

By “Punishing” France, The US Just Accelerated The Demise Of The Dollar

By [Zero Hedge](#)

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Not even we anticipated this particular “unintended consequence” as a result of the US multi-billion dollar fine on BNP (which France took very much to heart). Moments ago, in a lengthy interview given to French magazine Investir, none other than the governor of the French National Bank Christian Noyer and member of the ECB’s governing board, said this stunner at the very end, via Bloomberg:

- NOYER: BNP CASE WILL ENCOURAGE ‘DIVERSIFICATION’ FROM DOLLAR

Q. Doesn’t the role of the dollar as an international currency create systemic risk?

Noyer: Beyond [the BNP] case, increased legal risks from the application of U.S. rules to all dollar transactions around the world will encourage a diversification from the dollar. BNP Paribas was the occasion for many observers to remember that there has been a number of sanctions and that there would certainly be others in the future. A movement to diversify the currencies used in international trade is inevitable. Trade between Europe and China does not need to use the dollar and may be read and fully paid in euros or renminbi. Walking towards a multipolar world is the natural monetary policy, since there are several major economic and monetary powerful ensembles. China has decided to develop the renminbi as a settlement currency. The Bank of France was behind the popular ECB-PBOC swap and we have just concluded a memorandum on the creation of a system of offshore renminbi clearing in Paris. We have very strong cooperation with the PBOC in this field. But these changes take time. We must not forget that it took decades after the United States became the world’s largest economy for the dollar to replace the British pound as the first international currency. But the phenomenon of U.S. rules expanding to all USD-denominated transactions around the world can have an accelerating effect.

In other words, the head of the French central bank, and ECB member, Christian Noyer, just issued a direct threat to the world’s reserve currency (for now), the US Dollar.

Putting this whole episode in context: in an attempt to punish France for proceeding with the delivery of the Mistral amphibious warship to Russia, the US “punishes” BNP with a failed attempt at blackmail (recall [that as Putin revealed](#), the BNP penalty was a used as a carrot to disincentivize France from concluding the Mistral transaction: had Hollande scrapped the deal, BNP would likely be slammed with a far lower fine, if any). Said blackmail attempt backfires horribly when as a result, the head of the French central bank makes it clear that not only is the US Dollar’s reserve currency status not sacrosanct, but “the world”

will now actively seek to avoid USD-transactions in order to escape the tentacle of global “pax Americana.”

And, the biggest irony of all is that in “punishing” France for dealing with Russia, that core country of the *Eurasian* alliance of Russia and China, the US merely accelerated the gravitation of France (and all of Europe) precisely toward Eurasia, toward a multi-polar (sorry fanatic believers in a one world SDR-based currency) and away from the greenback.

Or shown visually (as we have ever since 20120).



Meanwhile, somewhere Putin is still laughing.

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