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Recalculating geostrategic attention



Sources: The economist gadfly

Developing countries is the name by which experts designate countries overwhelmed by the development of others (Eduardo Galeano)

The US drone General Atomics launched two R9-X missiles on the balcony of a house in Kabul killing Al-Zawahiri, the invisible leader of Al-Qaeda, who had taken the reins after the assassination of Osama bin Laden. The unmanned aerial vehicle took off from a US base in the Persian Gulf, according to [Pepe Escobar](#), crossed the Arabian Sea, flew over Balochistan to enter Afghanistan from the south, for which it had to fly over [Pakistani airspace](#). Why this geographical detail? Because to execute the assassination had to be arranged with both Afghans and Pakistanis.

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Coincidence or not, three days after the death of the Al-Qaeda leader, [Afghanistan received \\$40 million](#) in cash as humanitarian aid, according to the statement [from The Bank of Afghanistan](#) (DAB). For his part, Pakistan's Army Chief of Staff, General Qamar Javed Bajwa, reportedly negotiated for the International Monetary Fund (IMF) to release a crucial loan without which Pakistan would default on its foreign debt. A week before the attack, Pakistan reached an agreement with the IMF for the reactivation of a multimillion-dollar rescue package. However, the deal is subject to approval by the lender's board of directors, which will meet at the end of August. Islamabad is expected to get around \$4.2 billion under the loan program, with Al-Zawahiri's death confirmed, starting with an initial tranche of around \$1.2 billion.

In this Asian imbroglio, Moscow kicked off so that a group of actors from the Global South is changing the world dynamics before our eyes. The key players of the future take shape in the Silk Road, in the Shanghai Cooperation Organization (SCO), Eurasian Economic Union (EAEU), and in the BRICS, all of them slipped Turkey.

Let's look a little at this new game of the two sides, the West and its sanctions and the responses of the emerging Central Asian economy. Russia has a great need to open trade and economic channels to mitigate the barrage of sanctions from the West, while, on Turkey's side, it is a top priority to generate ballast for its economy to emerge from its crisis. A roadmap to circumvent American and European sanctions, finding trade routes outside Western channels, would have a "win-win" outcome, and they understood that across Asia.

Sailing in the same boat, without being subject to Western sanctions, Russia knows that the relationship with Turkey is key, as it is a NATO country, a member of the European Union and a Black Sea power. While Turkey buys more than 25% of the oil and 45% of the natural gas from Russia, the \$20 billion Akkuyu nuclear power plant, which the State Atomic Energy Corporation Rosatom, a Russian public company, will complete in 2023, will supply 10% of Turkey's energy needs.

Ankara, for its part, defying all NATO logic, as well as Washington's sanctions, decided to buy the Russian S-400 missile defense system. In June, a four-way agreement was signed to allow the safe passage of Ukrainian grain exports through the Black Sea; signed by

Russian, Ukrainian, Turkish and UN officials, promoted by Turkey. The deal would unfreeze the export of 20 million tons of cereals from the previous [year's harvest, worth about \\$10 billion](#), according to Ukrainian President Volodymyr Zelensky.

Erdogan revealed after the meeting in Sochi with Putin that bilateral trade with Russia will now be partially conducted in [rubles](#) and lira, rather than dollars. In addition, he reported that [five Turkish banks](#) are preparing to work with the Russian mir credit card system (national [payment system](#), established by the [Central Bank of Russia](#)) which will make it easier for citizens of this country, especially tourists, to spend money in Turkey.

There is a lot of Russian money circulating in the world, much of the funds are located in the United Arab Emirates, given the advantage that Dubai offers as one of the world's centers of trade and financial technology. Clearly, Russian companies prefer Turkey, which is geographically close to both Russia and Europe (in terms of production and export opportunities) and which has a strong track record of resisting potential US pressures.

