

“Weaponisation of the dollar marks the end of an era”, Op- ed in Arabian Gulf Business Insight (AGBI), 17 Feb 2026

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Weaponisation of the dollar marks the end of an era

Sanctions, quantitative instruments and the freezing of sovereign assets have destroyed the inherited order

For decades, the global financial system operated on a fundamental assumption: US debt assets are risk-free.

Central banks and sovereign wealth funds relied on US treasuries as the ultimate safe haven, supported by deep capital markets and the stability of the post-World War II international order.

That era is over. The weaponisation of the dollar, unsustainable US fiscal policy, and the dismantling of rules-based institutions have fundamentally altered the risk-return profile of holding the US dollar.

For a central bank governor in the GCC or Beijing, holding US treasuries is no longer about yield and liquidity – it’s a question of national security.

This poses significant challenges for the Gulf. Regional exchange rate policies are tied to the dollar, creating direct exposure to American monetary policy and geopolitical decisions.

Can they continue to anchor their currencies and park their wealth in a system where the rules no longer apply equally, where assets can be frozen on political grounds and where inflation may be used to erode debt obligations?

The unravelling of the rules-based order

The post-World War II order is being dismantled in a disorderly manner. The US has launched military intervention in [Venezuela](#), imposed [additional tariffs](#) on countries “doing business” with Iran, threatened sanctions on EU nations that opposed its stance on Greenland (since walked back), and formed a [“board of peace”](#) in Gaza – all while issuing threats to Cuba, Colombia and Iran.

This undermines the multiple alliances and multilateral institutions that underpinned global economic growth and stability for decades. The foundation – symbolised by Bretton Woods (the system that required countries to guarantee their currencies’ convertibility to the US dollar), the United Nations and the World Trade Organization – is crumbling.

The growing militarisation of external relations has been especially evident in [President Trump’s](#) second term.

The expanding use of sanctions, quantitative instruments and the freezing of sovereign assets have destroyed the inherited order and accountability. If the US dollar can be weaponised, it ceases to be a risk-free store of value.

Ongoing threats to [Federal Reserve independence](#) further undermine the credibility of US monetary policy and regulated institutions. For the GCC, whose currencies move with the dollar, this creates a dangerous dependency on increasingly

erratic American policy.

Simultaneously, the US fiscal trajectory is becoming unsustainable. The International Monetary Fund predicts its debt-to-GDP ratio will climb to 143 percent by 2030, a level historically associated with wartime and deep recessions. Debt service costs alone – more than \$1 trillion annually – now rival the defence budget.

The government in Washington has four options: grow real GDP (difficult in a mature economy), undertake fiscal reform to raise revenue (politically toxic), repudiate debt (catastrophic) or inflate the debt away. Given the political gridlock in the US, the likelihood is higher inflation and fiscal dominance, with monetary policy geared to accommodate government borrowing requirements.

The structural shift has begun

The consequence is a structural shift out of the US dollar. The share of dollar holdings in total foreign exchange reserves slipped to 57 percent in the third quarter of 2025 (down from 70 percent at the start of the century).

Central bank gold purchases have surged, averaging 60 tonnes per month – more than triple the pre-2022 pace – with gold overtaking the euro as the second-largest reserve asset globally. Lower participation from domestic and foreign buyers of US treasuries has raised yields on 10-year+ bonds, reflecting a higher risk premium demanded by the market.

A multipolar international trade and financial infrastructure is emerging, reflecting a shifting centre of gravity towards Asia and a pivot to China. This transition will require deep, global structural shifts.

In Europe, the pressure for an EU fiscal union will intensify. Europe must create a unified, broad, deep and liquid eurobond market to create a safe asset rivalling the dollar. China is

accelerating the development of the yuan market.

China's Cross-Border Interbank Payment System (known as CIPS) is expanding as an alternative to Swift, enabling trade to bypass Western chokepoints. While the yuan is not yet fully convertible, it is being increasingly used in bilateral trade, especially for oil and commodities.

Nations are increasingly settling trade in national currencies – rupees, dirhams, riyals – bypassing the dollar as the vehicle. The fragmentation reduces efficiency but protects sovereignty.

Technology accelerates the transition

Technological innovation is acting as an accelerant. E-finance, digital asset markets and [central bank digital currencies](#) (CBDCs) are creating new avenues independent of the US banking system.

A wholesale CBDC network such as the [mBridge project](#) – connecting central banks from Asia to the Middle East – allows instantaneous cross-border settlement without involving a US correspondent bank, neutralising America's ability to sanction financial flows.

