



Written by [Angeline Tan](#) on June 19, 2023

St. Petersburg Forum Pushes De-dollarization

Tesla and SpaceX CEO Elon Musk recently [tweeted](#), “If you weaponize currency enough times, other countries will stop using it.”

Musk’s statement holds true, given the Western and globalist-led geopolitical weaponization of the U.S. dollar, particularly after the outbreak of the Russo-Ukrainian crisis in February 2022. For instance, some key financial sanctions Western nations imposed on Russia included prohibiting Russian banks from accessing the SWIFT financial messaging system and freezing \$300 billion worth of assets from Russia’s Central Bank reserves.



AP Images

St. Petersburg International Economic Forum plenary session

However, the Western-led economic sanctions have largely backfired, alerting many countries worldwide, especially those from the Global South. Many countries have decided to move away from a dollar-dominated financial system after witnessing how America and its allies sought to cut Russia off from the global financial system.

“Every night I ask myself why all countries are forced to do their trade backed by the dollar. Why can’t we do our trade backed by our own currencies?” Brazilian President Luiz Inácio “Lula” da Silva asked these questions during his state visit to China in April, encapsulating increasing resentment toward the hegemony of the U.S. dollar in global trade.

In a similar vein, participants at this year’s St. Petersburg International Economic Forum (SPIEF) explored how a dollar-based international financial system could transition to a new, multipolar financial world order, owing to the significant impact of U.S.-led sanctions against its political adversaries.

In context, the rate of de-dollarization has been said to be 10 times faster than the decline seen in the previous 20 years. From 2021 to 2022, the dollar’s share in global reserves fell [eight points, from 55 percent to 47 percent](#), contrasting with the figure of 73 percent in 2001.

Recently, Russian President Vladimir Putin confirmed the rise of a multipolar world order, claiming that Russia’s adversaries have been unsuccessful in their bid to alienate Moscow from global trade. Putin posited that following the onset of the Russo-Ukrainian crisis and Western-led sanctions, Russia “expanded contacts” with developing countries, highlighting that trade embargoes and other pressures failed to coerce Russia to amend its economic development strategy of openness to world trade.

“Notwithstanding all the difficulties of the past year, we did not turn to the path of self-isolation. On the contrary, we have expanded contacts with reliable, responsible partners in countries and regions which today act as the locomotives — the drivers of the global economy.”

By increasing trade with Russia, leaders of these countries demonstrated that they “do not give in to external pressures” and “are guided by their national interests,” Putin elaborated.

Michael Goddard, president of the Netley Group, said at the SPIEF that de-dollarization could occur at



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an even faster rate than what many people think. As a number of other countries such as Iran, Saudi Arabia, Egypt, and Argentina have expressed desire to [join the BRICS alliance](#) — consisting currently of Brazil, Russia, India, China, and South Africa — Goddard pointed out the rising trend of ditching the U.S. dollar in favor of alternatives.

“A new BRICS currency that’s backed by some kind of asset, gold or a basket of assets, as they’re discussing, from a trade basis, if all the BRICS countries and BRICS+ and others trade that way [it] will almost immediately depress the amount of dollars that are used in trade. And over a period of a few years, that will accelerate greatly,” Goddard revealed in an interview with Sputnik News.

Nonetheless, Goddard stated that countries that hope to abandon the greenback, presently the world’s reserve currency, would “actually need reserve.” Noting that the U.S. bond market is the huge advantage the U.S. dollar currently has, Goddard said,

One of the ways for the BRICS to replicate that, and then displace it, is to link their bond markets, and the governments and the populace actually start to buy the bonds which are denominated in the new currency. And I believe that if they do that, de-dollarization could happen much quicker than most people think.

Addressing naysayers of the BRICS currency who have cautioned about the stark disparities among member states’ economies, Goddard listed ways to tide over such divides, including his suggestion that the BRICS establish a currency “backed either by gold or a basket of commodities that are trusted” and then “trade with 80 percent of the world.”

“And I believe that most people who are not in America, the UK, or Europe, would like an alternative to the dollar, and don’t want to be at risk from being sanctioned, their assets being frozen. And I think the momentum of that will actually allow the currency to take root and then grow,” Goddard concluded.

The BRICS bloc of countries has been helming the movement toward de-dollarization, with the possibility of a common currency a useful tool to fend off global dollar dominance.

On a similar note, Kazem Jalali, ambassador extraordinary and plenipotentiary of the Islamic Republic of Iran to Russia, told Sputnik at the SPIEF that the forum has assumed greater significance as Western sanctions have expedited the trend toward constructing economic ties not based in Europe, North America, or Japan.

“The level of participants here is very high and their number is amazing: about 18,000 guests from 34 countries of the world,” the diplomat stated. “It particularly draws attention to the quality of organization and design of exhibition pavilions. It is impossible not to note the variety of discussion panels and important topics that are discussed here.”

“Iran is actively participating in the forum. SPIEF is not only an economic platform, but also a political one. Important agreements and contracts are signed here, in addition, there is a closer and more direct building and establishment of economic partnership and strengthening of trade relations between countries, the most acute and important economic issues are being resolved,” Jalali added.

“This forum is important, very effective and has a practical component in resolving a number of paramount international economic issues,” he posited.

Furthermore, Jalali asserted that the BRICS countries have to set up a global bank wire service that does not rely on either the EU-centered SWIFT or the U.S. dollar.



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“The future of the world economy belongs to the BRICS. The dominance of the dollar in the world economy causes great harm. Today, the United States has taken hostage the economies of a number of countries through the dollar. Sanctions are another tool of the West,” he said.

“This is nothing but economic terrorism, which affects not only the leaders of countries, it affects the lives of ordinary people,” the diplomat noted, in reference to Western-led sanctions on Russia.

“Countries should not tolerate this and allow the US and Western countries to play with our destinies through the dollar. Under these conditions, we must get rid of the dominance of the dollar in the economy and the so-called SWIFT system.”



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