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Carrot and Stick: U.S. Pressure and Extortion to Break Latin America's Ties with Russia and China

The novelist Henry Miller slipped, shortly before his death, a doubt that worries international analysts in a stinging way: "My only doubt is to know if the United States will end the world, or if the world will end the United States."



In the last two weeks, the State Department deployed an ambitious program of extortion persuasion on countries located in the so-called "Western Hemisphere", with the aim of limiting their commercial and cooperation ties with Moscow and Beijing. The proximity models deployed in Latin America and the Caribbean offer a wide menu of alternatives ranging from threats and sanctions to the offer of better conditions for exports, guarantees for the continuity of remittances or for the expanded authorization of visas.

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On 7 April, the Russian Federation was suspended from the United Nations Human Rights Council as a result of Ukraine's allegations of war crimes. The measure was carried out without surveys or investigations on the ground. On April 21, it was decided to suspend Russia from its seat as Permanent Observer of the Organization of American States. In the first vote Argentina endorsed the suspension, while in the second disqualification it abstained. Between these two votes, the State Department unsuccessfully attempted to expel Moscow from [the UN Security Council](#).

Stick and carrot

Last Wednesday, April 20, Treasury Secretary Janet Yellen invited G20 Finance Ministers to boycott the speech of Anton Siluanov, head of Moscow's finance portfolio. The Argentine representative at the meeting held in Washington rejected the cancellation and remained on his bench along with 16 other officials. The only three representations to abandon the deliberations were Yellen herself and the ministers of Canada and the United Kingdom. At the press conference, Yellen justified the limited success of the proposed boycott: "To withdraw a country from any participation really requires a very high level of agreement in many forums, including the G20, and there was no such level of agreement."

The offensive of sanctions, boycotts and blockades is directly related to the purpose of weakening any country that defends its sovereignty against the rules imposed by the United States, and / or that seeks to articulate alternative trade blocs to those configured by Atlanticism. That was the geopolitical cause for which the ancestral conflict between the Ukrainian and Russian nationalist sectors was stimulated: it sought to prevent the constitution of a Eurasian continental geopolitical axis, capable of articulating Western Europe with Southeast Asia, placing Moscow as a link between both continents. Once at war – previously encouraged – the highest authority of the US Treasury postulated the next steps: *"The proceeds from oil and gas sales are an important source of income for Russia. It would be very helpful to find a way to reduce that income."*



Washington's offensive is related to the surprise failure of its sanctions: despite the fact that Russia was separated from the SWIFT system and reserves were frozen abroad, the value of the ruble stabilized at values similar to those exhibited prior to the military intervention; Russian gas, oil and coal continue to be shipped to Western Europe; and the Central Bank continues to increase its international reserves. During the last week it totaled 1,700 million dollars, reaching the sum of 611,100 million. That is why on April 13 the White House spokeswoman, Jen Psaki, advanced the request for Vladimir Putin's exclusion from the next G20 summit, to be held between November 15 and 16 in Bali. To reinforce the pressure, the head of the Treasury held a meeting last Tuesday with the Minister of Finance of the Republic of Indonesia, Sri Mulyani Indrawati, to whom she demanded the removal of the Russian President from the guest list by November.

Diplomatic blackmail

The State Department's approach is primarily directed at Latin America and the Caribbean (ALyC). In mid-April, officials close to Anthony Blinken connected with the Argentine ambassador to Washington to urge him to question Putin at the U.N. Commission on Human Rights. The decision to accompany Russia's proposal to suspend that institution was decided by Argentine President Alberto Fernández, his Secretary of Strategic Affairs, Gustavo Béliz and his Foreign Minister Santiago Cafiero, after the extortion intimidation insinuated in relation to the continuity of the agreements with the International Monetary Fund.

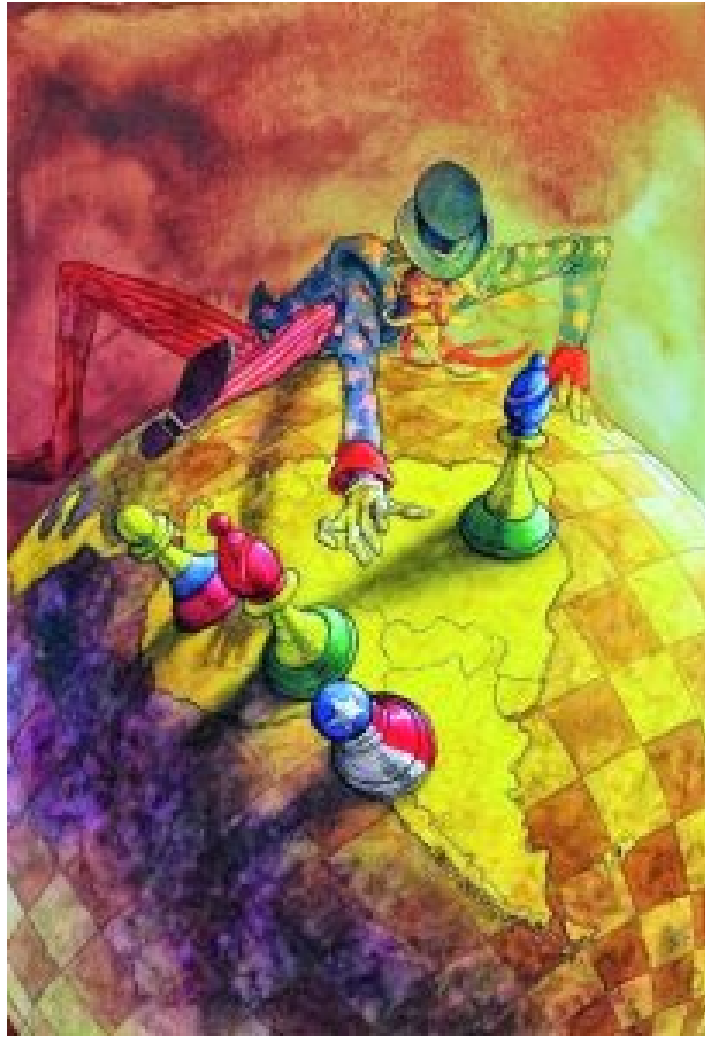
A similar onslaught has been observed over the past two weeks against the Mexican government, which is questioned by Washington for its neutrality with respect to Russian military intervention. The irritation of the Biden administration against Andrés Manuel López Obrador (AMLO) was expressed in relation to the nationalization of lithium – approved during the last week by Parliament – and the approval of the Electricity Industry Law, endorsed by the Supreme Court of Justice. A week before these rulings, the former head of Barack Obama's State Department and current head of the White House climate agency, John Kerry, warned that the new electricity legislation would generate "deterioration of the environment", and that its application would produce an exclusion of US companies that invested in Mexico. [AMLO](#) reported – after his meeting with Kerry – that Washington intended to "impose a group to monitor us, to observe [the [debates on electricity regulations](#)]. No one allows that. Maybe in other times, with submissive, surrenderist governments, but they are no longer the times of before."