As US assets become riskier, non-US assets – particularly in emerging market economies, China, India, the Brics+ bloc and the GCC – become relatively more attractive. [Sovereign wealth funds](#) in the Middle East and Asia are already diversifying their portfolios.

For the GCC, this implies diversifying asset holdings and the underlying currencies used in trade and financial transactions. Regional currencies, such as the dirham and riyal, could eventually become reserve assets for their trade partners.

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Interview with Al Arabiya (Arabic) on prospects for the US dollar, 18 Jul 2023

In this interview with Al Arabiya aired on 18th July 2023, Dr. Nasser Saidi discusses the future prospects of the US dollar, central banks' appetite for gold, potential for the renminbi and the petroyuan in the context of UAE's agreement with India to settle trade in rupees instead of the dollar.

[Watch the TV interview at this link](#) as part of the related news article:

خبير للعربية: تراجع حصة الدولار من الاحتياطيات العالمية إلى هذا المستوى في 2030

وصلت حاليا 58% من إجمالي الاحتياطيات

قال رئيس شركة ناصر السعيد وشركاه الدكتور ناصر السعيد، إن ضعف الدولار حاليا سببه تراجع التضخم بأميركا ولهذا السبب فإن الأسواق تتوقع أن الفيدرالي الأميركي لن يرفع الفائدة حتى نهاية العام

وإذا حدث فسيكون بمعدل ربع أو نصف نقطة مئوية حتى نهاية العام . بسبب ضعف الدولار .

وأضاف السعيدي في مقابلة مع "العربية" أن الأهم من ذلك هو تراجع دور الدولار على المستوى العالمي وإذا عقدت مقارنة بشأن حصة الدولار من الاحتياطيات النقدية لدى البنوك المركزية عالميا في أول القرن الحالي كان حصة الدولار أكثر من 70% من الاحتياطيات، بينما تراجعت هذه النسبة حاليا إلى 58%، وأتوقع أن تتراجع إلى 50% حتى عام 2030 .

وذكر أنه رغم ارتفاع اليورو فإن دول أوروبا لا تلعب دورا على المستوى العالمي مثل الذي تلعبه الصين اليوم، وأتوقع أن تزيد حصة الرنمينبي الصيني من الاحتياطيات الدولية من نحو 3 أو 4 % حاليا إلى 8% حتى عام 2030 .

وتوقع أن تفتح الصين أسواقها خلال 10 سنوات من الآن تدريجيا وهي دولة عندها أسواق ضخمة ووضعت قيودا على دخول الاستثمارات الأجنبية وأعتقد أنها ستفتح تدريجيا ليتم فتح الأسواق المالية الصينية بشكل أكبر خلال خطة خمسية ومن ثم ستوجد إمكانية للبنوك المركزية بأن يستثمروا في السندات الصينية دون قيود عليهم ومن ثم أتوقع وصول الرنمينبي إلى ما بين 6 و8% من احتياطيات البنوك المركزية .

وأوضح السعيد أنه بسبب الحرب بين روسيا وأكرانيا حدثت قيود وضوابط على عدد كبير من الدول و30% من الدول عالميا تواجه عقوبات من أميركا وبريطانيا وأوروبا وغيرهم مما سبب خطرا فيما يخص التوظيف بالعملات الأجنبية وخاصة الدولار، ولهذا السبب اتجهت البنوك المركزية لشراء الذهب بكميات كبيرة خلال العامين الماضيين .

وقال إن الدولار يسيطر على نسبة 80% من تسوية العمليات التجارية بين الدول باستثناء دول أوروبا، إلا أنه بالنسبة لدول الخليج والدول العربية صارت الصين وآسيا أهم شريك تجاري وتوقعاتي أن يتم تدريجيا استخدام الرنمينبي في تمويل وتسوية التجارة وهذا لمصلحة الدول العربية وبالتالي ستكون حصته أعلى .

وأشار إلى دور كبير ومهم لـ"البترويوان"، حيث يصدر الخليج لدول الصين أو غيرها باستخدام الدولار وهو ما يزيد التكلفة على الطرفين ومن الطبيعي لتخفيض التكاليف أن يتم استخدام عملة هذه الدول سواء كانت الهند أو الصين أو غيره .

