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# Venezuela Is About To Ditch The Dollar In Major Blow To US: Here's Why It Matters

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**Venezuelan President Nicolas Maduro said Thursday that Venezuela will be looking to “free” itself from the U.S. dollar next week, *Reuters* reports** [5]. According to the outlet, Maduro will look to use the weakest of two official foreign exchange regimes (essentially the way Venezuela will manage its currency in relation to other currencies and the foreign exchange market), along with a basket of currencies.

According to *Reuters*, Maduro was referring to Venezuela’s current official exchange rate, known as DICOM, in which the dollar can be exchanged for 3,345 bolivars. At the strongest official rate, one dollar buys only 10 bolivars, which may be one of the reasons why Maduro wants to opt for some of the weaker exchange rates.

***“Venezuela is going to implement a new system of international payments and will create a basket of currencies to free us from the dollar,”*** Maduro said in a multi-hour address to a new legislative “superbody.” He reportedly did not provide details of this new proposal.

Maduro hinted that the South American country would look to using the yuan instead, among other currencies.

***“If they pursue us with the dollar, we’ll use the Russian ruble, the yuan, yen, the Indian rupee, the euro,” Maduro also said.***



[6]

**Venezuela sits on the world’s largest** [7] **oil reserves but has been undergoing a major crisis**, with millions of people going hungry inside the country which has been plagued with rampant, increasing inflation. In that context, the recently established economic blockade by the Trump administration only adds to the suffering of ordinary Venezuelans rather than helping their plight.

According to *Reuters*, a thousand dollars’ worth of local currency obtained when Maduro came to power in 2013 is now be worth little over one dollar.

**A theory advanced in William R. Clark’s book** [8] ***Petrodollar Warfare*** – and largely ignored by the mainstream media – essentially asserts that Washington-led interventions in the Middle East and beyond are fueled by the direct effect on the U.S. dollar that can result if oil-exporting countries opt to sell oil in alternative currencies. For example, in 2000, Iraq announced [9] it would no longer use U.S. dollars to sell oil on the global market. It adopted the euro, instead.

By February 2003, the *Guardian* reported [10] that Iraq had netted a “handsome profit” after making this policy change. **Despite this, the U.S. invaded not long after and immediately switched the sale of oil back to the U.S. dollar.**

**In Libya, Muammar Gaddafi was punished for a similar proposal to create a unified African currency** [11] **backed by gold, which would be used to buy and sell African oil.** Though it sounds like a ludicrous reason to overthrow a sovereign government and plunge the country into a humanitarian crisis, Hillary Clinton’s leaked emails confirmed [12] this was the main reason Gaddafi was overthrown. The French were especially concerned by Gaddafi’s proposal and, unsurprisingly, became one of the war’s main contributors [13]. (It was a French Rafaele jet [14] that

struck Gaddafi's motorcade, ultimately leading to his death).

**Iran has been using alternative currencies <sup>[15]</sup> like the yuan for some time now** and shares a lucrative gas field <sup>[16]</sup> with Qatar, which may ultimately be days away <sup>[17]</sup> from doing the same. Both countries have been vilified on the international stage, particularly <sup>[18]</sup> under the Trump administration <sup>[19]</sup>.

**Nuclear giants China and Russia have been slowly but surely <sup>[20]</sup> abandoning the U.S. dollar, as well,** and the U.S. establishment has a long history <sup>[21]</sup> of painting these two countries as hostile adversaries.

<sup>[22]</sup>

**Now Venezuela may ultimately join the bandwagon, all the while cozying <sup>[23]</sup> up to Russia, as well (unsurprisingly, Venezuela and Iran were identified in William R. Clark's book as attracting particular geostrategic tensions with the United States). ***The CIA's admission <sup>[24]</sup> that it intends to interfere inside Venezuela to exact a change of government — combined with Trump's recent threat <sup>[25]</sup> of military intervention in Venezuela and Vice President Mike Pence's warning <sup>[26]</sup> that the U.S. will not "stand by" and watch Venezuela deteriorate — all start to make a lot more sense when viewed through this geopolitical lens.*****

What initially sounded like a conspiracy theory seems to be a more plausible reality as countries that begin dropping the U.S. dollar and opting for alternative currencies continuously — and without exception — end up targeted for regime change.

