with much higher tariffs on nations such as China. This resulted in common items—like clothing, electronics, and food—costing more for American consumers. Companies also had to pay higher prices for raw materials and parts, which added to their expense.

Due to this, numerous companies cut their production, suspended new employees, or even fired present staff. Hence, the U.S. economy began to contract. Experts had forecasted the decline of GDP, and median wages started declining. Certain families are set to lose up to $22,000 in the long run due to increased prices and reduced income.

To counter Trump's tariffs, nations such as China and those of the European Union have imposed their own levies on US products. This damaged US exports and made international trade more complicated. Supply chains—employed to build items such as telephones and automobiles—were broken across the globe. Factories closed down or reduced production, and employment losses were transmitted to other nations, particularly in Asia and Africa.

Stock markets plummeted as investors lost faith, and large banks such as JPMorgan predicted a probable recession. The International Monetary Fund (IMF) also reduced world growth projections. In the long run, companies became unsure about impending trade regulations, and investments decreased while debt increased.

What started as an American trade policy soon became a worldwide issue. The 2025 recession demonstrates how the choices of one nation can profoundly affect the global economy.[1]

[1] https://www.anderson.ucla.edu/about/centers/ucla-anderson-forecast/recession-watch-2025

Analyzing how the Recession Impacted Developed and Developing Economies:

Early in 2025, economists cautioned that drastic new U.S. tariffs on imports had set off a global slowdown. On April 2, 2025, the United States imposed tariffs ranging from 10–50% on imports from virtually all of its trading partners.
This first-ever "trade earthquake" sent markets into shock instantly. The IMF and others blamed the following policies for driving the world into recession: the IMF reduced its 2025 world GDP growth projection from around 3.3% to around 2.8% and cautioned that U.S. tariffs were "pushing the global economy towards a significant slowdown"[2]

In practice, the tariffs function as a tax hike on U.S. imports, increasing the expense for U.S. businesses and consumers while decreasing demand overseas. The added costs and uncertainty dampened business investment and trade throughout the world. In the chart below, for instance, the precipitous increase in U.S. tariffs is indicated – they are at their highest levels in a century.

The graph (based on IMF statistics) indicates that U.S. tariffs increased dramatically in 2025, setting all-time highs. Even after a brief decline subsequently, the average tariff level remained considerably higher than during the past decades. The lower half of the graph indicates that the average tariff on imports into the U.S. leveled off at about 25%— significantly higher than the world average. This dramatic increase in trade barriers is partly the reason that the International Monetary Fund (IMF) now predicts smaller global economic growth. The world economy is only expected to grow by 2.8% in 2025, a much slower rate than normal. These tariffs also induced inflation in the United States, with prices set to rise by roughly 3%— a full percentage point higher than prior to the tariffs.

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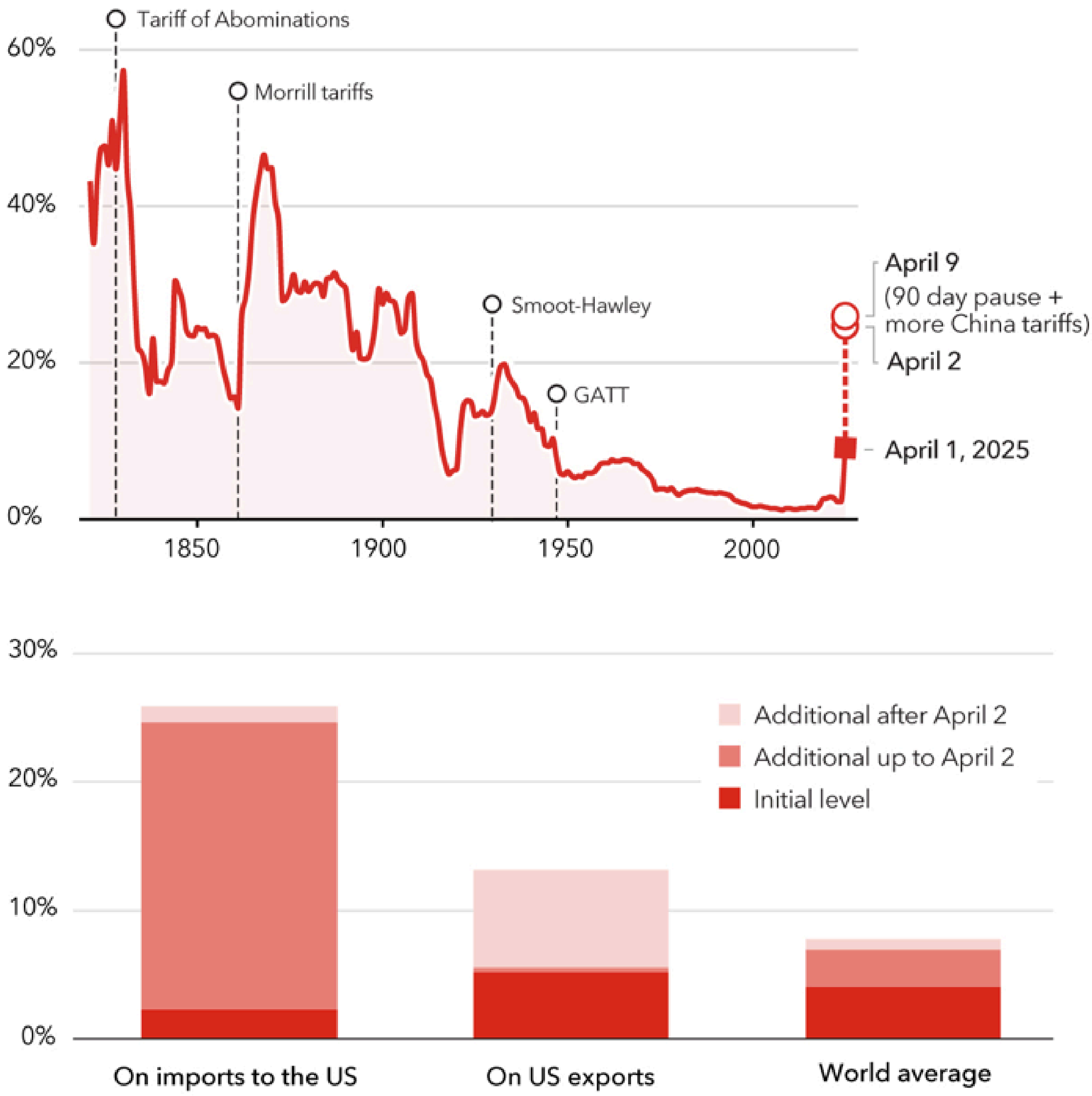
2 https://www.reuters.com/business/imf-cuts-growth-forecasts-most-countries-wake-century-high-us-tariffs-2025-04-22/

