

# De-Dollarization: How a Multipolar World Is Reshaping the Global Economy

By [Timothy Alexander Guzman](#)

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*As more nations continue to find viable solutions to bypass the US dollar for other alternative currencies, the US government's stranglehold on global finance and trade continues to decline. No one should be surprised at this point since Washington has been using its currency as a weapon of war including the economic sanctions it has imposed on various nations across the globe and its open threats for regime change and so on against those who are unwilling to obey Washington's Old-World Order. So you can expect major challenges for Washington. Most of the world are currently working to end the reign of the US dollar which has been a reserve currency since 1944. The BRICS+ coalition and the idea for a new multipolar world order is already taking place, it's inevitable.*

An analysis from J.P. Morgan, ['De-dollarization: Is the US dollar losing its dominance?](#) sounded the alarm concerning the risk of the US dollar losing its reserve currency position. According to Alexander Wise, a member of Strategic Research team at J.P. Morgan, a geopolitical shift has taken place,

"However, its hegemony is in question, especially in light of the ongoing Russia-Ukraine crisis. The risk of de-dollarization, which is a periodically recurrent theme throughout post-war history, has returned into focus due to geopolitical and geostrategic shifts."

It was well-known that US sanctions would backfire at some point in time:

In particular, the U.S. sanctions on Russia have made some countries wary about being too dependent on the greenback. In addition, against a backdrop of rising interest rates, a strong U.S. dollar is becoming more expensive for emerging nations, leading some to trade in other currencies. In July 2023, Bolivia became the latest South American country — after Brazil and Argentina — to pay for imports and exports using the Chinese renminbi

The report asks one important question, *“What are the potential implications of de-dollarization, and what could this mean for global markets and trade?”* How could the US dollar lose its world reserve status?

There are two scenarios that could erode the dollar’s status. *The first includes adverse events that undermine the perceived safety and stability of the greenback — and the U.S.’s overall standing as the world’s leading economic, political and military power. For instance, increased polarization in the U.S. could jeopardize the perceived stability of its governance, which underpins its role as a global safe haven.*

*The second factor involves positive developments outside the U.S. that boost the credibility of alternative currencies — economic and political reforms in China, for example. “A candidate reserve currency must be perceived as safe and stable, and must provide a source of liquidity that is sufficient to meet growing global demand,” Wise noted.*

These scenarios will undermine the role of the US dollar geopolitically and that would weaken Washington’s position as a global player, *“Fundamentally, de-dollarization would shift the balance of power among countries, and this could in turn reshape the global economy and markets.”* So, who would it effect the most according to Wise? Obviously, the US consumer:

*The impact would be most acutely felt in the U.S., where de-dollarization would likely lead to a broad depreciation and underperformance of U.S. financial assets versus the rest of the world. “For U.S. equities, outright and relative returns would be negatively impacted by divestment or reallocation away from U.S. markets and a severe loss in confidence. There would also likely be upward pressure on real yields due to the partial divestment of U.S. fixed income by investors, or the diversification or reduction of international reserve allocations”*

De-dollarization would drastically impact U.S. growth as foreign investments would decline as inflationary pressures would dramatically increase the cost of imported goods and services including food, oil and gas that will create uncertainty among the US population. Relatively speaking, the US would become an unstable environment for any foreign investment:

*De-dollarization could reduce institutional, investor and corporate demand for the dollar over time, and in size could cause its value to fall. If there is a specific catalyst for the move, de-dollarization could also result in heightened exchange rate volatility, especially as over 60 currencies are pegged to the greenback*

Although the use of the dollar has declined, its share of global currencies in use remains slightly higher. Meera Chandan, Co-Head of the Global FX Strategy research team at J.P. Morgan said, *“Overall dollar usage has declined, but it remains within long-run ranges and its share remains elevated compared to other currencies.”* She continued, *“The dollar’s transactional dominance remains top-of-class despite secular declines in U.S. trade shares. On the other hand, de-dollarization is evident in FX reserves, where the dollar’s share has declined to a record low of 58%.”* The renminbi could replace the dollar, but it will take time according to Alexander Wise who said that *“one might naturally expect the renminbi to assume a greater role in the global economy over time, but this transition would likely occur over the course of decades.”* Wise says that China must do several things for the renminbi to become an alternative currency and that includes *“Relaxing capital controls, opening*

*markets, implementing measures to promote market liquidity, bolstering the rule of law, reducing appropriation and regulatory risk, and promoting Chinese government bonds as an alternative safe asset — these could all cement China and the renminbi as a credible alternative to the U.S. and the dollar.”* The point is clear, for researchers at J.P. Morgan to ring the alarm on the inevitable demise of the US dollar is a sign of things to come.