**If the U.S. steps up its involvement in Venezuela, the reasons why should be clear to those who have been paying attention.**

\* \* \*

This move comes just days after The BRICS Summit where Putin unveiled his "fair multipolar world," which culminated, as Pepe Escobar explained, <sup>[27]</sup> in the following

## **Meet the oil/yuan/gold triad**

**It's when President Putin starts talking <sup>[28]</sup> that the BRICS reveal their true bombshell.** Geopolitically and geo-economically, Putin's emphasis is on a "fair multipolar world", and "against protectionism and new barriers in global trade." The message is straight to the point.

The Syria game-changer — where Beijing silently but firmly supported Moscow — had to be evoked; ***"It was largely thanks to the efforts of Russia and other concerned countries that conditions have been created to improve the situation in Syria."***

On the Korean peninsula, it's clear how RC think in unison; ***"The situation is balancing on the brink of a large-scale conflict."***

Putin's judgment is as scathing as the — RC-proposed — possible solution is sound; ***"Putting pressure on Pyongyang to stop its nuclear missile program is misguided and futile. The region's problems should only be settled through a direct dialogue of all the parties concerned without any preconditions."***

Putin's – and Xi's – concept of multilateral order is clearly visible in the wide-ranging Xiamen Declaration [29], which proposes an “Afghan-led and Afghan-owned” peace and national reconciliation process, “including the Moscow Format of consultations” and the “Heart of Asia-Istanbul process”.

**That's code for an all-Asian (and not Western) Afghan solution brokered by the Shanghai Cooperation Organization (SCO), led by RC, and of which Afghanistan is an observer and future full member.**

**And then, Putin delivers the clincher;**

*“Russia shares the BRICS countries’ concerns over the unfairness of the global financial and economic architecture, which does not give due regard to the growing weight of the emerging economies. We are ready to work together with our partners to promote international financial regulation reforms and to overcome the excessive domination of the limited number of reserve currencies.”*

***“To overcome the excessive domination of the limited number of reserve currencies” is the politest way of stating what the BRICS have been discussing for years now; how to bypass the US dollar, as well as the petrodollar.***

Beijing is ready to step up the game. Soon China will launch a crude oil futures contract [30] priced in yuan and convertible into gold.

**This means that Russia – as well as Iran, the other key node of Eurasia integration – may bypass US sanctions by trading energy in their own currencies, or in yuan.**

Inbuilt in the move is a true Chinese win-win; the yuan will be fully convertible into gold on both the Shanghai and Hong Kong exchanges.

**The new triad of oil, yuan and gold is actually a win-win-win. No problem at all if energy providers prefer to be paid in physical gold instead of yuan. The key message is the US dollar being bypassed.**

RC – via the Russian Central Bank and the People's Bank of China – have been developing ruble-yuan swaps for quite a while now.

Once that moves beyond the BRICS to aspiring “BRICS Plus” members and then all across the Global South, **Washington's reaction is bound to be nuclear** (hopefully, not literally).

Washington's strategic doctrine rules RC should not be allowed by any means to be preponderant along the Eurasian landmass. Yet what the BRICS have in store geo-economically does not concern only Eurasia – but the whole Global South.

**Sections of the War Party in Washington bent on instrumentalizing India against China – or against RC – may be in for a rude awakening.** As much as the BRICS may be currently facing varied waves of economic turmoil, the daring long-term road map, way beyond the Xiamen

Declaration, is very much in place.

Afghanistan BRICs China Crude Crude Oil Financial Regulation Foreign exchange  
market Government Hong Kong India Iran Iraq Middle East Monetary hegemony  
Reality Reuters Rude Awakening Yen Yuan

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