



"China Is Using Gold To Replace the U.S. Dollar"

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Premise: Hri Jick discusses China's strategic shift towards gold as a means to challenge the U.S. dollar's dominance in global finance. He explores how this move could reshape international monetary systems and the implications for trust in currencies.

1. China's gold accumulation strategy: China has emerged as the world's largest gold buyer, significantly increasing its reserves in response to geopolitical tensions, particularly after the U.S. froze Russian assets in 2022. This shift reflects a broader trend among emerging markets to diversify away from U.S. treasuries towards gold, which is perceived as a more stable asset.

2. Establishment of the Shanghai Gold Exchange: The Shanghai Gold Exchange (SGE) has become the largest physical gold marketplace globally, facilitating China's gold strategy. The creation of a "gold corridor" allows BRICS nations to trade yuan for gold, enhancing trust in the currency and providing a tangible asset that can be used for transactions and reserves.

3. Gold's reclassification under Basel III: As of July 2025, gold was reclassified as a Basel III tier 1 asset, allowing banks to recognize its full value on balance sheets. This change is crucial as it positions gold as a viable alternative to U.S. treasuries, which have traditionally dominated as collateral in financial transactions.

4. Potential for gold as a high-quality liquid asset: If gold is upgraded to a high-quality liquid asset (HQLA), it could be used as collateral for loans and financing, fundamentally altering how countries can fund development projects

without relying on the dollar. This shift would empower nations to bypass Western financial institutions like the IMF.

5. China's solution to trust and volatility issues: To address concerns about trust and price volatility, China has developed a decentralized network of gold vaults linked to the SGE. By stabilizing gold prices through moving averages rather than daily fluctuations, China aims to make gold a reliable asset for international trade and financing.

6. Impact on global financial dynamics: The shift towards a gold-backed system could lead to a significant increase in demand for gold, with estimates suggesting a potential \$2 trillion influx into the market. This demand could drive gold prices to unprecedented levels, fundamentally altering investment strategies across the globe.

7. Emerging competition between monetary systems: The evolving landscape may lead to a multi-monetary world where China's gold-backed yuan competes with the U.S. dollar and potentially digital currencies like Bitcoin. This competition could redefine global finance, allowing countries and individuals to choose between different monetary systems based on their preferences for stability, control, and technological advancement.

Fact-check

The video claims: China has emerged as the world's largest gold buyer, significantly increasing its reserves in response to geopolitical tensions after the U.S. froze Russian assets in 2022.

Supported. China has indeed emerged as the world's largest gold buyer, with a 64% increase in gold imports year over year, totaling 13,343 tons in 2022. Additionally, the People's Bank of China (PBOC) bought 231 tonnes of gold in 2023, contributing to a significant rise in its reserves to 72.8 million ounces by April 2024. [1][2][3]

The video claims: As of July 2025, gold was reclassified as a Basel III tier 1 asset.

Mixed. There are conflicting reports regarding the reclassification of gold as a Basel III tier 1 asset. One source states that gold will be classified as a Tier 1 HQLA as of July 1, 2025, while another claims this information is incorrect, indicating a lack of consensus on the matter. [4][5][6]

The video claims: Estimates suggest a potential \$2 trillion influx into the gold market due to increased demand.

Mixed. The evidence indicates that a significant amount, approximately \$2.4 trillion, has recently moved into the gold market, suggesting increased demand. However, the claim of a potential \$2 trillion influx is not directly supported by the snippets, which focus on past movements and current market capitalization rather than future estimates. [7][8]

The video claims: The Shanghai Gold Exchange (SGE) has become the largest physical gold marketplace globally.

Mixed. The Shanghai Gold Exchange (SGE) is described as 'one of the largest gold marketplaces on Earth' and had a trading value of RMB 21.32 trillion in 2018, indicating significant size. However, the evidence does not confirm it as the largest globally, as it lacks direct comparisons with other exchanges. [9][10]

The video claims: China has developed a decentralized network of gold vaults linked to the SGE to stabilize gold prices.

Supported. The evidence indicates that China has established a 'Gold Corridor' connecting multiple gold vaults across various locations, which supports the claim of a decentralized network. Additionally, the new vault network facilitates direct gold transactions, contributing to price stabilization efforts. This aligns with the goal of creating a multipolar monetary system based on tangible assets rather than fiat currency. [11][12][13]

The video claims: The shift towards a gold-backed system could drive gold prices to unprecedented levels.

Mixed. The evidence supports that gold prices tend to rise during economic instability and inflation, which could be influenced by a shift to a gold-backed system. However, it also notes that the gold supply may not keep pace with demand, which could limit price increases. The timeframe for these dynamics is not specified, making it difficult to predict unprecedented levels definitively. [14][15][16]

Sources

- [1] [China Is The World's Biggest Gold Buyer | American Standard Gold](#)
- [2] [China Is The World's Biggest Gold Buyer | OilPrice.com](#)
- [3] [The mysterious gold buyer in China](#)
- [4] [Gold and HQLA: Correcting Misleading Online Information | LBMA](#)
- [5] [Gold Becomes a Tier 1 Asset: Basel III Redefines Gold's Role in Global Banking | American Standard Gold](#)
- [6] [Basel III Makes It Official: Gold Is Money Again - USFunds](#)
- [7] [They Just Moved \\$2.4 Trillion Into Gold-Here's What They Know That You Don't - YouTube](#)
- [8] [■ Global Gold Market Capitalization Surpasses \\$20 Trillion ...](#)
- [9] [What is the Shanghai Gold Exchange? | Birch Gold Group](#)
- [10] [Shanghai Gold Exchange - MarketsWiki, A Commonwealth of Market Knowledge](#)
- [11] [China's Gold Corridor: Redefining Global Finance](#)
- [12] [China's Golden Gateway: How the SGE's Hong Kong Vault will shake up global gold markets](#)
- [13] [Shanghai Gold Exchange Expanding Offshore Vaults Network in 2025](#)
- [14] [Why Has the Price of Gold Risen So Sharply? | Econofact](#)
- [15] [Understanding the Gold Standard: History, Collapse, and Impact on the U.S. Dollar](#)
- [16] [Understanding the Dynamics Behind Gold Prices](#)

References:

Original video: <https://www.youtube.com/watch?v=wg3HFA80d18>

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