

Are countries trying to end U.S. dollar's power?

19th August, 2018



Creative Commons 2.0 via
Images Money on flickr.com

Russia's Foreign Minister Sergei Lavrov has suggested that the U.S. dollar could be losing its status as the world's most important currency. Mr Lavrov said that because the U.S. has imposed

economic sanctions on countries like Iran, Turkey and Russia, these countries could start conducting international business in their own national currencies instead of the dollar. In addition, countries that have had trade tariffs imposed on them by the U.S. could also do trade in their own currencies. This could include the global economic superpower China ditching the dollar. China is already setting up trade deals in its own currency. Experts say the U.S. dollar could lose its position as the international reserve currency.

The U.S. dollar replaced the British pound as the international reserve currency in the 1920s. Since then, most international trade has taken place using the dollar. Today, when China buys oil from Iran, it pays in U.S. dollars. This means more U.S. dollars flow out of the U.S. than flow in. The effect of this is the U.S. has a currency deficit as its dollars are in the bank accounts of other countries. Mr Lavrov said: "I'm confident that the grave abuse of the role of the U.S. dollar as a global reserve currency will result over time in the weakening and demise of its role." China's currency the yuan is emerging as an alternative trading currency. Africa's most populous nation Nigeria has already started trading using the yuan.

Sources: forbes.com / rt.com / presstv.com

Writing

The U.S. dollar should always be the international reserve currency. Discuss.

Chat

Talk about these words from the article.

US dollar / status / currency / economic sanctions / business / countries / trade tariffs / reserve / trade / dollars / deficit / bank account / abuse / demise / alternative / China

True / False

- a) Russia said the dollar has lost its status as the global language. T / F
- b) Russia, Turkey and Iran may start trading using their own currencies. T / F
- c) Countries the US has imposed tariffs on could abandon the dollar. T / F
- d) China is already using its own currency to trade. T / F
- e) The dollar became the international reserve currency in the 1940s. T / F
- f) If China buys oil from Iran, it pays in U.S. dollars. T / F
- g) The USA has a currency surplus. T / F
- h) Nigeria is continuing to do trade using the U.S. dollar. T / F

Synonym Match

(The words in **bold** are from the news article.)

- | | |
|------------------------|-------------------|
| 1. suggested | a. serious |
| 2. status | b. doing |
| 3. imposed | c. specialists |
| 4. conducting | d. standing |
| 5. experts | e. consequence |
| 6. replaced | f. shortfall |
| 7. effect | g. indicated |
| 8. deficit | h. substitute |
| 9. grave | i. applied |
| 10. alternative | j. took over from |

Discussion – Student A

- a) What do you think about what you read?
- b) Should the world move to a digital currency?
- c) What do you think a 'currency deficit' is?
- d) What did Mr Lavrov mean by "the grave abuse" of the role of the dollar?
- e) Would the economy be different if China's yuan was used for trade?
- f) Why do you think Nigeria has started using China's yuan?
- g) Why do we need currencies?
- h) What questions would you like to ask Russia's foreign minister?

Phrase Match

- | | |
|--|----------------------------|
| 1. losing its status as the world's most | a. imposed on them |
| 2. the U.S. has imposed economic | b. currency |
| 3. had trade tariffs | c. trading currency |
| 4. Experts say the U.S. dollar could | d. it pays in U.S. dollars |
| 5. ditching the | e. sanctions on countries |
| 6. international reserve | f. of its role |
| 7. when China buys oil from Iran, | g. lose its position |
| 8. the U.S. has a currency | h. dollar |
| 9. the weakening and demise | i. deficit |
| 10. the yuan is emerging as an alternative | j. important currency |

Discussion – Student B

- What do you know about the U.S. dollar?
- What do you think about your currency?
- Why is the dollar the international reserve currency?
- Why might the dollar be losing its power?
- Why is the U.S. imposing sanctions on Iran, Turkey and Russia?
- What would happen if the dollar collapsed?
- Why don't all countries use their own currency for trading?
- Should there be one global currency?

Spelling

- the world's most important ucrerycn
- imposed economic tcnonssia on countries
- gundionctc international business
- trade fatsfir
- China hidcigt the dollar
- the international veresre
- The fftcee of this
- the grave busea of the role
- dsmeei of its role
- the yuan is eeimngrg
- as an leernittvaa
- Africa's most uuolspop nation

Answers – Synonym Match

1. g	2. d	3. i	4. b	5. c
6. j	7. e	8. f	9. a	10. h

Role Play

Role A – Oil

You think oil is the most important thing to trade. Tell the others three reasons why. Tell them what is wrong with their things. Also, tell the others which is the least important of these (and why): gold, cars or pharmaceuticals.

Role B – Gold

You think gold is the most important thing to trade. Tell the others three reasons why. Tell them what is wrong with their things. Also, tell the others which is the least important of these (and why): oil, cars or pharmaceuticals.

Role C – Cars

You think cars are the most important things to trade. Tell the others three reasons why. Tell them what is wrong with their things. Also, tell the others which is the least important of these (and why): gold, oil or pharmaceuticals.

Role D – Pharmaceuticals

You think pharmaceuticals are the most important things to trade. Tell the others three reasons why. Tell them what is wrong with their things. Also, tell the others which is the least important of these (and why): gold, cars or oil.

Speaking – Trade

Rank these with your partner. Put the most important things to trade at the top. Change partners often and share your rankings.

- | | |
|------------|------------------------|
| • oil | • ideas |
| • gold | • ships |
| • cars | • electrical equipment |
| • plastics | • pharmaceuticals |

Answers – True False

a	F	b	T	c	T	d	T	e	F	f	T	g	F	h	F
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

Answers to Phrase Match and Spelling are in the text.