

Ditch the dollar movement grows as Moscow calls for the creation of a common BRICS currency

[\(Kitco News\)](#) - Following years of abusing its reserve currency status, the United States now faces a growing wave of global de-dollarization as many of the largest and most populous countries on the planet are banding together to launch a U.S. dollar (USD) alternative to be used in global trade.

According to a [report](#) from a local news outlet, State Duma Deputy Chairman Alexander Babakov is encouraging the creation of a new common currency between Russia, India, and the other BRICS nations as a way to push back against USD hegemony.

BRICS, which is an acronym for five of the world's leading emerging economies: Brazil, Russia, India, China and South Africa, has been receiving extra airtime as of late amid aggressive interest rate hikes by the Federal Reserve, which has put pressure on the currencies of other countries.

Babakov highlighted the fact that Russia and India would both benefit from the creation of a common currency that could be used for payments, calling it the "most viable" route to take at this time. "New Delhi, Moscow should institute a new economic association with a new shared currency, which could be a digital ruble or the Indian rupee," said Babakov.

He went on to note that China would also play a crucial role in the development of a common currency as it would add an additional 1.4 billion participants to the system.

"New Delhi, Beijing and Moscow are the nations that now institute a multipolar world that is endorsed by the majority of governments," he said. "Its composition should be based on inducting new monetary ties established on a strategy that does not defend the US's dollar or euro, but rather forms a new currency competent of benefiting our shared objectives."

The strength of the Russian ruble following heavy-handed sanctions by the U.S. and other European nations shows that there is a high level of opposition to the USD hegemony, and the BRICS nations see this as an opportune time to capitalize on the growing level of dissatisfaction towards the U.S.

“Our goal should be focused on writing new rules in the financial sphere in order to enable the use of an already common currency,” Babakov stressed. “It doesn't matter whether it's a digital ruble, a digital rupee, a digital yuan, or some other currency. But this currency must follow the laws of our respective nations.”

Even former Goldman Sachs chief economist Jim O'Neill, who coined the acronym BRIC, has [called for the BRICS bloc](#) to expand and challenge the dominance of the U.S. dollar as a way to combat the destabilizing effects the dollar's dominance has on their monetary policies.

“The U.S. dollar plays a far too dominant role in global finance,” he wrote in a paper published in the Global Policy journal. “Whenever the Federal Reserve Board has embarked on periods of monetary tightening, or the opposite, loosening, the consequences on the value of the dollar and the knock-on effects have been dramatic.”

O'Neill sees the dollar's dominance as a burden to nations with dollar-denominated debt since their monetary policies are destabilized when exchange rate fluctuations.

The comments from Babakov come as India and Russia have been increasing their ties on both an economic and geopolitical front. During the St. Petersburg International Economic Forum, a Russian-Indian business forum was held with the goal of improving business relations between the nations and facilitating the entry of Russian companies into the Indian market.

The economic collaboration has, in fact, already begun as the day before Babakov spoke, Moscow's top oil company Rosneft signed an agreement with the Indian Oil Corporation to increase the supply of crude oil to New Delhi. Igor Sechin, CEO of Rosneft Oil Company, and Shrikant Madhav Vaidya, Chairman of Indian Oil Corporation Ltd., signed the agreement in the presence of India's Minister of Petroleum and Natural Gas Hardeep S. Puri.

According to Russian Deputy Prime Minister Alexander Novak, Russia's oil exports to India have increased nearly 22-fold since the West imposed its sanctions. “Most of our

energy resources were diverted to friendly countries,” Novak was quoted as saying. “For example, Russian oil sales to India surged at least 22 times.”

Babakov said that work on the proposed currency is already underway and will likely be more formally introduced at the BRICS leader’s summit, which is scheduled to take place in South Africa in August.

“The transition to settlements in national currencies is the first step,” Babakov [said](#) on the sidelines of the Russian-Indian Strategic Partnership for Development and Growth Business Forum. “The next one is to provide the circulation of digital or any other form of a fundamentally new currency in the nearest future. I think that at the BRICS [leaders’ summit], the readiness to realize this project will be announced, such works are underway.”

The State Duma Deputy Chairman also suggested that the new currency would be backed by a basket of commodities, including gold and other rare-earth elements.

There have been several other recent announcements that demonstrate that de-dollarization is gaining momentum. Earlier this week, [China and Saudi Arabia signed major oil deals](#). One will see state-owned oil giant Saudi Aramco take a \$3.6 billion stake in Rongsheng Petrochemical Co. Ltd. to increase its presence in China. Also, the two countries agreed to construct an integrated refinery and petrochemical complex in northeast China.

And on Tuesday, the Shanghai Petroleum and Natural Gas Exchange announced that it [completed its first yuan-settled trade](#) for liquid natural gas between China’s National Offshore Oil Corporation and France’s TotalEnergies. The deal saw 65,000 tonnes of LNG imported from the UAE change hands as China tries to establish the renminbi as an international currency.

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