

# Changing the Anchor? Views of the World Majority on the Future of the Dollar's Role in the Global Economy

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# What is Dedollarisation?

- Dedollarisation refers to efforts by governments, firms and market participants to reduce the use of the U.S. dollar in reserves, trade invoicing and settlement, cross-border finance, and domestic transactions.



# Historical Background

- Since the establishment of the Bretton Woods system, the US dollar has been used as the medium for international trade. The U.S. dollar remains the leading international currency by most measures: foreign-exchange turnover, trade invoicing outside Europe, and the denomination of cross-border assets. However, its share in official reserves has drifted down gradually over two decades.

# Historical Background

- The U.S. dollar began to displace the pound sterling as the international reserve currency from the 1920s since it emerged from the First World War relatively unscathed and since the United States was a significant recipient of wartime gold inflows.
- After the U.S. emerged as an even stronger superpower during the Second World War, the Bretton Woods Agreement of 1944 established the post-war international monetary system, with the U.S. dollar ascending to become the world's primary reserve currency for international trade, and the only post-war currency **linked to gold at \$35 per troy ounce.**

# Historical Background

- The value of the U.S. dollar was therefore no longer anchored to gold, and it fell upon the Federal Reserve to maintain the value of the U.S. currency. The Federal Reserve, however, continued to increase the money supply, resulting in stagflation and a rapidly declining value of the U.S. dollar in the 1970s.
- This was largely due to the prevailing economic view at the time that inflation and real economic growth were linked (the Phillips curve), so inflation was regarded as relatively benign. **Between 1965 and 1981, the U.S. dollar lost two thirds of its value.**

# The dominance of the dollar

- The dominance of the dollar in the international financial system has been an "exorbitant privilege" for the United States for the past 80 years.
- Today, the dollar remains the main international currency, but discussions about the future of this role have intensified in recent years.
- Freezing of Russian foreign exchange reserves, that has demonstrated the vulnerability of excessive reliance on the dollar by central banks.

# BRICS – Alternative Currency

- Developing an alternative financial and settlement system is a key issue on the BRICS agenda, with general agreement on its necessity, but lack of consensus among member countries on the mechanisms for implementation.



# BRICS – Alternative Currency

- Is it possible to conclude that the process of dedollarization is underway in the world? Are there alternatives to the US dollar as a reserve asset and payment instrument?
- What opportunities do the BRICS countries have to accelerate their transition away from the dollar and how interested are they in this?
- Is a coordinated approach to this issue within the BRICS feasible?

# Discussion - Is dedollarisation happening?

- The global share of US dollars in reserves decreased in 2022 at a rate ten times faster than the average speed observed over the past twenty years, as several nations sought alternative options following the sanctions imposed due to the Russian invasion of Ukraine.

# Trump Administration

- In 2025, during the second presidency of Donald Trump, many countries began moving away from the US dollar as a foreign currency reserve. This coincides with the US beginning to pursue an isolationist foreign policy and an erratic economic policy.

# Is the world moving towards deglobalisation?

- While the debate around deglobalization is likely to persist, S&P Global Market Intelligence's data, including vast trade intelligence, forecasts a return to a long-term trend of growth in global trade in the years ahead. At this point, deglobalization is more of a point of rhetoric than an economic trend.

# The BRICS's De-dollarization Endeavors

- The BRICS nations — Brazil, Russia, India, China, and South Africa — are today the key protagonists in the de-dollarization wave. Russia has been at the forefront of a series of de-dollarization strategies, partly in response to the sanctions imposed by the U.S. and allies.

# Is the collapse of the dollar coming soon?

- While concerns about the dollar's stability exist as its value drops in 2025, most economists consider a complete collapse unlikely. However, if it did occur, the widespread domestic and international ramifications would affect trade, savings, investments, and overall financial stability.

# Is the US dollar in trouble in 2025?

- Often called the 'greenback', the US dollar has long been at the heart of global finance. But 2025 has been a difficult year for the currency, **with a nearly 11% fall in the first half – the worst start since the early 1970s**. Even if it seems abstract, a falling dollar can influence trade and investments worldwide.

# Other Factors weaken the Dollar

- Second factor is growth of other nations, such as economic and political reforms in countries like China and India, that boost the credibility and viability of alternative currencies as safe, stable, and liquid reserves.
- Hence, a shift toward dedollarisation is altering the global balance of power, with the most severe adverse impact felt in the U.S., likely leading to a broad depreciation and underperformance of its financial assets relative to the rest of the world.



# Dollar - Latest Trends

- While as of 2025 US Dollar is still dominant in foreign exchange market (88%), trade invoicing (40%), cross-border liabilities (48%), and foreign currency debt issuance (70%), its dominance is declining in the foreign currency reserves (from 90% in 1960 to 45% in 2023), bond market (from earlier 50% to 30% in 2024), commodity market (especially in energy where nations like
- India, China, Brazil, Thailand and Indonesia buy discounted oil and gas discounted price by bypassing the SWIFT sanctions against Russia or Brazil and pay in own local currencies)

# China –Yuan (RMB)

- Since 2011, China is gradually shifting from trade in US dollar and in favour of the Chinese yuan, and in March 2018, China started buying oil in gold-backed yuan.
- In March 2022, multiple reports claimed that Saudi Arabia was in talks with China about trading Saudi oil and gas to China in Chinese yuan instead of US dollars.
- In December 2022 at the China - GCC Summit, General Secretary of the Chinese Communist Party Xi Jinping called for oil trade payments to be settled at Chinese yuan. China's Foreign Minister Wang Yi stated that Chinese-Arab relations experienced a "historic improvement."
- In May 2023, China switched to the yuan to buy some US\$88 billion worth of Russian oil, coal and metals.