Next month's Shanghai Cooperation Organization (SCO) summit in Samarkand, Uzbekistan, the former trade hub of the Silk Road, could provide a hub for alternative routes. The SCO, which brings together China, Russia, India, Pakistan, Kyrgyzstan, Uzbekistan, Kazakhstan and Tajikistan, [is sure to lay the groundwork for an expansion in the Middle East](#), as well as an agreement on the construction of a crucial railway in Central Asia. The summit will also welcome Qatar, Egypt, Bahrain, Saudi Arabia and the Maldives as dialogue partners and Azerbaijan and Armenia as observers. The United Arab Emirates has also recently expressed interest in joining the group.

Kyrgyz officials believe the central Asian nation's leaders and China will sign [an agreement at the summit to build a 523-kilometer China-Kyrgyzstan-Uzbekistan railway](#) that has been on the design board for 25 years. The railway would link the three countries with Turkey, Iran and Central and Eastern Europe. Uzbekistan has formally sought Pakistan's support to accede to the Quadrilateral Transit Traffic Agreement (QTTA). The road project is related to the China-Pakistan Economic Corridor (CPEC), which aims to provide access to China and Central Asia to Pakistani ports, and specifically to the port of Gwadar and Karachi, as seen on the map.

Beijing obtained, de facto, Moscow's full approval to invest in Belarus, Kazakhstan, Kyrgyzstan and Armenia, all members of the Eurasian Economic Union. Russia and China are discussing a future currency or basket of currencies that avoid the US dollar, as well as, apparently, the BRICs themselves will end up creating, if Lula becomes president of Brazil.

The analysis addresses the fact that Ukraine's war may well end within a few years, but unless Russia's leadership fundamentally changes, the unleashed energy crisis will continue. The problems ceased to be a warning for Europe, even less for Germany, and its energy, not only because of the gas bills that its citizens and entrepreneurs must pay, but because of the new gas tax and the disagreements with the supply.

The Director of the Federal Consumer Association, and former Green Senator for Economic Affairs in Berlin, Ramona Pop, spoke out against the tax. "*It's certainly right to save businesses that are in trouble,*" but it can't be the case that people who don't yet know how to pay their gas bills are helping businesses secure their profits." The list of companies that are going to be supported with the gas surcharge was known and it turned out that it includes those that have increased their billions of profits, such as the Austrian energy group OMV, which caused the beginning of a stir of consumers.

As if this were not enough, green capitalism seems to trigger a disaster, between its policies and the horrors of the European Central Bank, which does not raise interest rates favoring the dollar, claiming that it does not want to drag the EU into recession, which depreciates the euro and makes energy more expensive, a direct route to recession. 95% of the petrol and diesel in Berlin and Brandenburg come from the PCK refinery in Schwedt, which relies heavily on Russian oil from the Druzhba pipeline. The Russian pipeline runs through Belarus and Poland and ends in Schwedt. The oil is mainly processed in Schwedt, into products such as gasoline, diesel and heating oil. The Poles, where the pipeline passes, say they will not supply oil to the German plant as long as it remains owned by Russian Rosneft.

While Eurasia challenges the dollar and opens a different option to the world guided by American rules, trying by all means to make agreements with its own currencies, in Argentina the internal ones and the adjustment of the adjustment prior to the first adjustment are in charge. Without the slightest idea of local development or regional integration, Macrist continuism continues to prevail in politics. While the "judicial war" (*lawfare*) persecutes the vice president, thanks to the absence of measures by this Government, as the judicial party did in Brazil, regardless of the laws, to proscribe and imprison Lula, the Argentine executive also omits them, in order to comply with the IMF.

Desperate to satisfy what has been agreed in terms of reducing the fiscal deficit, the Government is determined to cut subsidies, which are nothing more than taxes paid by citizens and destined by the Government, in this case to solve the business profits of energy through subsidies, which if cut pass to the bill of the user of the service. The striking thing is that it does so ignoring the increase previously planned, in fact, by Decree No. 332 of June 2022, that is, less than two months ago.

