http://clicks.moneymorning.com//t/AQ/AAWDMQ/AAWO2w/AAQE8g/AQ/As-KIQ/fTkJ

The IMF has proposed replacing the U.S. dollar with something called "Special Drawing Rights," or SDRs. SDRs represent potential claims on the currencies of IMF members. SDRs were created by the IMF in 1969 and can be converted into any currency, based on a weighted basket of international currencies. When the IMF lends money, it typically does so via SDRs.

The IMF also proposed creating SDR-denominated bonds, which could reduce central banks' dependence on U.S. Treasuries. The Fund also suggested that certain assets, such as oil and gold, which are traded in U.S. dollars, could be priced using SDRs.

This is a HUGE and important step to replace the U.S. dollar as the world's reserve currency.

It's just another sign of the growing trend...

Any government or investor with any sense is looking to get out of the U.S. dollar as quickly and safely as possible...

For example...

China is Secretly Getting Out

China holds more U.S. dollars than anyone else on the planet. And publicly, at least, China is still buying our debt.

But behind the scenes, China is secretly getting out.

Here's what I mean...

Let's say you are China, our biggest creditor, and you hold $900 billion worth of U.S. treasury bonds, with more coming in daily.

If you are worried about the U.S. dollar, what can you do?

Well, you certainly can't just start dumping dollars, because prices would collapse, and you'd lose billions of dollars overnight.

So instead, the Chinese are doing something very clever.

They have essentially gone on a spending spree with U.S. dollars, paying basically any price to get the money into hard assets, around the globe.

In other words, China is getting rid of U.S. dollars, without seeming to get rid of them, and thus, without destroying their value.

Very clever.

In December, for example, the China Petroleum & Chemical bought all of the oil and gas assets in Argentina belonging to Occidental Petroleum for $2.5 billion. A few weeks before that they announced plans to buy 40% of the Brazilian operations of Spain's Repsol for $7.1 billion. That puts China's oil and gas deals in Latin America at $13.3 billion for 2010.

Before that, the Aluminum Corp. of China (Chinalco) began negotiating a $19.5 billion deal with the world's largest primary aluminum company, Rio Tinto. And China Minmetals paid $1.39 billion for the world's No. 2 zinc miner, Oz Minerals.

And this is just the tip of the iceberg.

In fact, China is buying so much, so fast, that *The Economist* ran a story in November 2010 called: *China Buys Up The World*. The magazine reported:

> "Chinese buyers–mostly opaque, often run by the Communist Party and sometimes driven by politics as well as profit–have accounted for a tenth of cross-border deals by value this year, bidding for everything from American gas and Brazilian electricity grids to a Swedish car company, Volvo."

Sure, it might look like China is overpaying now, but when the dollar collapses, China will have protected its wealth, and should even make a very nice profit.

Wealthy Russian oligarchs have been using this trick for years.

Instead of keeping millions of dollars in bank accounts in Russia, many pay outrageous fees for houses, sports teams, yachts, etc... anything to get the money out of Russia, so it can't be taken from them by the government.

And when you look at the numbers on a percentage basis, it's clear that China is looking to hold a smaller percent of its reserves in U.S. dollars. The number has gone form 74% in 2005 to 65% in 2010.

These moves by China, of course, are just one sign of the end of the U.S. dollar standard.

There are many more...

No need for U.S. dollars anymore

Russia and China have announced an interesting agreement recently...

To settle their ordinary trading of about $50 billion per year, they will no longer convert to U.S. dollars.

You see, it used to be that China had to obtain dollars to buy gas supplies from Russia. But not anymore. And Russia no longer needs U.S. dollars to buy stuff from the Chinese.

And this brings us to one of the biggest and most important facts regarding the U.S. dollar.

As the dollar loses its place as the world's reserve currency, foreign countries will no longer need to maintain large holdings of dollars. This means we will no longer be able to print as much money as we want.

This move would have been unthinkable 10 years ago, but today it is the new reality.

As I am sure you are aware, for years the U.S. dollar has been accepted almost universally around the globe.

Heck, many times when I've traveled, I never even bothered to convert to the local currency, because I knew everyone would take my dollars.

Well, that's simply not the case anymore...

Reuters reports that the same thing has happened in 2008 in one of Europe's most popular tourist spots...

Currency exchange outlets in Amsterdam have been reportedly turning away customers who want to exchange their U.S. dollars for Euros.

As one traveling American told the Reuters news agency: "Our dollar is worth maybe zero over here," said Mary Kelly, an American tourist from Indianapolis, Indiana, in front of the Anne Frank house. "It's hard to find a place to exchange. We have to go downtown, to the central station or post office."

In India, the country's tourism minister said in 2008 that U.S. dollars will no longer be accepted at the country's heritage tourist sites, like the Taj Mahal. And the U.S. dollar is no longer good anywhere in Cuba.

The New York Times reports that: "now, many shops in China no longer accept dollar-based credit cards issued by foreign banks... and foreigners cannot convert American dollars into renminbi beyond a given quota."

Iran, of course, has already moved all of its reserves out of U.S. dollars, and Kuwait de-pegged it's currency from the dollar a few years ago:

Bloomberg News recently reported that China and Russia plan to start trading in each other's currencies to diminish the dollar's role in global trade. "Given the risk to the dollar and U.S. assets from their fiscal position, they want to reduce their dependence on the dollar as an invoicing currency," said Bhanu Baweja, of UBS bank.

It's even happening here in the USA