

Challenges in Expanding Domestic-Currency Trade Agreements

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Abstract: *The increasing volatility of global financial systems and the dominance of major reserve currencies—especially the U.S. dollar—have prompted countries to explore domestic-currency trade agreements (DCTAs). These agreements aim to reduce dependency on foreign currencies, lower transaction costs, and enhance monetary sovereignty. However, despite growing interest, the expansion of domestic-currency trade faces multiple structural, institutional, and economic challenges. This paper analyzes key obstacles such as exchange rate volatility, limited financial infrastructure, asymmetry in economic development, institutional weaknesses, and global currency hierarchies. It concludes with policy recommendations to improve the viability of domestic-currency trade systems.*

Keywords: *DCTAs*

