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India just ditched the dollar and used its own currency to buy a million barrels of oil from the UAE

Phil Rosen Aug 16, 2023, 3:42 PM EDT



A man counts Indian rupee banknotes in Varanasi, Uttar Pradesh, India. Dhiraj Singh/Bloomberg

India bought 1 million barrels of oil from the United Arab Emirates using its own currency instead of US dollars.

The Indian Oil Corp settled a payment in rupees with the Abu Dhabi National Oil Company.

Nations including India, Russia, and other BRICS members have been pushing to de-dollarize.

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The dedollarization trend moved one step further this week as India's top oil refiner used a local currency to settle an oil trade with a seller in the United Arab Emirates.

Indian Oil Corp ditched the greenback and used rupees to purchase 1 million barrels of oil from Abu Dhabi National Oil Company, the

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Indian embassy in the UAE said Monday, according to a [Reuters](#) report.

Most commodity deals worldwide are typically settled in dollars. But India, the world's third biggest oil importer and consumer, signed a contract last month with the UAE opening the door to use rupees instead of dollars, which would minimize costs by taking out dollar conversions from transactions.

The two also agreed to implement a real-time payment mechanism to simplify cross-border transactions.

Monday's deal marked India's first crude oil payment to the UAE in rupees. It followed the recent purchase of 25 kg gold by a buyer in India from a UAE exporter using rupees.

The moves are the latest in a series of recent maneuvers by mostly non-Western nations to move off the dollar.

Dedollarization has gained steam since the US imposed financial sanctions on Russia last year, and countries from China and India to France and Israel have all signaled interest.

Leaders from BRICS nations — a bloc that includes Brazil, Russia, India, China, and South Africa — have made a particular push for their own non-dollar currency.

Meanwhile, China has been trying to internationalize the yuan to compete against the dollar and has currency agreements with Brazil and Argentina.

While the dollar remains dominant as a method of payment, Stephen Jen, the chief executive of Eurizon SLJ Capital, wrote in a note earlier this year that the dollar's share of global reserves declined sharply in 2022, deteriorating at about [10 times the average pace](#) seen in the last two decades.

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