US tariffs are highest in a century, global tariffs are also rising sharply

Effective average tariff rate, United States



Sources: Haver Analytics; PIIE; Refinitiv Eikon; World Bank and IMF staff calculations.
Note: Weighted average tariffs on US exports and world average use WITS data for 2022.Includes announced tariffs by the rest of the world on US exports up to April 12.

IMF

To see the overall impact, it's helpful to compare developed and emerging countries. Developed economies such as the U.S., Germany, and Japan possess robust economies, large markets, and stable financial systems. Developing nations in Asia, Africa, and Latin America depend on exports and foreign investment to a greater degree. Thus, while affluent nations can weather a recession with government intervention, poorer nations are more at risk. A slowdown worldwide triggered by American policies may be challenging for rich countries—but disastrous for developing nations.

Impact on 'Developed' Economies

The 2025 global depression has struck even the world's most affluent nations hard—particularly the United States and its allies in Europe and Asia. One of the key causes of this slump is President Trump's move to increase tariffs on all goods imported into America. These tariffs increased the prices of things such as phones, attire, automobile parts, and machinery. Consequently, the prices nationwide increased, and inflation hit around 3% in 2025. American households needed to pay more for essentials, but their incomes did not rise at the same level. This strained the household budgets and lowered consumer expenditures.[3]

Companies also felt the pinch. Most American companies rely on foreign parts to produce their goods. With those parts now costing more due to tariffs, it was harder for companies to keep their prices low. Some firms cut production while freezing hiring or even firing workers. This slowdown in business activity trickled through to the economy, causing weaker growth. U.S. GDP growth fell to about 1.8%, compared to 2.8% a year ago. Economists and banks such as the International Monetary Fund and Reuters advise that such tariff policies are damaging the economy, not helping it.

Other advanced economies were impacted as well. In Europe, Germany's economy—typically one of the healthiest in the continent—virtually did not grow at all. The overall Eurozone, which includes nations such as France and Italy, also experienced very slow growth. These nations depend a great deal on exports, and when global trade slowed down, so did their profits and job opportunities. The United Kingdom and Japan were also hit hard, as their sectors were affected by less demand and increased worldwide uncertainty.

Although developed nations do possess instruments such as powerful central banks and bigger government budgets to handle a recession, they are still finding it hard to stabilize their economies. Low growth accompanied by high inflation has made it tough for governments to react suitably. In short, even the advanced economies are experiencing actual distress in this recession, much of which has been caused by the spillover effects of U.S.' protectionism policies.

3 https://www.reuters.com/business/imf-cuts-growth-forecasts-most-countries-wake-century-high-us-tariffs-2025-04-22/

Impact on 'Developing' Economies

The 2025 recession has particularly affected developing nations. Most of their economies are based on exporting products—such as oil, metals, and manufactured goods—and foreign investment to expand. When the world trade slowed because of American tariffs, their exports crashed. Even countries not in direct trade with the U.S., such as Nigeria or Angola, were affected because decreasing oil prices took away from their country income.[4]

Another one was capital flight. As uncertainty increased, international investors pulled their funds from emerging economies and into secure havens such as the U.S. This weakened local currencies, rendering imports more costly and leading to inflation. These governments were forced to spend their scarce reserves defending their economies. Growth projections of these economies reduced dramatically.

Asia, India and Vietnam also experienced slowdowns, although local demand softened the impact. Some Southeast Asian countries reaped the benefits of firms relocating production away from China—a phenomenon referred to as the "China+1" strategy—but generally, the slowdown affected most emerging economies.

The crisis laid bare the weakness of emerging economies. With less financial resources and more exposure to international trade, they tend to be hit harder than wealthier nations during adversity. Declining exports, depreciating currencies, and lower investment have all come together to yield a challenging economic climate in much of the developing world.

Sector-specific impact of the Recession:

Many economists started warning, as early as January 2025, that a new global slowdown had been triggered largely by a surge in U.S. import tariffs. These tariffs kept driving up the costs for companies and provoked retaliation by trading partners, slowing trade and growth in many industries. The result is a broad downturn: factories cut production, export orders dry up, shoppers pull back, property markets weaken and investors grow fearful. Here is how major industries have been impacted, and the way that the issues are feeding on one another.

1. **Manufacturing**
   Import tariffs have increased factory expenses and bogged down worldwide supply chains. In America, the manufacturing index declined early in 2025, signaling a contraction. Factories previously living off inexpensive inputs now have their supplies delayed or substantially higher in price. Numerous manufacturers have reduced production. For instance, Ford revealed plans to cut thousands of European jobs and lower production of electric vehicles after the demand softened. Such tales have unfolded across the globe. These reductions in production result in fewer hours for

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4 www.reuters.com/business/finance/sub-saharan-africa-must-lift-revenue-ride-out-global-turbulence-imf-africa-head-2025-04-25/

factories and workers losing their jobs, lowering incomes and demands further in the economy.

2. **Exports and Trade**
   Export revenue forecasts have been cut for countries selling their goods abroad. In Germany, an almost completely export-oriented economy, many firms had predicted export drops. Analysts estimate altogether hundreds of billions of dollars of export losses in 2025. Declining orders and shipping volumes are caused by both reduced global demand and high tariffs. It hurts everyone and everything connected to dock workers and truck drivers, as well as manufacturers: orders dry up and factories run below capacity.

