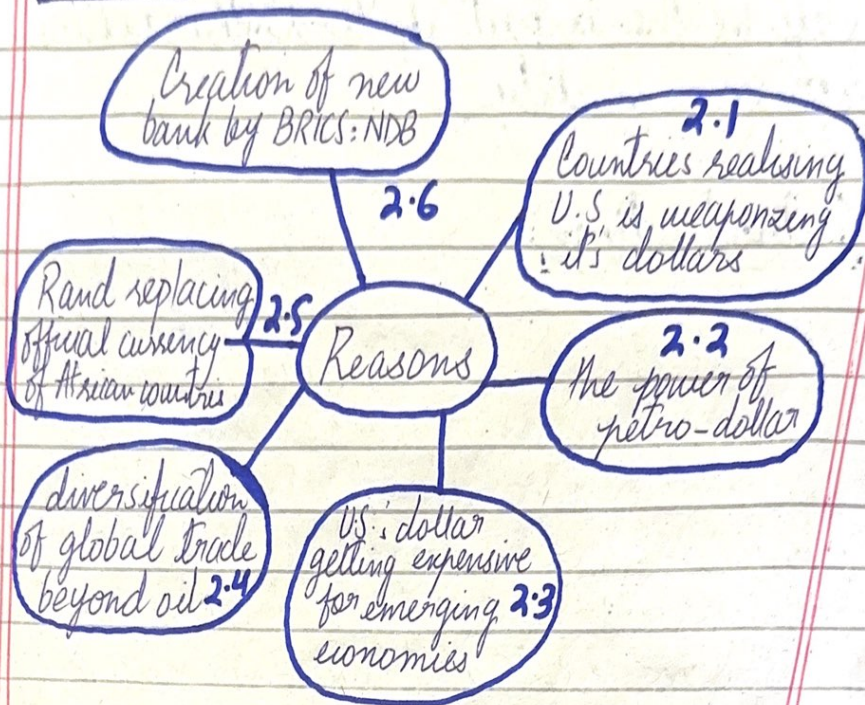


Explain the concept of de-dollarisation, why it is a debate currently and what shall be the impact if de-dollarisation becomes a reality?

1. Introduction:

De-dollarisation is reducing dependency on dollars. Currently, as dollar is international currency, the world is completely depend'd on it. It has been a debate recently because it seems imminent. Several factors such as realisation by countries that the U.S. is weaponizing it's dollar, Dollar getting expensive for emerging economies, and creation of new development bank by BRICS, points to the fact that it's not very far off. This could have very profound effects on world like changing world order, U.S. losing power of sanctions and raises question if there is any currency to deal with this abrupt De-dollarisation.

2. Reasons behind De-\$ being recent debate:



2.1 Countries realising U.S is weaponizing its dollar:

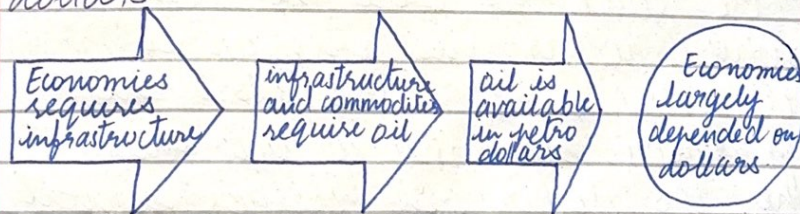
The countries have realised that U.S. is weaponizing its dollars through the power of Sanctions. Iran is one example of how imposing sanctions bring down a country's economy to a halt. International trade takes place in dollars. This gives U.S. immense power to control the economy of any country under the name of Sanctions. weaponization of dollar was evident when U.S froze 300 billion dollars worth of Russia's assets after Ukraine war.

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2.2 The power of petro-dollar:

With the dawn of 21st century, countries have come to conclusion that the real war is not fought on borders but the real war is economic war. Infrastructure and commodities are required to strengthen economy. The commodities in turn require oil/energy for production. As mentioned, international trade is taking place in U.S. dollars, energy is no exception to this. Energy is only available in U.S. dollars. Countries have decided to move away from the petro dollars



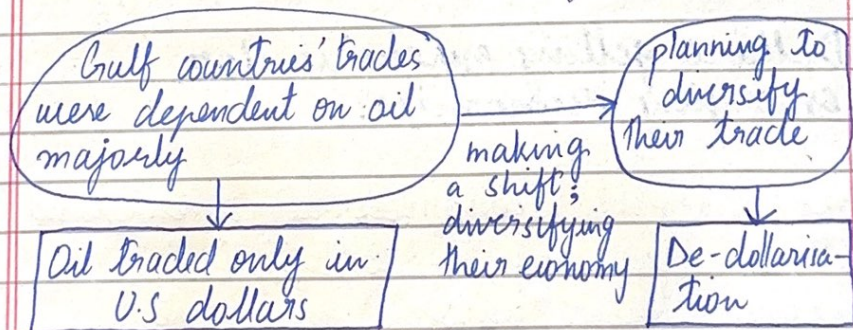
2.3 Dollars getting expensive for emerging economies:

for emerging economies it is expensive to be dependent on dollars. Dollar makes their exports expensive. for these economies, more stable currency is needed as the expensive dollar fuels inflation

