

# De-Dollarization Accelerates: The Beginning of the End for US Dollar Hegemony in Southeast Asia?

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*The US is facing major moves by the global community to de-dollarize their economies. The reserve status of the US dollar will eventually come to an end, maybe not anytime soon, but sometime in the future as it is facing numerous challenges not only from major powers such as Russia and China who are actively trying to rid themselves of the toxic currency, but also countries with smaller economies who are based in the Southeast Asian region which includes Singapore, Malaysia, Indonesia, Cambodia, Thailand, and Laos. The globalist think tank, the Carnegie Endowment for International Peace (CEIP) published an article on August 22<sup>nd</sup>, 2022, on the US dollar's waning influence in Southeast Asia titled ['Southeast Asia's Growing Interest in Non-dollar Financial Channels—and the Renminbi's Potential Role'](#) stated what was taking place between China and several Southeast Asian countries:*

China's central bank—announced the launch of a new emergency liquidity arrangement that can be funded using renminbi and tapped by participating central banks during times of market stress. Three of the five participating central banks are Singapore's, Malaysia's, and Indonesia's, which each recently renewed agreements with the PBOC implicitly aimed at reducing dollar usage in cross-border payments. This follows policymakers in Thailand, Laos, Cambodia, and Myanmar all announcing efforts to reduce dollar usage, as well as comments by Indonesia's central bank head that consumers across five of Southeast Asia's largest economies will soon be able to make intra-regional cross-border payments via linkages that avoid using the dollar as an intermediary, as is currently often the case

Interestingly, The CEIP listed several reasons why Southeast Asian countries want to dramatically reduce the use of US dollars are as follows:

Several factors are behind the various efforts aimed at reducing dollar usage in Southeast Asia. To begin with, many officials are concerned about the potential economic impacts of U.S. monetary policy tightening on the region given its high usage of the dollar; accordingly, some are seeking to reduce usage of the dollar in intra-

regional trade payments as a means of curbing dollar reliance more broadly. Recent sanctions may also be spurring demand for alternative financial channels—for example, Myanmar’s military government is actively exploring how to circumvent EU and U.S. sanctions to transact with Russia

According to an article published by *almayadeen.net* [‘Bank Indonesia calls against payments in US Dollars’](#) who translated the report by an Indonesian news portal called Tempo.net on what Nugroho Joko Prastowo of the Solo Bank Indonesia Representative Office said regarding Indonesian businesses using national currencies to reduce its reliance on the US dollar:

Bank Indonesia has urged importers and exporters to use national currencies in international payments in order to reduce Indonesian financial markets’ reliance on the US dollar, according to Tempo.co, an Indonesian news portal. “About 90% of export-import payments are conducted in US dollars, while the share of Indonesian direct exports to the US is estimated at only 10%, and US imports account for 5%”

The report also mentioned that *“China, Japan, Thailand, and Malaysia have already agreed to use the two-way payment mechanism, with Singapore and the Philippines planning to join the system, according to the economist.”*

Another article published by the *globaltimes.cn* on December 15<sup>th</sup>, 2021, [‘GT Exclusive: Myanmar accepts yuan as official settlement currency for border trade with China’](#) said that Myanmar’s usage of Chinese yuan will help break the US dollar dominance in the long term:

The yuan was included in the list of Myanmar’s official settlement currencies in January 2019. The move at that time was more symbolic, as all contracts and trade were still not settled in the Chinese currency. Zhou said that the move, in the long term, will help break the monopoly of the US dollar in Myanmar’s foreign currency reserves. The US has been abusing the dollar’s dominant status to impose arbitrary sanctions on other countries, and the yuan’s further expansion in Myanmar’s trade settlements may provide a shield against such a potential weapon, analysts said

## **Cambodia is on Board Dumping US Dollars**

Why Cambodia with a population of close to 17 million people and a much smaller economic impact on the world’s economy is willing to drop US dollars is an important development. *The Diplomat*, a current-affairs magazine based on analysis and commentaries from various authors on developments throughout Asia and the rest of the world published an article by Luke Hunt on the case of Cambodia’s attempt to stop using US dollars titled [‘Cambodia Reduces its Dependency on the US Dollar’](#) lays out the mood of the Cambodian government.