3. **Retail and Consumer Spending**
   Households are starting to feel the pinch. Greater costs (in part due to tariffs) and concerns regarding employment have set shoppers to be more guarded. U.S. retail sales hardly increased during spring 2025, after consumers flock to shop before tariffs became effective, then retreated. Major retailers reinforced this reservation. Walmart withdrew its guidance on earnings in the face of uncertainty. In reality, numerous stores are reducing orders and even employees.

4. **Commercial Real Estate**
   The slump is also hitting property markets. Office buildings sit half-empty as companies delay expansions. Shopping malls and hotels likewise feel the consequence of weaker consumer and business activity. Residential housing has weakened too – especially in China – where prices are falling and a glut of unsold apartments remains. Rising vacancy rates and falling values put pressure on developers, landlords, and renters.

5. **Financial Markets**
   Investors have reacted with increasing anxiety. Stock markets fell on the news of increases in tariffs, and market volatility has increased sharply. Leading banks now put a high probability of a world-wide recession if tariffs remain in force. It is making it more difficult for companies to raise funds, lowering the value of family savings, and increasing borrowing prices.

Together, the impacts of falling production, sluggish spending, increasing vacancies, and financial anxiety are interlinked. All such pressures feed into one another, propagating misery from big companies to middle-class households and pulling down growth globally. The 2025 slump demonstrates how a shock in one industry can spread through the global economy in a vicious circle.[5]

[5] https://www.investopedia.com/articles/economics/08/recession-affecting-business.asp

DE DOLLARISATION: EXECUTION AND IMPLICATIONS OF IT ON A GLOBAL LEVEL

What is De-dollarisation:

Why is it that almost every transaction and payment that takes place, whether related to luxury items, real estate, etc., is also converted into US dollars. Well, this is because the US Dollar is regarded as the most dominant currency in the world holding almost 60% of the currency reserves in the world. But before we discuss why the dollar became so dominant, we first need to see the origin of the US dollar. The US Dollar became USA's official currency in the late 18th century but it has origins from the 16th and 17th century in Europe. The dollar sign was inspired by the design of the Spanish-American peso. Then came the Federal Reserve Act of 1913 where a national banking system was created to facilitate the financial needs and changes of the US economy. In 1914, the Federal Reserve Board Reserve issued its first federal note in the form of a ten dollar bill.

But that was just the gist of the origin of USD, the actual domination of the US dollar started during the two world wars where the United Kingdom sustained multiple losses leading to the pound sterling's deterioration and strengthening of the US Dollar. The US further strengthened in 1944 after the Bretton Woods Conference and was recognised as the world's leading reserve currency system[6]. Today the dollar offers great stability and seems like the most convenient currency to settle payments and transactions, though after almost a century and half and in accordance with the quote "All great things must come to an end", the domination dollar has held for so long has now started to undermine the economic autonomy and currency of many countries country as well as increases the dependency on USD , thus many countries have placed de-dollarisation high on their agenda. De-dollarisation basically refers to removing the dependency from the US dollar from international transactions, trade settlements, and financial operations. When a country "de-dollarises", they:-

1. Strengthen Financial autonomy: Countries aren't bound by the US Federal Reserve's decisions, they have control over its currency's liquidity and money supply as well as interest rates.
2. Boost Regional currency: The more a country uses their regional currency for international transactions and payments while avoiding the dollar, the more it strengthens its own currency.
3. Remove Dependency from USD: By controlling their own monetary policies and currency, a country is able to remove the dependency from the USD and protects itself from fluctuation and collapse of the USD, USA's tariffs and sanctions.

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6 https://www.investopedia.com/articles/forex-currencies/092316/how-us-dollar-became-worlds-reserve-currency.asp

How Currency Volatility could Hinder the Process of De-Dollarisation:

Before a country de-dollarizes, there are a lot of challenges in the way. The most prominent being Currency Volatility. It occurs when the exchange rate between two currencies rapidly changes[7], here the USD.

Due to de-dollarisation more trades will be transacted through alternative currencies rather than the USD, reducing the demand for the USD and resulting in the depreciation of the value of the US dollar compared to other countries. This is a problem because-

1. The United States is the 2nd largest trading nation in the world and many countries are dependent on their currency, for example Zimbabwe, El Salvador, Ecuador. These countries used the US Dollar to stabilize their economy and prevent inflation but if the USD's value starts to drop again, these countries and its people/businesses will have to face the situation they once tried to avoid.
2. Not only that but for many countries their main exporter was the US for example Mexico, with almost 80% of its exports going to the United States, so the rates set by Mexico for the exports would be worth less after de-dollarisation due to the depreciated value of US Dollar .
3. Globally, the whole trade market and exchange rates for currencies will be disrupted because till now the dollar has been the standard currency for pricing global commodities like oil, gas, metals. This could lead to multiple pricing systems making transactions and payments more complicated.
4. Multinational Companies would face greater currency fluctuations risks when dealing with multiple regions and currencies which can affect the company's profit, revenue and costs. To explain this point let's have a hypothetical example. An electronic devices company from Europe gets its hardware from China and primarily sells it in the USA for $1000. After de-dollarisation, the value of the dollar would decrease and the yuan would increase. So when the company from Europe converts these currencies into euros, its costs would increase and revenue would decrease hence impacting its profitability.

In conclusion, many countries that trade a lot with the USA and many corporations that generate revenue through the American market would be reluctant to move towards a de-dollarised market. So it is up to the delegates to overcome these obstacles and find proper solutions.

[7] https://www.currencytransfer.com/blog/expert-analysis/currency-volatility-overview

Challenges Associated with De-Dollarisation:

Most international transactions have taken place in dollars since the early 20th century, replacing this deep intertwined system would be a tedious job. Essentially, creating a new currency system will be a very significant and time-consuming task because not only would you need a currency that is stable enough and could be circulated around the world for uniformity but also a diversified currency system wherein no currency actually dominates the world so that countries aren't undermined by the authority of a single currency, like the dollar, stopping over-reliance on a single currency[8].

Even though there are many alternative currencies to the USD like Euro, Chinese Renminbi, Pound Sterling etc, these currencies are mostly accepted in their own regional areas, hence international trade would be difficult. Therefore, building consensus on a common currency would take a lot of delegation and time which in a crisis like this, the world doesn't have.