These countries would welcome any alternative which could suit their economy. De-dollarisation in their case can lead to better economies

2.4 Diversification of Global Trade beyond oil:

Gulf countries have realized that oil is not the future. They are trying to diversify their global export which is largely dependent on oil. Consequently, their economies also are very much dependent on oil. One of the ramifications of this shift would be de-dollarisation. These countries were the reason why dollar was a powerful currency in 1st place. Now shift in their economy would put the U.S. dollar in danger as well



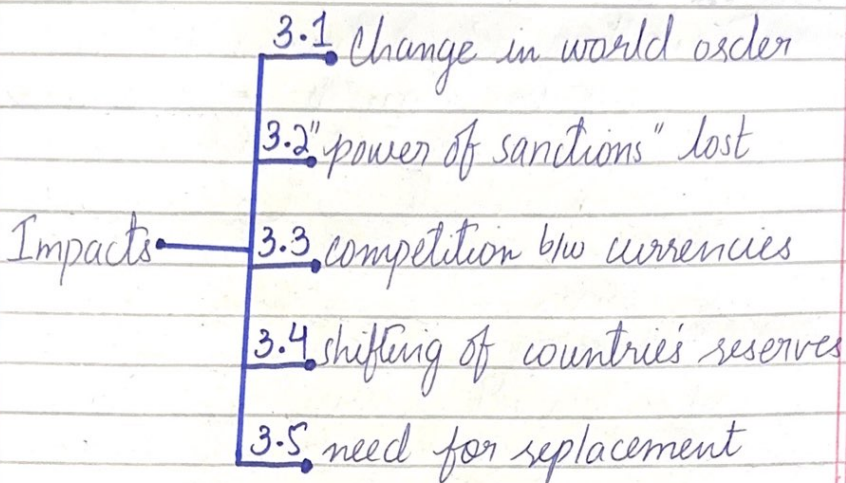
2.5 Creation of new development Bank by BRICS:-

As bank created by BRICS, won't provide loans in dollar. Resultantly, they wouldn't want them to be re-paid in dollars. This will play a major role in de-dollarisation. Currently, BRICS members are trading in their local currency, which is also a blow to US dollars. For instance, China is the biggest Buyer of Russia currency and will pay Russia in their local currency. It can be said that on a minute level, de-dollarisation has taken place.

2.6 Rand becoming official currency of African countries:

Rand has become the official currency of many African countries, replacing dollar. Africa decided to expand their trade with south african countries. The currency used, for the purpose of trade is Rand. Sooner or later other african countries will probably adopt Rand as well. This will mean the end of dollars in African continent.

3. Impacts of de-dollarisation:



3.1 Change in world order:

De-dollarisation would be last nail in coffin of current world order. U.S.'s hegemony is due to power it gets from its currency being the international currency. With the development of BRICS and imminent de-dollarisation, a world may ~~soon~~ see a bipolar world order.

3.2 "power of sanctions" lost:

If de-dollarisation takes place and other currency/currencies appear on scene. The "power of sanctions" will automatically be lost. It works on fact of U.S. being international currency. End of dollars means end

of "power of sanctions". This is evident from a fact that IMF has forecasted 3.2% growth in Russia's economy, with it being the second year U.S. has posed sanctions on her.

3.3 competition among countries:

with de-dollarisation, some currency has to take its place. There would be a single currency or multiple currencies. Countries would fight to have their currencies take place of international currency. This might lead to a financial war among countries.

3.4 Shifting existing Reserves of countries:

Countries have their current reserves in dollars. With de-dollarisation those reserves have to be shifted. To shift all available reserves, a proper system would be needed. Still this would lead to a chaos and probably instability in all countries world wide.

3.5 → Availability of Replacing Currency:

The major impact of de-dollarisation would be a abrupt need for another currency. The total trade of a single day is worth billions. The world can't afford to pause even for a day. Not just that, the replacing currency needs to be powerful enough to replace long-standing Dollars. This raises question if such currency is readily available?

4. Conclusion:

To sum up, De-dollarisation is process of moving away from world dependency on dollars. It is imminent which makes it the topic of recent debate. With some advantages, especially to smaller states, it also poses problems. It is unsure whether the de-dollarisation would result in a more free world but it poses problems so large to deal with.