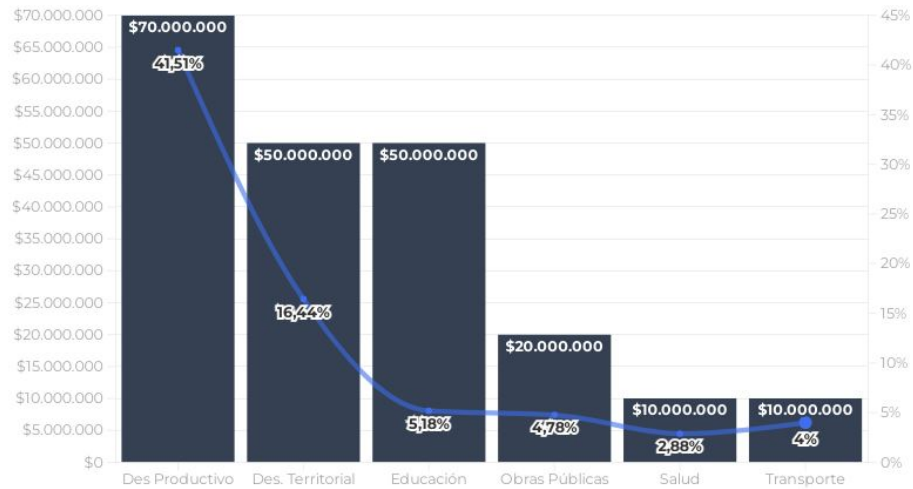
The formation of wholesale prices for natural gas and electricity is not adequately explained, nor is it known, but it is known that they must be increased. The war is the great pretext, but from 2015 to 2019 the electricity and gas rates in the area of the [Metropolitan Area of Buenos Aires \(AMBA\)](#), increased between 3,800% and 5,500% in electricity, in the case of gas; in the same period, from 2015 to 2019, the average was around 1,900%. This means that *cumulatively* light increased 205% every year and gas 140% accumulates. If we took 7 years, not to include 2022 year of war, 2015-2021, we would have cumulative annual increases of 105% and 125% in light and 87% for gas. Were such increases necessary before the war, without auditing the compliance of the companies' investment or their rate of profit? I don't think there is a country in the world with such increases.

In 2022 the rates have already risen by 42%, but [Decree No. 332/2022](#) established that the middle sectors would not suffer new adjustments, taking into account the application of the Coefficient of Salary Variation (CVS) of 2022, which indicates that the total amount of increases stood at 80% of that index. The two increases produced in the first half of 2022 totaled an average of 42%, which was the maximum percentage for the application of that index. In the month of May was the last public hearing that endorses the increase; segmentation lacks such a procedure. But the owners of the energy were in the second row at the inauguration of the new economy minister. Nothing explains the outrage, other than complying with the IMF or maintaining the profits of friendly energy companies.

In the same vein, and when the [congressional budget office](#) showed the July budget execution, it froze everyone by evidencing a considerable fiscal adjustment. This is not counting the monumental adjustment of August, which, on the previous adjustment, was made by the new minister, which can be seen in the graph below. The race to run a smaller fiscal deficit and show reassuring signals to the establishment is so egregious that, to complete the economic team, the following names were brought in.

Ajuste presupuestario por organismo Recorte total y porcentaje sobre el presupuesto

En miles de pesos y porcentaje



Daniel Marx, who was director of the Central Bank of the Argentine Republic between 1987 and 1988, Special Financial Representative and Chief Negotiator of the [Argentine external debt](#) from 1989 to 1993, generating hyperinflation. During the presidency of [Fernando de la Rúa](#) (1999-2001) he was Secretary of Finance, he carried out the renegotiation of the debt through the Brady Plan at the beginning of that decade, and then, already in the year 2000, he was the architect of the "armor plating", a cushion of US\$ 40,000 million that was not enough to save the Convertibility and sank the country.

To complete the picture, an orthodox neoclassical, and one of the biggest detractors of the vice president, was taken as Secretary of Economic Programming of the Treasury Palace, Gabriel Rubinstein. Without delving mostly into its multiple ravings, it is worth mentioning one of them. Argentines should deposit their money in *offshore banks* so as not to leave it in the country. That is, [to turn the banks into extraterritorial](#), as if they were embassies. One could even ask for asylum in a bank.... With these people in charge, what can go wrong, nothing at most, ask for a new loan from the IMF?

Source: <https://eltabanoeconomista.wordpress.com/2022/08/28/recalculando-la-atencion-geoestrategica/>

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