## BRICS+ and De-Dollarization Is Moving Forward

According to [Al Mayadeen news](#), Deputy Foreign Minister Ali Bagheri Kani implied that Iran *“will work on the de-dollarization of trade and economic and financial transactions within the group of major emerging economies, revealing that some efforts in this direction are already underway.”* Bagheri Kani said that

“We have planned many missions and joint work with other BRICS members within the framework of this organization,” he continued “one of the most important tasks is the de-dollarization of trade and economic transactions and financial cooperation.”

It was a newsworthy story that the US mainstream media decided to not report on,

“In August, the 15th top-level BRICS summit in Johannesburg extended invitations to Argentina, Egypt, Ethiopia, Iran, the United Arab Emirates, and Saudi Arabia to join the bloc. Their full membership, except for Argentina, is scheduled to take effect on January 1, 2024.”

Argentina’s new Western puppet, Javier Milei had declined an invitation to join the BRICS coalition and *“vowed to dollarize the Argentinian economy and has been compared to former US President Donald Trump and former Brazilian President Jair Bolsonaro.”* [Le Monde Diplomatique interviewed Venezuelan President Nicolas Maduro](#) and said that

the decision was “one of the clumsiest and stupidest things Milei has done against Argentina” and that “the new president in Buenos Aires has taken his country back to the 19th century and is turning it into a “vassal of the imperial unipolar world.”

Maduro is hopeful that Venezuela *“would be accepted as a permanent member of BRICS+ at the next summit in Russia in October 2024. Caracas expects to acquire full membership in BRICS proper “sooner rather than later.”*

The [Islamic Republic News Agency \(IRNA\)](#) reported that

“the establishment of new financial and banking platforms has opened a “new chapter” in banking relations between Iran and Russia, with the two countries agreeing to ditch the US dollar and instead trade in local currencies.”

Iran and Russia will be using their own national currencies with new enhanced platforms including *“non-SWIFT messaging systems and establishing bilateral brokerage relations.”* Western sanctions are one of the main reasons that Iran and Russia decided to bypass US dollars which should not surprise anyone,

“Iran and Russia, both under draconian Western sanctions, have repeatedly criticized the US and its European allies for weaponizing the dollar as a tool to put pressure on other countries.”

Keep in mind that sanctions are not the only reason to move away from the US dollar as [Business Insider](#) suggests

“3 reasons countries around the world want to break up with the dollar” claims that “While the macro-geopolitical environment is spurring countries to seek alternative currencies, there’s long been uneasiness over the dollar’s outsized dominance in global trade and finance.”

The Global South including China and Russia have many reasons why they want to ditch the dollar, one of them being that the US Federal Reserve’s monetary policy has too much power over the rest of world’s economy. As for the position of the US dollar reserve currency status,

“This position has afforded the US what Valéry Giscard d’Estaing, the president of France from 1974 to 1981, called an “exorbitant privilege” and that “one facet of this privilege is that the US might not run into a crisis if it is unable to pay its debt when the value of the dollar falls sharply because Washington could simply issue more money” which has a negative impact on their economies, “some countries, including India, have said that they are sick and tired of US monetary policies holding them hostage — going as far as to say that the US has been an irresponsible issuer of the world’s reserve currencies.”

And one last reason for most of the world to ditch the dollar is when it gains, the world loses as imports become expensive, especially for emerging nations.

*Business Insider* mentioned India’s frustration with the US dollar as it attempted to use the rupee to pay for crude oil imports, but it has failed so far according to [The Economic Times](#):

India’s push for rupee to be used to pay for import of crude oil has not found any takers as suppliers have expressed concern on repatriation of funds and high transactional costs, the oil ministry told a parliamentary standing committee. The default payment currency for all contracts for import of crude oil is US dollar as per the international trade practice. However, in a bid to internationalize the Indian currency, the Reserve Bank of India on July 11, 2022, allowed importers to pay with rupees and exporters be paid in rupee.

While there has been some success with non-oil trade with a select few countries, rupee continues to be shunned by oil exporters

Business Insider also reported on India’s failed de-dollarization efforts, [‘India wanted to ditch the US dollar and buy oil in rupees. No seller wanted to get involved’](#) said that “India’s push to internationalize the rupee has been seen as part of a wider drive among nations from China to Brazil to reduce their reliance on the dollar in international payments and investments” they also mention Indonesia’s moves to bypass the US dollar in efforts to expand the use of the rupiah.

