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# Sorry, Mates, Strictly Business: Australia Wants To Cut Out US Dollar In Trade With China

By [RYAN VILLARREAL](#) | MARCH 29 2013 7:42 PM

Australia is seeking to bypass trading in U.S. dollars with China in an effort to avoid the commercial uncertainties that come with the recent fluctuations in the greenback. For example, just a half a year ago, the dollar traded at about \$1.20 to the euro; by February, it had weakened to \$1.34 per euro and now it is going for \$1.27.

Eliminating the dollar in trade will be the focus of Australian Prime Minister Julia Gillard's trip to Beijing next week. Trade with China, Australia's primary trading partner, totaled \$120 billion in the last fiscal year. China buys nearly one-third of Australian exports.

"The value of such a deal would be substantial for exporters to China, especially those that import a lot from China, like mining companies, as it would remove business constraints including exchange-rate risks and transaction costs," said Australia's former ambassador to China, Geoff Raby, according to the [Australian](#) .

The Australian government has made no secret of its aims to shift away trade from the U.S. dollar, the world's primary reserve currency used in international commerce.

A government report, titled "[Australia in the Asian Century](#)," discusses Canberra's efforts to establish direct trading between the Australian dollar and the Chinese renminbi, or RMB, also referred to as the yuan. It also pushes for increasing the prominence of the RMB as a global reserve currency.

"We have held preliminary discussions with the Chinese government to explore how soon direct convertibility can be practicably achieved," the October 2012 report reads. "We are continuing these discussions, and also exploring other opportunities to work with China to support the internationalization of the RMB."

Canberra's aims to build on a \$30 billion currency-swap deal with China signed last year that makes funds available for business transactions between the two countries through their respective state-run banks.

The report described the deal as "one of the largest such swaps China has entered into."

Gillard will meet with the recently elevated Chinese leaders, President Xi Jinping and Premier Li Keqiang, as she marks her first official visit to their country as prime minister and sets the tone for bilateral ties with Beijing.

Australia's former prime minister Kevin Rudd has already arrived in Beijing where he delivered an address on security issues in the Asia-Pacific region -- ranging from cyberwarfare to North Korean nuclear threats -- at the Chinese military's National Defense University.

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