Another challenge is the lack of liquidity, in basic terms it means how easily an asset can be turned into ready cash without affecting its market value and here liquidity means how much ready cash is available of a certain currency. So currently there is no currency that is more liquid than the US Dollar nor is there any currency which even comes close to being as liquid as the USD. This creates less room for large transactions thus multinational corporations would rather opt to trade in dollars

Last but not the least, lack of cooperation can slow down de-dollarisation because other countries like Zimbabwe, Ecuador, Argentina as discussed earlier may be reluctant to move away from the USD due to their own economic interests and concerns related to stability of the alternative currency.

8 https://www.livemint.com/market/dedollarisation-the-eroding-dominance-of-the-us-dollar-11689403313340.html?utm_source=chatgpt.com

IMPLEMENTATION OF DECENTRALISATION TOWARDS ESTABLISHING A DISTRIBUTED ECONOMY

What is Decentralisation:

Decentralisation refers to the distribution of power and control down from a central authority. This is a system where rather than a single point of control making all decisions, the work and responsibility is distributed across a network of participants. This can be applied to various sectors ranging from governance to economics.

Decentralisation is changing and shaping various industries, from governance to supply chain management. Some notable examples are as follows:

1) The government of Estonia has started a digital governance system. They have adopted blockchain technology for various public services and programs , including e-voting and digital identity verification. By Decentralisation, Estonia has reduced bureaucracy, increased the participation of citizens and ensured the integrity of its electoral process. The e-residency program, which allows non-Estonian to access Estonian Services, has further shown the potential of decentralised governance, making a more inclusive approach to citizenship.

2) Power Ledger, an Australian startup, uses blockchain technology to create decentralised energy trading platforms. This allows the homeowners with solar panels installed in their homes to sell excess energy directly to their neighbours, bypassing the traditional energy retailers. This approach empowers consumers and creates more resilient energy systems.[9]

Decentralisation of Production and Manufacturing of Goods:

Decentralization of production and manufacturing refers to the distribution of manufacturing units across multiple locations rather than relying on a centralized unit of production. This shift has become increasingly important in response to economic uncertainties like the Great Recession of 2008 and the current Global Recession of 2025, geopolitical risks, and advancements in technology. By decentralizing production, industries can create stronger supply chains, reduce dependency on specific regions and markets, and easily adapt to market demands.

One of the main advantages of decentralized manufacturing is supply chain resilience. Centralized production systems are vulnerable to disruptions and delays caused by natural disasters, trade restrictions like high tariffs, and geopolitical tensions. By distributing

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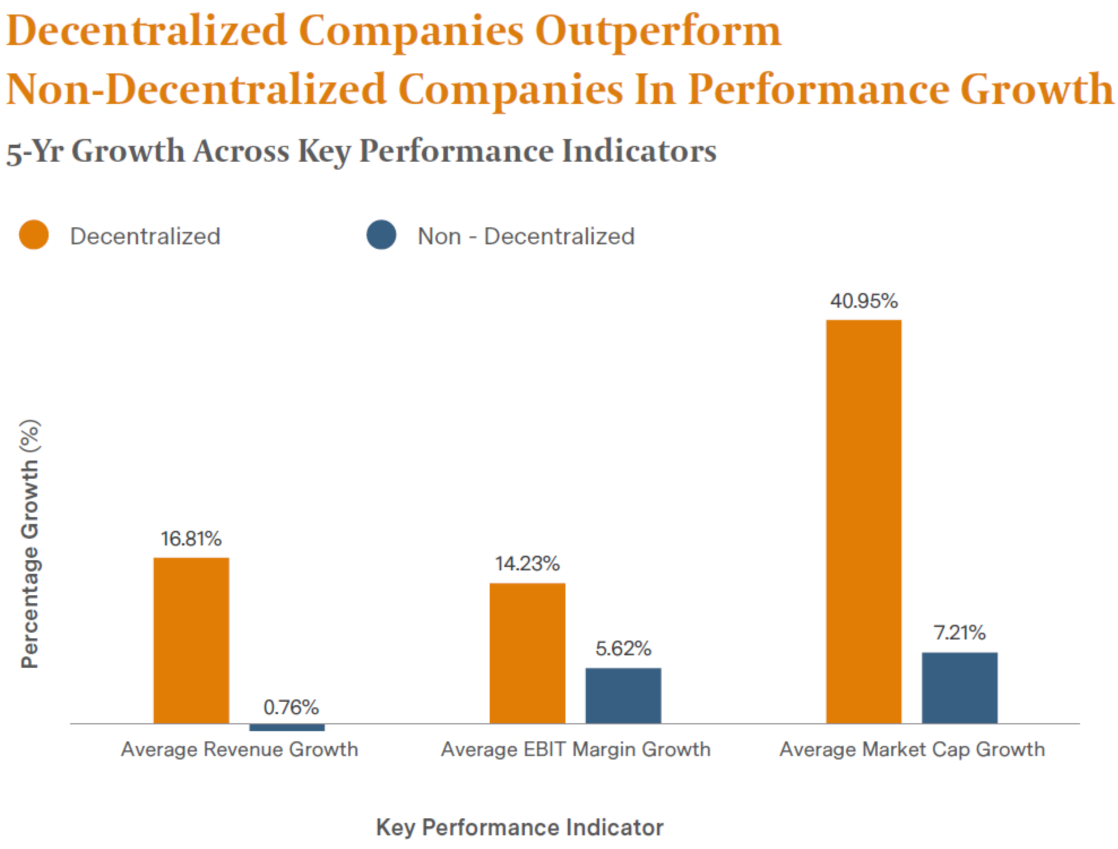
9 https://fucentri.com/case-studies-in-decentralization-real-world-examples-of-transformative-technology-applications/

manufacturing units across different locations, companies can reduce the risk of operational shutdown and ensure consistent supply even in unstable times.



[10]

Companies with decentralized manufacturing units enjoy many benefits that often companies with centralized plants don't. These advantages include flexibility, being closer to their customers and the market, better and timely information, and the ability to take advantage of low labour costs in the local area. A company which has decentralised production units that can meet the diverse growing demands of the local market more effectively while being physically close to the customers. It also has the freedom to manufacture only those products which are in demand in a specific region. Flexibility has other advantages as well, for example, communicating locally is more efficient than having to go through multiple channels at a centralised point of control, decisions can be made quickly and efficiently. Decentralisation not only improves decision making but it also gives the autonomy to make decisions for its employees without taking approval of a centralised point of control.