Even in the Caribbean nation of Jamaica, people have taken notice that de-dollarization is a necessary step to break the chains of US dominance according to Deuane Taylor, a business analyst at *Tax Administration Jamaica* wrote an interesting article in *LinkedIn* [‘Jamaica and De-dollarization’](#) that explains why de-dollarization can improve Jamaica’s economy. On the positives of de-dollarization, he said that

“it can help reduce the risks associated with being too dependent on a single currency and may improve economic stability and sovereignty. On the other hand, we may see an increase in transaction costs and a reduction in the efficiency of international trade and finance.”

Besides the fact that de-dollarization would increase the use of the Jamaican dollar that can *“increase in the stability of the Jamaican economy by reducing our vulnerability to fluctuations in the US dollar exchange rate. This stability can help Jamaican businesses better plan and forecast their costs and revenues.”* The most beneficial aspect of de-dollarization will be the *“reduction of the transaction costs with doing business”* since exchange fees, for example, will be much more affordable for both businesses and customers.

Bottom line is that it won't be easy to transition out of the US dollar. The world will need to 'adapt' to local or international currencies while balancing the health of their respective economies. As Taylor concluded to what needs to happen before Jamaica completely de-dollarizes its economy,

“Overall, the impact of de-dollarization on Jamaican businesses depends on various factors, such as the degree of reliance on the US dollar, the level of economic stability, and the level of preparedness of businesses to adapt to changes in currency usage.”

The BRICS coalition for a multipolar world will advance in the next couple of years. Saudi Arabia has just joined BRICS with Egypt, Ethiopia, Iran, and the UAE also becoming new member. BRICS nations will lead the way to de-dollarization no matter what Washington and its European minions do to undermine the coalition with economic sanctions, threats, regime change and any other plans they have up their sleeves to continue their dominance of the world's economic order. But, like the former heavyweight champion of the world, Mike Tyson once said, *“Everyone has a plan until they get punched in the mouth”* and that punch is de dollarization,

The world knows that de-dollarization is a solution that will stop US imperialism and its economic order. [Sputnik](#) reported that *“A third of UN member states have already opted for de-dollarization and decided to rely on national currencies to conduct payments, Sputnik's analysis has found.”* Roughly about 68 countries are on board to de-dollarize their economies:

According to the study, the most decisive calls to scrap the greenback and replace it with national currencies came from politicians whose countries are members of major regional organizations such as the Association of Southeast Asian Nations (ASEAN) and BRICS, which originally comprised Brazil, Russia, India, China, and South Africa – but was expanded to include a host of other nations on January 1

The report also mentioned Kenya's President, William Ruto, who has told local leaders to stop using dollars and use the pan-African payment system for transactions.

“Sputnik's investigation indicated that many countries have already realized the fact that the dollar poses a threat not only as a means of payment, but also as an instrument of savings, so the concept of de-dollarization should be considered more broadly.”

If that's not bad enough for the US dollar regime, even their closest ally, Israel, is moving away from the US dollar in favor of the yuan according to Sputnik,

“Israel, for instance, earlier announced that it would reduce the dollar's share in the country's foreign exchange reserves in favor of the yuan” according to the report.

You know it's bad when a country like Israel who is dependent on the US government for basically everything including fighting their wars in the Middle East is abandoning the US dollar.

Most of the world is already considering using other alternatives to the US dollar and they are taking the necessary steps to make a transition in a new multipolar world, but unfortunately, that will take some time since a world war is on the way to stop that transition. Maybe that's why the US government is getting ready to launch a multi-front war in the first place. Remember when Libyan President, Muammar Gaddafi, had an idea to create a gold-backed African dinar to bypass the US dollar and the euro? Gaddafi was overthrown and murdered as Libya was being systematically destroyed.

Washington will do everything in their power to ensure that nothing can challenge the US dollar even if it means starting a world war, but that would only push countries further away from the toxic currency.

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*Timothy Alexander Guzman writes on his own blog site, Silent Crow News, where [this article](#) was originally published. He is a regular contributor to Global Research.*

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Articles by: [Timothy Alexander Guzman](#)

#### About the author:

Timothy Alexander Guzman is an independent researcher and writer with a focus on political, economic, media and historical spheres. He has been published in Global Research, The Progressive Mind, European Union Examiner, News Beacon Ireland,



WhatReallyHappened.com, EIN News and a number of other alternative news sites. He is a graduate of Hunter College in New York City.

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