The setback over the new electricity regulations adds to the danger – conjectured by U.S. officials – of a potential use of Mexican lithium by Chinese companies. The nationalization of the mineral was approved on Tuesday, April 19 after its international price increased by 400% in the last year. Lithium is one of the core components of batteries needed for the manufacture of electric vehicles. The tesla car company – owned by mega-millionaire Elon Musk – appears as one of the drivers of diplomatic and coercive pressures to guarantee this input and prevent those resources from boosting competition from cars produced by Beijing.

The production of the mineral would have to increase by 500% until 2050 to be able to face the productive reconversion that is intended for the automotive industry. The U.S. Geological Survey quantifies its neighbor's holdings at 1.7 million tons – 2.3% of the world's reserves. The leader is [Bolivia, with 21 million](#), and in second place is Argentina, with 19 million. On July 24, 2020, [Musk](#) responded to an accusation about his participation in the coup against Evo Morales, promoted and endorsed by the State Department: "We will overthrow whoever we want." According to Kenneth Smith, an embassy contractor, Washington and Ottawa could challenge the nationalization of lithium in Mexico as it violates some of the agreements reached in the USMCA (Free Trade Agreement signed by Canada, Mexico and the United States). The underlying issue is the fear that China could access some portion of that value chain, or buy its product directly from the state.

The offensive is not only against Mexico or Argentina. The White House has openly repudiated the neutrality of the [BRICS](#) (economic and political alliance composed of Brazil, Russia, India, China and South Africa) in relation to military intervention in Ukraine. However, last Tuesday Jair Bolsonaro's Economy Minister Paulo Guedes responded to the State Department by announcing that he will propose Argentina's candidacy to enter the BRICS group's New Development Bank. The Biden administration's onslaught was also thwarted in Panama, where Antony Blinken and Alejandro Mayorkas, secretaries of state and homeland security, were present. The visit was intended to push for some kind of restriction on vessels with Chinese or Russian goods through the canal, but their requests were not consented to. In the case of Honduras, despite the resistance of the government of Xiomara Castro, the financial dependence on remittances from relatives residing in the United States imposed an alignment with respect to the situation in Ukraine.



Venezuela is paradoxically one of the most favored. Given the sovereignty acquired by that country since 1999, Biden lacks extortion mechanisms (political, commercial or military), while imploring to dump barrels of oil into the international market to avoid the [inflationary spiral](#) at the global level. The same was attempted with Saudi Arabia, which was asked to increase oil production in order to lower its price and thereby undermine Moscow's obtaining of resources. The kingdom, however, refused to increase production.

In the case of Cuba, the situation is ambivalent. For the first time since 2018, meetings between U.S. and Cuban officials were held on April 21 to continue the migration agreements breached by Washington authorities over the past four years. These meetings granted by the Biden administration seek to decompress the levels of confrontation with Latin America and the Caribbean – without ceasing to extort money – to re-prioritize what Democratic think tanks call the "Eurasian emergency". However, the sanctions against Putin seem to make more of a dent in his partners than

in Moscow: in early February a freighter departed from Russia with a donation of 19,526 tons of wheat for Havana. The Russian ambassador in Havana, Andrei Guskov, explained that the delay was due to the disconnection of several Russian banks from the SWIFT system, which prevented the payment of freight.

Those who do not seem to have such problems are Colombia, the only one that follows Washington's recommendations on foot. While Iván Duque continues to give no explanation about the daily [massacres](#) of social and peasant leaders, his authorities automatically join all the measures and speeches requested by the White House. On Thursday, the spokeswoman of the Ministry of Foreign Affairs of the Russian Federation, Maria Sakharova, stressed in a statement that "we take note of the statements of the President of Colombia on Russian-Colombian relations. We regret that he did them in the spirit of the negative rhetoric imposed on other countries by the U.S. government."

The onslaught against China – promoted by Washington – includes carrots and omens: it is repeated to the governments of Latin America and the Caribbean that in the future they will be able to replace segments of the supply chains, now controlled by China, foreshadowing a new stage of [relocation \(nearshoring\)](#) that would boost the growth of the subcontinent, if they are able to offer reduced domestic markets and meager wages.

The model promoted by the Biden administration is that of a permanent fragmentation of the world economy, with two alternative circuits of trade and international cooperation based on geopolitical blocs. To achieve this goal, it will have to strive to cut strong ties and prevent – simultaneously – Eurasia from avoiding the imposed apartheid.

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Edited by [María Piedad Ossaba](#)

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