

China and Russia Developing Yuan-Ruble Trade Settlement

By [Washington's Blog](#)

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You've heard the rumor that Middle Eastern oil producers, plus China, Japan and France have all [agreed to start trading oil using a basket of currencies](#) – instead of the dollar – starting in 9 years (see [this explanation](#) for why the governments are denying the rumor).

But – whether or not the rumor is true – the world has actually been moving away from the dollar as the preferred method for settling trades for years.

The Wall Street Journal [reported](#) yesterday:

China and Russia are working on ways to eventually settle their trade with the Chinese yuan and Russian ruble, senior government officials from the two countries said Tuesday.

In January, it was [reported](#) that China had reached a similar arrangement with Brazil:

The Brazilian Central Bank announced it had reached an initial understanding with China for the gradual elimination of the US dollar in bilateral trade operations which in 2009 are estimated to reach 40 billion US dollars.

Indeed, as I pointed out in March 2007, many countries started moving out of the dollars as the basis for international trade settlements, including:

- [Japan](#)
- [Syria](#)
- [Iran](#)
- [Libya](#)
- [Russia](#)
- [Argentina](#)
- [Brazil](#)

- [Venezuela](#) and 12 other Latin American countries as well as Cuba
- Many other countries

As I and many others have argued for years, everyone wants to get out of the dollar, but not all at once. Foreign central banks want to move out of dollars gradually so they are not left holding worthless paper.

But the process actually started a while back.

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