Many countries are taking up the idea of decentralisation, for example - American Nutrition, a major pet food company, plant in Ogden, Utah, but as the pet food market expanded, the

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10 https://www.egonzehnder.com/functions/chief-executive-officers/insights/why-decentralized-companies-outperform-their-industrial-peers

company also expanded to four manufacturing plants in Phoenix, Arizona; Woodland, Washington, and Hazleton Township, Pennsylvania.

Decentralized manufacturing has many disadvantages as well. Multiple production units require a larger investment of capital to set up, the per-unit costs are higher than mass-produced products made in a centralized factory, and maintaining consistency in products and processes is a great challenge. For companies that manufacture highly specialized products and distribute them locally, decentralized manufacturing may not be the best solution. [11]

Review of Current Legislative Framework that hinder Decentralisation:

Decentralization faces significant legislative barriers worldwide due to the current legislative framework of various countries. These obstacles are often due to legal frameworks that prioritize centralized control, fiscal limitations, and political resistance.

Even where decentralization is legally permitted, the legal framework leads to inadequate funding for local government bodies. Central governments often take control over financial resources, limiting the effectiveness of decentralized institutions. Additionally, new policies and bureaucracy hinder local adaptation to decentralisation.

Political leaders often oppose decentralization due to concerns about losing control and their power. In many cases, decentralization reforms are introduced primarily for short-term political gains rather than genuine improvements to the society. Furthermore, weak institutional support reduces the effectiveness of local governance, as countries frequently lack the necessary means to monitor and facilitate decentralized administration, reducing the efficiency of local governance systems.

Even after the 73rd and 74th amendments to the constitution of India, which aimed to strengthen local governance, many Indian states are still reluctant to transfer real authority to local bodies. Financial limitations and political resistance continue to obstruct effective decentralization.

From the above case it is clear that to have a well-defined decentralized economy, we have to look upon the current legislative frameworks, policies and regulations. The Decentralization of Administration and Political power are the topmost priority for a Decentralized Economy.[12]

[11] https://hbr.org/2017/12/when-to-decentralize-decision-making-and-when-not-to
https://industrytoday.com/centralized-vs-decentralized-manufacturing/

[12] https://pubadmin.institute/decentralisation-and-local-governance/legislative-framework-decentralisation-india

Objectives of a Decentralized Economy:

BRICS is focusing on decentralization as part of its strategy to reshape global governance and economic structures. The main motives are to reduce dependency on Institutions and the US Dollar. The body advocates for a world order where the power is distributed equally among all rather than a few global players, the idea of decentralization aligns with this vision of BRICS.

The main objective of Decentralisation is to have a well defined decentralized economy where everyone has equal power but the other objectives that are needed to achieve this final goal include strengthening the local economies, promoting wider participation in economic activities and potentially pave a pathway to a sustainable and Decentralised World with equitable outcomes.

ASSESSING THE REPERCUSSIONS FACED BY PRIVATE COMPANIES AND INSTITUTIONS

Analysing the Distinct Impact on SMEs and Multinational Companies:

While economic recessions impact businesses of all sizes, small and medium enterprises often bear the brunt more severely as compared to large corporations.
SMEs tend to collapse worse than larger ones amid a recession because they have a lesser ability to withstand a drop in revenue during rising economic uncertainty. They rely on frequent month-to-month cash flow or their personal savings, which implies that they feel the hit more rapidly than large companies. During an economic recession, small businesses tend to heavily rely on customer spending habits. They are likely to spend money as it is received, making the customers' payments even more crucial in order to keep the business afloat. In turn this creates a domino effect of delayed payments to vendors as well as manufacturers. At the end, it retards all the operations of the business.

Multinational companies are not immune to recessions. These may impose a hiring freeze or suspend employee pay raises. If nothing works out, they may resort to dismissals so as to cut costs. Companies may also diminish capital spending and marketing, restrict research and development, or discontinue new product rollouts.

This situation mirrors what the world faced during the COVID-19 Pandemic. During the worldwide lockdown, low-to-moderate income families were hit much harder than affluent ones. With unemployment taking a sharp surge, there was no financial cushion for middle-class families to rely on. For some even securing two meals a day became a serious challenge. In contrast, wealthier families had savings to fall back on, which allowed them to sustain with relatively less hardships.

To sum it up, low-to-moderate income families can be compared to SMEs and affluent families to multinational companies. The former ones struggled to survive during difficult times while the latter had the resources to endure, simply by cutting down on non-essential expenses.[13]

[13] https://www.investopedia.com/articles/economics/08/recession-affecting-business.asp

Labour Market Crisis and Unemployment Recovery in the Private Sector:

A recession is a slowdown in economic activity. Labour and capital are key economic inputs. Therefore, it is rational to say that unemployment would surge as output declines. This emphasizes on the direct proportionality between economic growth and the number of employees. When companies start making less, they need fewer employees and vice-versa. Unemployment starts rising only when the period is persistent, such as a recession. An estimate of how sensitive the unemployment rate to economic growth comes from Okun's Law, which determines that a decline in unemployment by 1 percentage point corresponds to a 3 percent rise in output. To say it otherwise, a decrease in output leads to an increase in the overall unemployment

Unemployment during recessions spreads as initial layoffs- reduced spending, lowering demand and causing more job losses. This cycle eventually ends but leaves lasting harm to the economy and workers. Those who lose jobs in deep recessions often face long-term unemployment. After the Great Recession, only 35–40% were back in full-time work by early 2010, with low re-employment rates persisting for years.

The Great Recession, 2008 as well as the Covid-19 pandemic, caused a spike in **structural unemployment** i.e. long-lasting unemployment that arises due to fundamental shifts in an economy. It is basically a persistent response to broad economic shifts. A viable cause of the above can prove to be the acceleration of automation, which is eventually pushing people out of manufacturing jobs.

