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U.S. Dollar's Share Collapses in Payments for Russia-China Exports

Its share fell below 50% for the first time in history.

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Yuri Smityuk / TASS

The share of the dollar in payments for exports from Russia to China has fallen below 50% for the first time in history, the RBC news website reported Friday.

The dollar's share fell to 45.7% in the first quarter of 2019, down from 75.1% in 2018. When both exports and imports of goods and services between Russia and China are considered, the share of the dollar also fell dramatically but still accounted for 55.7% of payments ($14.7 billion of a total turnover of $26.4 billion), RBC reported.

At the same time, the euro's share in payments of Russian exports to China increased tenfold over the year from 0.7% in the first quarter of 2018 to 37.6% in the first quarter of 2019.

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“The euro has become a safe haven for trade operations” between Russia and China, Oleg Remyga from the Eurasia program at Skolkovo Business School told RBC.

The euro is increasingly being used in payments for crude oil — Russia’s main export to China — in what’s been seen as a deliberate move away from the petrodollar because of sanctions risks.

“Work is being done both in the move toward de-dollarization and toward the preventative reduction of sanctions risks from Washington,” BCS Premier analyst Anton Pokatovich told RBC.

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