

Carlos Dorado: «We are exchanging trade and well-being for weapons and destruction»

MIAMI , FLORIDA, UNITED STATES, March 26, 2022 /EINPresswire.com/ -- Faced with the sanctions imposed by the West and the European Union, Russian banks - 80% of which have been sanctioned - look to China for support in the face of the crisis caused by the war. The Kremlin assured that it would promote some cards before the suspension of Visa, Mastercard and American Express. On the subject, [Carlos Dorado](#), president of [Italbank](#) and vice president of [Italcambio](#), said that the strategy is to suffocate the Russian economy.



Carlos Dorado:«We are exchanging trade and well-being for weapons and destruction»

Western powers have frozen central bank reserves held outside the nation, leaving Vladimir Putin's administration without access to nearly half of them.

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The paradox of all this is that we are exchanging trade and welfare for weapons and destruction.”

Carlos Dorado

After the annexation of Crimea in 2014, Russia had already begun to diversify its investments in dollars, in order to reduce its exposure to the United States, and in 2001, it sold all American treasury bonds for 120,000 million dollars to invest in gold.

"However, the blow has been hard," said Carlos Dorado. "The freezing of assets held by a central bank abroad is a

wake-up call to encourage what the 'block economy' takes away, that is, authoritarian states will seek strategies to reduce their dependence on finances, and free or western bloc payment systems.

A dependent economy

The dollar dominates global finances and 62.16% of world reserves are in this currency,

compared to 25.02% in euros, 3.83% in pounds sterling and 3.53% in yuan.

In that sense, it has been complex "to cut with the West and especially with the United States," explained Carlos Dorado. "Consequently, the damage is tremendous for Russia and its economy, but we cannot forget that being an important world trade market in terms of exports and imports, all countries will suffer the consequences."

He cited as an example the energy sector, such as gas and oil, where Europe imports 36% from Russia, being the one that provides 16.6% of the world's energy. "In general terms, world trade is already slowing down, and we are already at the same levels as in 2008, falling to 26% of GDP. This affects all countries in the world to a greater or lesser degree. Under these circumstances, the only thing that increases is military spending, which is already picking up about 2% of GDP.

The Chinese help

The block economy that Carlos Dorado talks about has already been implemented by China and Russia since 2014. However, "progress has been very limited, because half of world trade is carried out in dollars, a currency that acts as reserve currency thanks to its enormous liquidity and ease of conversion".

China benefits mostly from the use of the dollar. Since it entered the World Trade Organization in 2011, its GDP has expanded at an unbeatable rate, "regardless of democracy or the freedom that exists in the West".

Despite all the efforts made, said Carlos Dorado, the yuan is not yet a convertible currency and barely represents 3% of the payments made through SWIFT.

"The financial integration of China with the West, as a result of this commercial exchange, is enormous and the relations of Chinese banks with Western banks as well," he assured.

The dilemma is: "sacrifice solidarity with Russia versus trade with the West. In my opinion, as good long-term strategists, which they have proven to be, they will try to have their feet in both shoes, but without reaching the point of jeopardizing their economy. Even when they will take due note, and surely accelerate the process of independence of Western economies, seeing themselves in the mirror of Russia. I would say that China, at this moment in history, is perhaps the most important judge in setting the limits of this war."



Carlos Dorado - President Italtank International

-What does it mean for Russia to leave the SWIFT payment system?

-Globalization brought with it a financial interconnection, led by the dollar and far behind by the euro. 90% of world trade is carried out in these two currencies. If a country is prohibited from trading in them, it is practically obliged not to exchange financially or economically with any country in the world. This war, what has come to demonstrate more clearly, is the fracture that already existed in the world economic order, between the liberal market economies and the autocratic ones.

Will Russia bear these sanctions on its economy?

"No doubt she will bear them, but at what cost to her and to the world?" This is precisely the heart of the matter, in the sense that we may be facing a historical moment, where the war is taking place in two fields: the economic and the military. As the economic intensifies, so does the war. But with a big difference, the war is under the control of a single man, who, faced with desperation, and having nothing more to lose, can say: "Do I lose? We all lose." This would mean the destruction of humanity. For this reason, the bet must be that rationality endures, that dialogue persists, that Russia can have a way out, and that economics prevail over ideology in China, so that for "the moment" we do not reach the madness of putting an end to it end to our existence.

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