According to a 2011 IMF working paper, the Great Recession's effect on structural unemployment in the U.S measured to have risen by around 1.75 percentage points in contrast to the pre-crisis level of 5%.
Just as economists were starting to grasp the long-term effects of the Great Recession, the global economy was once again disrupted—this time by the COVID-19 pandemic. Unemployment rates soared, businesses closed, and multiple stimulus packages were introduced in the early months of the crisis. While unemployment surged in 2020 and stayed high through 2021, certain professions still have not seen their unemployment rates return to the low levels that persisted before the pandemic.[14]

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14 https://www.investopedia.com/ask/answers/050715/how-did-great-recession-affect-structural-unemployment.asp


Percentage of US labour force not in work
Financial crisis
Covid-19 pandemic
16%
14%
12%
10%
8%
6%
4%
2%
0%
13.3%
2000
2005
2010
2015
2020
Source: US Bureau of Labor Statistics
BBC

Rise of Cyber-Criminal Threats to Private Institutional Stability:

An economic downturn results in a significant upsurge in cyberattacks. During an economic downturn, many businesses may cut back on their budgets for cybersecurity or may delay or cancel investments in new technology or system upgrades. These factors reduce their ability to protect themselves against cyber threats and make them more vulnerable to attacks. Cybercriminals exploit the financial situation, with an increase in social engineering attacks such as phishing emails targeting banks and credit unions, lottery scams, loan and job offers and other financial enticements offering rebates on energy bills to target vulnerable businesses.

In late 2008, phishers and hackers exploited the uncertain circumstances by increasing the volume of phishing emails targeting banks which were involved in proposed mergers and acquisitions, citing the news of anticipated takeovers in their messages. Scammers promptly revised their templates in order to beware other banks of which banks were involved in mergers and if the banks involved had changed. The Great Recession, 2008 saw a 22.3 % rise in online criminal activities, according to the Federal Bureau of Investigation (FBI). Spammers used the economic crisis as a simple lure for advertising drugs, pirated software or replicated websites. One of the most shrewd spam attempts was a series of automatic generation and distribution of junk emails followed by social networking profiles directing the targeted citizens to web sites, where they could apparently "leave debt behind". [15]

[15] https://cybersmart.co.uk/2023/03/why-cybercrime-increases-during-a-recession/

CASE STUDIES

1. AfCFTA and PAPSS

The African Continental Free Trade Area (AfCFTA) is one of the Flagship Projects of Agenda 2063 Africa's development framework. The AfCFTA was approved by the 18th ordinary Session of Assembly of Heads of State and Government, held in Addis Ababa, Ethiopia in January 2012 which adopted the decision to establish an African Continental Free Trade Area and the Action Plan for Boosting intra-African trade as a key initiatives whose implementation would promote socio-economic growth development . The AfCFTA aims at accelerating intra-African trade and boosting Africa's trading position in the global market by strengthening Africa's common voice and policy space in global trade negotiations.

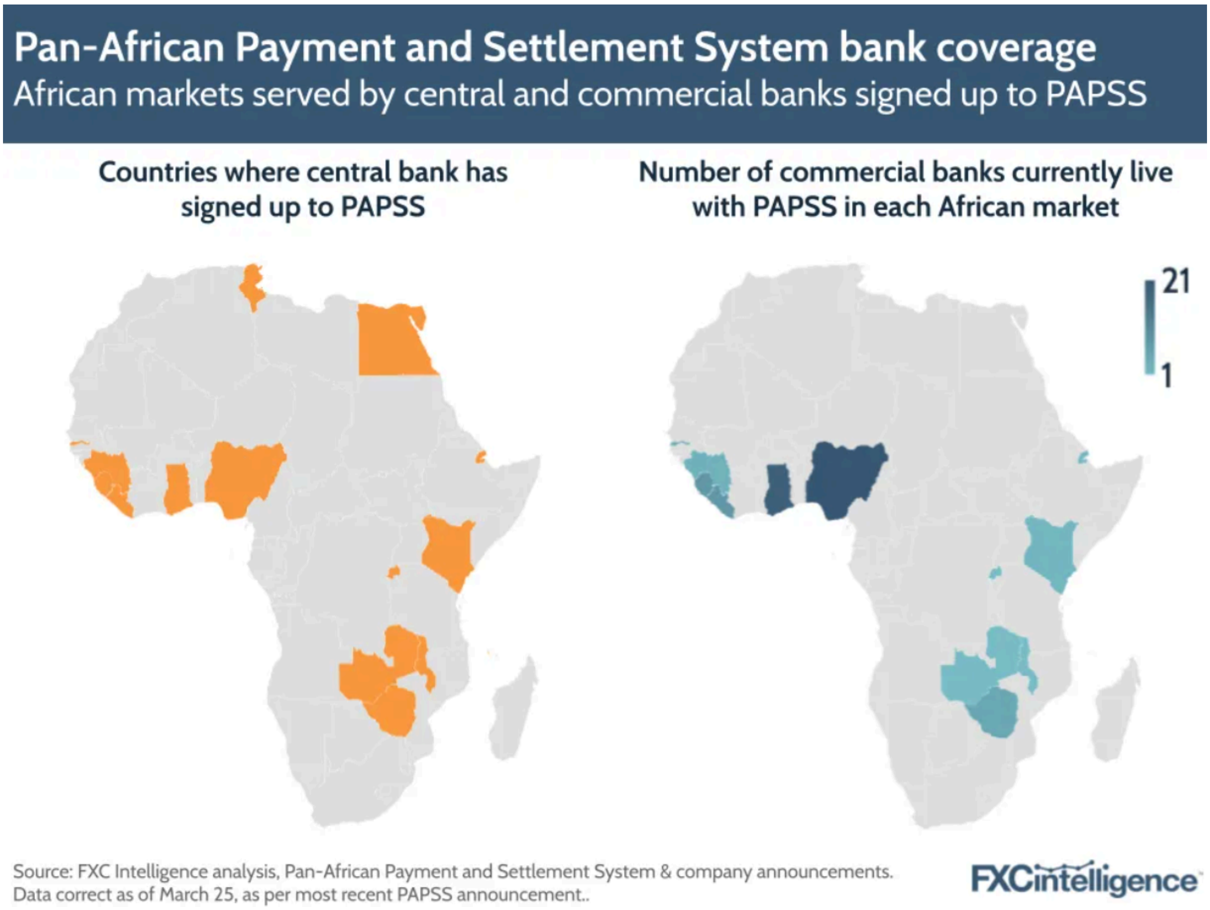
A major obstacle to intra-African Trade has been the reliance on the US dollar for transactions and this has led to increased costs and complexities. It will also make debt servicing among many low-income countries much harder, especially dollar-denominated loans payable from weaker local currencies.

