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What really happened in Beijing: Putin, Obama, Xi — and the back story the media won't tell you

Ukraine, Iran's nukes, the price of oil: There are ties worthy of a Bourne film, if the media connected the dots

PATRICK L. SMITH
11/13/2014



Russian President Vladimir Putin, center, looks back at US President Barack Obama, left, as they arrive with Chinese President Xi Jinping, right, at the the Asia-Pacific Economic Cooperation (APEC) Summit plenary session at the International Convention Center, Yanqi, Tuesday, Nov. 11, 2014 in Beijing)

By way of events on the foreign side, the past few weeks start to resemble some once-in-a-while event in the heavens when everyone is supposed to go out and watch as the sun, moon and stars align. There are lots of things happening, and if we put them all together, the way Greek shepherds imagined constellations, a picture emerges. Time to draw the picture.

The situation on the ground in Ukraine is getting messy again. Equally, events of the past year now leave Ukraine's economy not far from sheer extinction. You have not read of this because it does not fit the approved story, but Ukraine's heart barely beats. Further east, we hear in the financial markets that the ruble's decline brings Russia to the brink of another financial collapse.

Let's see. Oil prices are now below \$80 a barrel. It costs me nearly \$20 less to put gasoline in my car than it did a year ago, and good enough. But why has the price of crude tumbled in so short an interval? It makes little sense when you gather the facts, and — goes without saying — you get no help with that from our media.

Let's keep on trucking. Secretary of State Kerry went to Oman for another round of talks on the Iranian nuclear question last weekend. Russia recently emerged as a potentially key part of a deal, which will be the make-or-break of Kerry's record. In effect, he now greets Russian Foreign Minister Sergei Lavrov with one hand and punches him well below the belt with the other. Somewhere beyond our view this must make sense.

En avant! Obama went to Beijing last week for a sit-down with Xi Jinping, who makes Vladimir Putin look like George McGovern when he wants to, which is not infrequently. Still in the Chinese capital, our president then attended a meeting with other Asian leaders to push a trade agreement, one primary purpose of which is to isolate China by bringing the rest of the region into the neoliberal fold. (Or trying to. Washington will never get the overlaid, overimposing Trans-Pacific Partnership off the ground, in my view.)

A big item on Xi's agenda — he was in on the Pacific economic forum, too — was the recent launch of an Asians-only lending institution intended to rival the Asian Development Bank, the World Bank affiliate doing the West's work in the East. Being entirely opposed to people helping themselves advance without American assistance and all that goes with it, Washington used all means possible to sink this ship. When Obama got off the plane in Beijing, the Asian Infrastructure Investment Bank had \$50 billion in capital and 20 members, more to come in both categories.

Xi, meantime, had a productive encounter — another — with the formidable Vlad. My sources in attendance tell me both put in strong performances. In short order, Russia will send enough natural gas eastward to meet much of China's demand and — miss this not — in the long run could price out American supplies in other Pacific markets, which are key to the success of the current production boom out West.

This is a lot of dots to connect. As I see it, the running themes in all this are two: There is constructive activity and there is the destructive. Readers may think this oversimplifies, but for this there is the ever-lively comment box below. I am willing to listen.

Let's go back to early September. On the 5th, Germany brokered a cease-fire between the Ukraine government in Kiev and the rebels in the eastern Donbass region. Washington made it plain it wanted no part of this, preferring to continue open hostilities. And then strange things happened.

Less than a week after the Minsk Protocol was signed, Kerry made a little-noted trip to Jeddah to see King Abdullah at his summer residence. When it was reported at all, this was put across as part of Kerry's campaign to secure Arab support in the fight against the Islamic State.

Stop right there. That is not all there was to the visit, my trustworthy sources tell me. The other half of the visit had to do with Washington's unabated desire to ruin the Russian economy. To do this, Kerry told the Saudis 1) to raise production and 2) to cut its crude price. Keep in mind these pertinent numbers: The Saudis produce a barrel of oil for less than \$30 as break-even in the national budget; the Russians need \$105.

Shortly after Kerry's visit, the Saudis began increasing production, sure enough — by more than 100,000 barrels daily during the rest of September, more apparently to come. Last week they dropped the price of Arab Light by 45 cents a barrel, Bloomberg News just reported. This has proven a market mover, sending prices to \$78 a barrel at writing.

Think about this. Winter is coming, there are serious production outages now in Iraq, Nigeria, Venezuela and Libya, other OPEC members are screaming for relief, and the Saudis make back-to-back moves certain to push falling prices still lower? You do the math, with Kerry's unreported itinerary in mind, and to help you along I offer this from an extremely well-positioned source in the commodities markets: "There are very big hands pushing oil into global supply now," this source wrote in an e-mail note the other day.

The Russians, meantime, are reported to be sending soldiers and artillery back across, or maybe just across, the Ukrainian border. This we read, but we read nothing as to why this may be so, assuming for argument's sake it is. We are invited to accept that there is no reason worth reporting.