*“Ever since United Nations peacekeepers arrived in war-torn Cambodia to oversee elections held in 1993, the U.S. dollar has been a mainstay of the local economy with a dual currency system providing steady exchange rates in a volatile place”* but there is a monumental shift taking place when the *National Bank of Cambodia* (NBC) announced that it *“would phase-out small-denominated U.S. dollar bills – \$1, \$2, and \$5 notes – following negotiations with banks and micro-finance institutions (MFIs).”* Naturally it’s a step to reduce the dependency of the US dollar according to the NBC *“Cambodia has to encourage the use of its riel, more. So, allowing the circulation of small U.S. bills is an*

*obstacle in urging the use of the riel.”*

There are several reasons for Cambodia’s move, one of them is to allow the use of digital currencies to *“give the central bank more control over the Cambodian economy and bolster the local riel currency, which for decades suffered from a lack of confidence due to negative sentiment stemming from a 30-year war”* in addition it will allow the central bank *“control over monetary policy and interest rate settings and reduced costs in handling the sheer volume of \$1 dollar notes circulating through the economy.”*

Hunt mentions the dark period of Cambodian history with the [US-backed Pol Pot and the Khmer Rouge](#) who destroyed Cambodia and its traditions and started a new revolution with a new culture that would begin on Year Zero, therefore everything before would be deemed irrelevant,

*“It’s a far cry from the late 1970s, when Khmer Rouge rule abandoned money, banks were abolished, and the NBC blown-up as Pol Pot tried to create a utopian, agrarian society that led to the deaths of an estimated 1.7 million Cambodians.”*

One of the darkest times in world history indeed. It is a positive development that the NBC is encouraging the use of the Cambodian Riel for its economy, so the future seems promising. NBC Governor Chea Chanto spoke at the 40<sup>th</sup> Anniversary of the re-establishment of the Riel

*“he said demand for the currency had increased by an average of 16 percent a year for the last 20 years amid annual average growth rates of 7.8 percent and inflation at around 2.5 percent.”*

Chanto said that *“I firmly believe all ministries, institutions, companies, enterprises, and those who actively participate in the process of developing the banking system promote the use of the riel, which is our national currency.”*

According to an unidentified analyst *“It’s also a matter of sovereignty and pride. It’s their country and they are entitled to have their own currency like anywhere else.”*

Transitioning from the US dollar to the Cambodian Riel won’t be an easy task according to Michael Finn of the *Khmer Times* who authored [‘De-dollarisation: Views from Asia, US and Europe’](#) claims that

*“Any reduction in the use of the dollar needs to be handled carefully, according to foreign chambers of commerce in Cambodia. They say the central bank is unlikely to fully phase-out the US currency and any sudden moves to end reliance on the dollar would be bad for business.”* European Chamber of Commerce Advocacy Manager Noe Schellinck said that “

*To a certain extent, the dollarisation now can be ascribed to the success of the Cambodian economy, with a great influx of Foreign Direct Investment, compared to the historic context of when the dollarization came about.”* But the Indonesian Chamber of Commerce President Dalton Wong disagrees with Schellinck’s assessment:

De-dollarisation is not a bad thing as it is a re-balancing of the fiscal and monetary policy tools. It is certainly not a complete displacement and substitution of the US dollar

in favour of the Khmer Riel in trade and investment, which some observers and analysts seem to mischievously suggest, which is not so helpful. In fact, promoting a greater use of the Khmer riel will give greater monetary policy tools to the Cambodian author

The collapse of the US dollar is becoming a reality as China and Russia continue to buy gold and trade with their own currencies at an accelerated pace with many more countries around the world who are also racing to de-dollarize their economies. As we already know, several countries in Southeast Asia will soon make its move to rid itself of the toxic currency, but there are also other countries who are also making moves including India, Iran, South Africa, Syria, and Venezuela who are all motivated to drop the US dollar. One of the main reasons for these countries to move forward by eliminating the use of US dollar is because Washington uses its currency status as a weapon to impose harsh sanctions on countries they deem as enemies.

African countries are also starting to look for alternatives to the US dollar including Ghana according to a report published by *Reuters* on November 24<sup>th</sup>, 2022, '[Ghana plans to buy oil with gold instead of U.S. dollars](#)' said that "Ghana's government is working on a new policy to buy oil products with gold rather than U.S. dollar reserves" Ghana's reason slightly differs from other countries since "The move is meant to tackle dwindling foreign currency reserves coupled with demand for dollars by oil importers, which is weakening the local cedi and increasing living costs." This means that the US dollar is causing inflation. The move is expected to take place in the first quarter of 2023 as Ghana's Vice-President Mahamudu Bawumia said that the new policy "will fundamentally change our balance of payments and significantly reduce the persistent depreciation of our currency" as he explained that "using gold would prevent the exchange rate from directly impacting fuel or utility prices as domestic sellers would no longer need foreign exchange to import oil products." Libya was one of the first countries in Africa to propose the idea of creating an alternative currency to bypass the US dollar called the African Dinar which would have been gold-backed but the Obama regime supported a violent coup to overthrow its president who suggested the idea, Muammar Ghaddafi who was tortured and then killed in the process making Libya a hotbed for terrorism and at the same time, re-creating the centuries-old industry of slavery.

The bottom line is that US dollar's dominance in the global market will come to an end sometime in the foreseeable future. No one has a crystal ball of when it will happen, but it is certain. The world will experience an alternative economic reality that will change the dynamics of the US and its Western powers dominating the World's economy with an outdated and flawed currency that will eventually have the same value as toilet paper.

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