وذكر أن التوجه في آسيا لاستخدام الدول عملاتها في تسوية العمليات التجارية بينها، موضحاً أن الصين حالياً تعد أهم شريك تجاري لدول الخليج والدول العربية ومن الطبيعي تخفيض المخاطر والكلفة باستخدام العملة الصينية.

وأكد ضرورة فتح حسابات بالروبية في الإمارات لدعم اتفاقها مع الهند لتسوية التبادل التجاري بالروبية الهندية، حيث إن الهند ثالث شريك تجاري للإمارات حالياً ويمثل نحو 10% من الواردات العالمية للإمارات، وتمثل لصادرات الهند للإمارات 20% من إجمالي الصادرات الهندية ومن ثم توجد أهمية لاستخدام عملات البلدين لتسوية العمليات التجارية بينهما.

The Role of Gold in the New Financial Architecture

<http://nassersaidi.com/wp-content/uploads/2012/04/Economic-Note-13.pdf>

Beyond its value as industrial input, including in jewelry, gold as a financial asset provides no cash flow or monetary dividend, nor a positive carry, and thus its value depends on non-directly measurable factors. However, its ancestral property as a store of value and a 'safe haven' especially in the face of heightened uncertainty and grave disruptions to the financial system would call for a role in the new financial architecture emerging after the global crisis. Absent a return to a fully fledged gold standard or to a gold exchange standard as prevailed pre-1971, gold could provide at least a partial anchor for monetary aggregates in a world that is increasingly multipolar, that is, where one economy would not be able to sustain the dominant international role of its currency without jeopardizing its internal stability as a

result of an unsustainable external debt service (Triffin dilemma).

The ongoing real decoupling trend of emerging markets from mature economies will lead to a secular re-centering of the world's economic and financial geography. This implies that the size of the US economy will shrink relative to other economies and therefore the world will gradually revert to a situation similar to that prevailing before WWI when the first wave of globalization took place.

During the XIX century and up to WWI, the gold standard provided the foundation for the expansion of international trade and the international financial relations. At that time none of the four or five large economies (including their colonial empires) was dominant. In that environment characterised by intense rivalries among major powers, the anchor for the world monetary and payments relationships was gold, i.e. an asset whose supply was independent from the discretionary decisions of national or supranational authorities.

After World War I, and especially after WWII, an economic landscape took shape that was unusual from an historical standpoint (at least since the fall of the Roman Empire). With Europe undergoing reconstruction from the devastation and ravages of war while imposing restrictions on trade and payments, the US became the dominant economy in global trade and investment relations (especially considering that the Soviet Union and, after WWII, China decided to pursue a closed door policy in international economic relations, while India pursued a protectionist model of economic development). The US dollar became the international currency for payments and reserves, thanks to its peg to gold until 1971, the size, depth and liquidity of its financial markets, the dominance of the US as a capital exporter and thereafter thanks to its overwhelming size and military reach.

The Triffin Dilemma, which figured prominently in the international monetary policy discussions right after WW II, posits that the country issuing the reserve currency is bound

to run an ever increasing current account deficit as world trade and payments increase in order to allow reserve accumulation and until its foreign liabilities become unsustainable. Against that the US obtained an 'exorbitant privilege, enabling it to pay for its imports with its own currency.

This dilemma could be side stepped as long as the US economy grew at least as fast as the world global average and had no serious rival on the world stage. However, the global financial crisis which originated in the US severely shook confidence in US banks, financial institutions and markets, which along with the emergence of China and India (with a 10-15 year lag), has reignited these dormant worries. Moreover fiscal laxity in the US, aggravated by the uncertainty over the cost of the health care reform combined with the large unfunded liabilities related to social security and other entitlement programmes, raises the spectre of a scenario in which the international role of the dollar could suddenly come into question.

The US cannot continue to run indefinitely a current account deficit without jeopardizing the stability of the world economy. In a multipolar world the size of a single country would not be large enough to sustain its role as supplier of the dominant reserve currency and international liquidity.

The alternative would be to devise a financial system relying on several major currencies as was the case before WWI. But should such a multi-currency system be left to market forces to set exchange rates or could it benefit from being anchored to an asset such as gold which not issued by a national authority?

Should we base an alternative global monetary system on national fiat currencies or should we move towards a gold exchange standard? The answer – provided in this DIFC Economic Note 13 titled "[The Role of Gold in the New Financial Architecture](#)" – is that international liquidity should be supplied on a large scale by an international currency such as the SDR, whose value should be tied to a basket of major

currencies and gold, with the weight of the latter set at 20-25%.