The AfCFTA focuses on a system called PAPSS (Pan-African Payment and Settlement System), this system is central to Africa's De-dollarization effort. PAPSS facilitates cross-border payments between member states in local African currencies, reducing the need for dollar conversions. By this AfCFTA aims to lower transaction cost and regulate trade flow. This also reduces the demand for the US Dollar and strengthens the value of local currencies.

The AfCFTA aims to create a self-reliant and economically sovereign African Economy. This initiative has many potential outcomes like:

1. Increased trade volumes due to lower transaction cost.
2. Strengthening of Local African Currencies and increase in value.
3. Economic Freedom and greater control over their economy.

This initiative requires all member states to have strong political commitment but there are still a few gaps like poor infrastructure which can affect the smooth implementation of PAPSS and African Currencies which are prone to violation.



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16 https://www.fxcintel.com/research/analysis/pan-african-payment-and-settlement-system-march-25

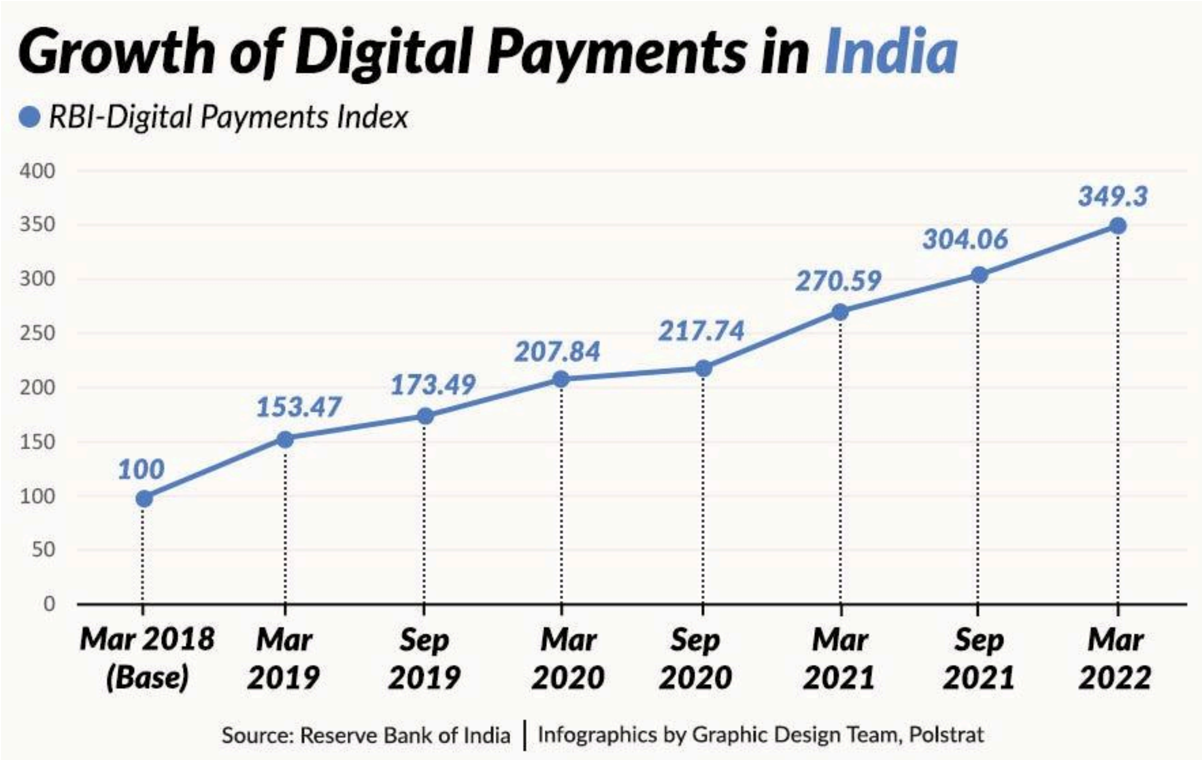
2. Alternate Currencies and CBDCs

Central Bank Digital Currencies (CBDCs) are transforming the global financial market. China's e-CNY and India's Digital Rupee (e-rupee) are at the forefront of the development of CBDCs.

China's e-CNY piloted in 2019, has positioned the country as a leader in central bank digital currencies (CBDC). The Growth has been impressive, especially following the launch of its mobile app in 2022. By June 2023, the digital yuan had been used for 950 million transactions, amounting to some Rmb1.8 trillion ($253 billion).The e-CNY has the potential to facilitate cross-border transactions in Yuan, bypassing the traditional dollar-dominated system. This could reduce China's dependence on the US dollar and mitigate the impact of potential US sanctions. China is promoting the use of the e-CNY in international trade, particularly within its Belt and Road Initiative (BRI) and with trading partners like Russia. This could increase the Yuan's global usage and challenge the dollar as the primary currency for international trade. China is also part of the 'mBridge Project', a multi-CBDC platform for cross-border payments. Started in 2021, this project aims to carry out international transactions using CBDCs, further reducing reliance on the dollar. e-CNY is a centralised currency which is issued and controlled by the People's Bank of China though it does not decentralize monetary policy or currency issuance in the same way as cryptocurrencies like Bitcoin which has a fixed supply limit (21 million) and its issuance is governed by a predetermined algorithm, not central bank decisions. e-CNU could also enhance the PBOC's control over transactions.