# China –Yuan (RMB) and Rubles

- In November 2022, Russian Deputy Prime Minister Alexander Novak confirmed that all gas supplied to China via Siberia are settled in rubles and yuan.
- On March 23, 2022, Putin signed an order forbidding "non-friendly" countries (including EU countries, the United States and Norway) from buying Russian gas in any other currency besides the Russian ruble in the wake of sanctions given in aftermath of the country's invasion of Ukraine. **As of 2022, Russia is the world's biggest gas exporter, making 17% of world gas export.**

# Europe - Rubles

- Immediately at the start of the Russian invasion of Ukraine, mostly Western countries imposed heavy sanctions on Russian commodities and banking sector.
- As a response, on 31 March 2022 Russian president Vladimir Putin signed a decree mandating unfriendly countries from April 1 to pay the natural gas imports in rubles.
- European leaders have initially rejected paying for deliveries in rubles, marking that such a move would undermine sanctions already imposed on Moscow. **In April 2022, four European gas companies made trade payment settlements in rubles.**

# India - Rupee

- India is exploring ways to strengthen its economy by reducing its reliance on the US dollar. The country believes that decreasing demand for the dollar in international trade can help stabilize its national currency, the rupee (₹).
- India's leaders have taken note of the trend of de-dollarization among other countries and are now seeking to increase trade using their own currency. To achieve this goal, India plans to convert the rupee (₹) into a foreign currency and increase its share of global trade.

# India-Russia:

- During the Cold War, and ending in 1991, the Soviet Union and India traded in a rupee-ruble exchange. Mutual trading between India and Russia is done mostly in rubles and rupees instead of dollars and euros.
- In March 2022, India and Russia entered for a Rupee–Ruble Trade Arrangement, In which India buys Russian oil in UAE dirham and also in rubles.

# Russia-Iran:

- In July 2022, [Russia](#) and [Iran](#) made modifications in their [bilateral trade](#) to reduce the dependency on the [US dollar](#). The new monetary system could mean the debts may be settled in their own countries and could reduce the demand for [US dollars](#) by 3 billion a year.
- In January 2023, Russia and Iran were planning to trade with gold-backed [cryptocurrencies](#) as an alternative to the [US dollar](#).

# Iran

- As a result of US sanctions, Iran has tried hard to reduce its reliance on the US dollar. The country has been seeking alternative ways or methods to conduct international trade utilizing diverse currencies such as the euro.
- The Islamic Republic of Iran is also striving to apply blockchain technology and digital currencies to bypass the international financial system and likewise to reduce the effect of sanctions.



# Russia - Turkey

- In August 2022, Turkey and Russia agreed to use rubles in trade of the natural gas.

# Venezuela

- In August 2018, Venezuela declared that it would price its oil in euros, yuan, rubles, and other currencies.

# ASEAN

- ASEAN, a group of 11 Southeast Asian countries in the region, such as Singapore, Malaysia, Indonesia, Cambodia, and Thailand, are currently contemplating the process of de-dollarization in order to diminish their dependence on the US dollar within their economies.
- These nations have voiced apprehensions regarding the volatility of the dollar's value and the American government's utilization of the dollar embargo mechanism. Consequently, they have developed a keen interest in mitigating their vulnerability to the dollar and exploring alternative currencies

# BRICS + Countries

- BRICS, comprising ten countries, namely Brazil, Russia, India, China, South Africa, Indonesia, Iran, United Arab Emirates, Egypt, and Ethiopia, have commenced dedollarisation by using local currencies facilitated by the BRICS Pay system instead of US-controlled SWIFT.
- In 2024, 90% of Russia's trade within BRICS was in local currencies, China-India commenced rupee-yuan trade agreements, Brazil is using its real, and other member nations are using local currencies.

# BRICS + Countries

- **India-UAE:**
- India and the [UAE](#) are in talks to apply rupees in order to trade non-oil commodities in a shift away from the dollar.
- **China-Brazil:**
- In March 2013, during the [BRICS summit](#), [Brazil made an agreement with China](#) to trade in [Brazilian real](#) and Chinese yuan.<sup>[87]</sup> In 2023, Brazil and China entered into a preliminary agreement to trade in national currencies instead of [US dollars](#).

# SCO Conference

- 97% of trade in 2025 among the Shanghai Cooperation Organisation (SCO) nations - which has **10 full members**, including India, Russia, China, Iran, Pakistan, Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan, and Belarus - was in local currencies, not in USD or Euro.
- This helps circumvent Western nation's weaponisation of economic sanctions and SWIFT system, more sovereignty, faster transections with lower transaction costs, cheaper energy fuel sourced and supplied within SCO nation, and this also sets the framework which can be replicated with other nations, etc.

# Indonesia-South Korea:

- In early May 2023, the central banks of South Korea and Indonesia entered into a memorandum of understanding aimed at fostering collaboration in advancing the utilization of their respective currencies for bilateral transactions moving away from the US dollar as an intermediary.
- This includes promoting the use of their currencies for activities like current account transactions and direct investment between the two countries



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