

A certain aversion to the dolla

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By Roberto Morejón

Although the use of the dollar as the standard in the international market still seems to be a dominant trend, initiatives between countries bilaterally or as a block seek to resort to other monetary signs.

Russian oil giant Rosneft and China National Petroleum Corporation switched to payments in yuan and rubles, the currencies of those countries, according to an announcement at the International Economic Forum in the Russian city of St. Petersburg.

So if both nations intend to increase the volume of mutual trade to 200 billion dollars, it is to be expected that in the medium and long term a part of it will be in native currencies.

China and Brazil recently reached an agreement to establish provisions to facilitate bilateral trade and investment with their respective currencies, thus reducing the use of the U.S. flagship currency.

Brazil's central bank has proposed to increase its exposure to the yuan and expand its gold reserves.

In August of this year, the fifteenth summit of the BRICS (Brazil, Russia, India, China and South Africa) will take place, where international economic issues and gaps will be discussed with a view to making trade viable without using the dollar as an exchange currency.

In the opinion of Miguel Gonzalez, an expert from the National Autonomous University of Mexico, it is potential to achieve international trade without the U.S. currency as the standard, although the proposals leading to such a situation would not have any effect in the short term.

Furthermore, according to experts, all international prices are expressed in dollars, which are also used as a reserve currency, and this cannot be altered unexpectedly because it would cause a worldwide rupture of the system.

But this does not deny the search of a growing number of countries for alternatives to the dollar as reserve capital.

They are concerned about the sanctions against Russia, which demonstrate the attempts of the United States and its allies to confiscate its reserves on the grounds of the conflict in Ukraine.

The world economy has been experimenting for some time now with a gradual pace of de-dollarization, although it would be premature to state that the process will soon come to an end.

This does not mean that the yuan, among other currencies, will cease to gain weight in the global economy.

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