India is also not far behind in this race as RBI has also launched its CBDC, the Digital Rupee (e-rupee). The e-rupee is made as a digital equivalent of the Indian Rupee, providing a secure and convenient alternative to physical cash. The e-rupee had potential to carry out cross-border transactions in rupees, most probably with its trading partners. This can minimise the usage of US Dollar in Bilateral trade agreements with other countries. India aims to reduce its vulnerability to US monetary policy and high interest rates. Just like e-CNY, e-rupee is also a centralized digital currency which is issued and controlled by RBI. It also does not alter the monetary system of India. The e-rupee is aimed at improving the efficiency of domestic payments and promoting financial inclusion. While it uses digital technology, it does not involve decentralizing economic power.

Both the e-CNY and the e-rupee are centralized CBDCs designed to enhance domestic payment and potentially carry out cross-border transactions. Both countries aim to reduce their reliance on the US dollar to different degrees.
China's e-CNY is focused on international use and trade while India's e-rupee is more focused on domestic use right now.



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NOTE: These Case Studies are only for better understanding. They will not be discussed separately in the committee sessions.

[17] https://polstrat.medium.com/e-rupee-costs-and-benefits-of-replacing-cryptos-30efc6f36f01

CONCLUSION

This study guide has been designed in order to help the delegates get a deeper understanding of the key topics driving the BRICS committee's discussions. It begins by exploring the 2025 global economic recession and highlighting its diverse effects on economies at diverse stages of development, as well as its disruptions in varied economic sectors.

The agenda then shifts toward exploring meaningful recovery measures. The central theme is 'The need to rethink current global financial structures, with an emphasis on reducing overdependence on a single currency i.e. US Dollar and creating more adaptable, diversified economic systems.' In addition, the idea of spreading out economic activity by empowering local and regional capacities is discussed as a pathway to greater global stability.

There is special emphasis on the corporate sector which includes private institutions and the challenges faced by these during recessions. Both large and small scale businesses face difficulties as they navigate economic uncertainty, workforce disruptions, and rising cybersecurity risks, but differently.

Altogether, the topics covered aim to guide the committee toward creating a recovery strategy that is equitable, progressive and embedded in collective economic strength.

HOW TO RESEARCH

When starting to prepare for BRICS, research has to be strategic and multi-layered. Your present committee will operate in the hypothetical context of a deep ongoing global recession—your research must integrate real-world acumen as well as creativity and flexibility into this framework.

1. Committee-Specific Research

- Know the origin and development of BRICS
- Learn institutional objectives (economic cooperation, multipolarity, financial growth)
- Read previous joint statements and summits
- Understand how BRICS operates in times of global financial crisis

2. Country-Specific Research

- Role played by your nation in BRICS
- Foreign policy perspective—bilateral and multilateral positions
- Allies and Enemies within and outside BRICS
- Economic system (capitalist, mixed, socialist, etc.)
- Influence of past recessions on your economy

3. Agenda-Specific Research

- Understand the larger context of global recession
- Analyze your nation's weak points: exports, employment, inflation, or investment
- Learn from past stimulus reactions, economic reforms, or resistance measures
- Explore how BRICS can collectively act to global downturns
- Suggest sustainable fixes—monetary cooperation, trade realignment, policy frameworks

Trustworthy Research Sources:

- IMF.org
- WorldBank.org
- WTO.org
- BRICS-info.org
- Reuters.com
- The Diplomat
- Official Government Ministry websites

Unreliable or Unverifiable Sources to Avoid:

- Wikipedia
- Wikileaks
- Quora
- Reddit
- Blogs (varies — typically unverified; avoid unless backed by credible data)

Any site without **legitimate citations** or **official verification**

SINCERE ACADEMIC INTEGRITY WARNING!

Plagiarism will not be tolerated. All speeches, research reports, and chits should be the reflection of your understanding and analysis. Delegates who are caught using AI-generated or copy-pasted texts/ speeches/ solutions will receive a deduction in marks and potential disqualification.

Accuracy and originality are paramount.

EXPECTATIONS FROM THE DELEGATES

As the globe totters under the shocks of a fictional but all-too-plausible world recession, the BRICS committee is the vital platform charged with remapping the world economic response. In this fictional setting, the global economy is dislocated, manufacturing production is slowing down, trade channels are in question, and developing as well as developed countries are fighting to keep their heads above water. In this landscape of uncertainty, you, as delegates, are the architects of recovery, resilience, and transformation. We anticipate all delegates to arrive at committee meetings with a thorough grasp of the intricacies before them. The guide to the background provided is merely an introduction. Real readiness entails foraying into historical case studies, examining sector-specific effects, comprehending national interests, and above all, thinking outside the box. We urge ambitious, visionary proposals that tackle not short-term fixes but long-term structural changes that can insulate economies from the next shock.

Delegates need to stand up for their country's policy but in a way that is flexible enough to negotiate diplomatic agreement. Cooperation is the most essential thing. We anticipate debates to be respectful, constructive, diplomatic, coordinated and sincerely focused on global cooperation.

This committee, unlike most traditional simulations, will not have a freeze date. That leaves the delegates free to write responses and policies based on logic, realism, and foresight instead of being bound by predetermined time limits. But with that freedom comes academic responsibility—plagiarism or excessive usage of AI-driven content is not acceptable and will be penalized in delegate scoring.

Ultimately, the BRICS committee is not just a discussion space—this is a place where new economic ideas need to be created. When you make suggestions for aid to industries, changes in trade, financial security initiatives, or new investment partnerships, your work should reflect not only your country's best interest but also a shared vision of global stability. This is your opportunity to rewrite the rules in a world that's being rewritten every day. Make your diplomacy effective and your policy unforgettable.

QUESTIONS A RESOLUTION MUST ANSWER

1) What strategies can be implemented on a global level to recover from the recession?

2) How can De-Dollarisation contribute to economic stability in the coming future?

3) What policies can countries implement for a smooth transition from the US Dollar without causing financial instability and reserve currency dynamics?

4) What alternative currencies will countries adopt after moving away from the U.S. dollar, and how will these choices impact global trade, monetary policy, and economic stability?

5) What are the Risks and Benefits of decentralizing the Economy?

6) How can SMEs adapt to a post recession economy while playing a role in the recovery initiative and decentralizing the economy?

7) How can countries contribute to supporting SMEs post-recession?

8) How can member states collaborate to implement the recovery initiatives discussed in the committee?

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