I decline the invitation. The possibility-likelihood-probability — it is impossible to say, we are so ill-informed — is that these reported deployments are in reaction to moves kept out of sight. Given Washington's disapproval of the Minsk accord and its underhanded manipulations in the oil markets since it was signed, I label this a likelihood, at least, maybe more.

As to the Ukrainian economy, this is getting sordid even before the International Monetary Fund gets its mitts on the place. A Royal Bank of Scotland analyst in Hong Kong, Roland Hinterkoerner, just published a tour d'horizon, a few of the highlights (or lowlights) being these:

- With the Russian ruble cratering, Kiev recently had to remove a currency peg of 13 hryvnia to the dollar. It dropped 15 percent in the next five trading sessions. From a rate of 8 to 1 a year ago, it now cost 16 hryvnia to buy a dollar.
- With the banking system in peril, a third of deposits had been withdrawn—before the currency collapsed, this is. “There is no way to repair this damage by doing some kind of recapitalization exercise that may still work in the eurozone,” the RBS man writes.
- Efforts to stem the hryvnia’s fall have dangerously depleted foreign currency reserves. As of October, the central bank had \$12.6 billion dollars in assets—taxi fare in the context.
- Ukraine owes Russia \$1.6 billion in gas bills by yearend—and then faces fees of \$700 million a month for new supplies.
- The Ukrainian automobile association, to burrow in slightly, just reported that new car registrations fell by 65 percent in October from the previous year, to 5,900 units—this in a nation of 46 million. The No. 1 producer, Saporisky Awtomobilebudiwny Sawod, turned out 1,007 vehicles. It has 21,000 employees on the payroll.

This kind of report leaves me nearly speechless — and our correspondents silent, of course. All that we have read of this past year, events taking place in the name of democracy and a better life for Ukrainians, comes to this. “The economy?” Hinterkoerner concludes. “What economy?”

Onward. “Going forward,” as the State Department’s chirpy spokespeople like to put it.

Kerry just finished up in Oman, where a round of talks on the Iran question were held just short of the Nov. 24 deadline for a deal. Russia’s role in these talks has suddenly grown potentially large. To break the impasse over Iran’s centrifuge count, Moscow offers to take most of Iran’s stockpile of unprocessed uranium and send back enriched fuel when Iran needs it to power the nuclear energy program it wants. This is a reprise of an idea first floated five years ago, and this time Tehran finds it acceptable, at least tentatively.

Put this in the larger context: With the prospect of ending three and a half decades of pointless hostility within reach, this is the moment to be battering Russia as near to a pulp as possible with sanctions, market interventions to its disadvantage, and who can tell what on the military side in Ukraine? You start to think Washington simply cannot help itself, and more on this in a minute.

And so to Beijing. Nobody will put it this way, but Obama arrived with one failure already accomplished and others to come. It was a mistake to oppose the Beijing-sponsored Asian lending institution in the first place, and already it begins to cost the Americans. The TPP trade pact is no further along, you may have noticed. The climate pact Obama and Xi signed looks so far like an agreement for the sake of an agreement — something Obama could bring home in triumph. The only “successes” American media were able to report were a few market-opening measures of benefit to specific American corporations. Nothing visionary, fair to say. A junior trade negotiator could have got this done.

And here is why, a point hardly lost on the Chinese: There is no vision on the American side, only resistance and objection. Xi has consistently urged a “new great power relationship,” and if

someone can explain why this is not a perfectly logical thought in the face of 21st century realities, again, to the comment box with it.

Washington's claim to be an unrivaled Pacific power by destiny goes back to Teddy Roosevelt's imperial cruise around the region after the U.S. defeated the Spanish and massacred the Jefferson-reading Filipino democratic movement. We simply cannot surrender the turf, realities be damned.

Xi, on the other hand, is all about realities, and not a few have to do with stronger ties with Russia. Xi and Putin shook hands on a historically huge, \$400 billion gas deal earlier this year. How did Obama feel when the two announced during his visit that they have just reached another one, this time for \$325 billion?

Details: The gas will arrive from Siberia by way of a not-yet-constructed pipeline. PetroChina will take a 10 percent share of a subsidiary of Rosneft, the Russian gas company. By 2020, China will source a quarter of its demand from Russia; the Russians, in turn, will by then sell more gas to China than they now send to Europe.

Listen to the sound of the world turning. Wonder why your media do not pass it on to you.

Always more in this line, it seems. Russia is also in numerous other energy deals with China, including one that doubles petroleum exports to the People's Republic. Then there is the Silk Road Investment Fund, a \$40 billion vehicle to finance development projects in the seven nations of Central Asia. Relations with Vietnam and Japan, horrible of late, now appear to be on the mend. So much, maybe, for Washington's role as protector of the region from the reawakening empire.

"Add this up," writes Ken Curtis, a close observer of the international scene for decades, "and you have the outline of a number of important initiatives which will be key to China's increased lead role in development through investment in other emerging market economies."

Curtis had a curious exchange with Putin during some of the economic forum sessions in Beijing. He asked if Russia would provide North Korea security guarantees if it agreed to renounce nuclear weapons.

Putin replied in part: "Your question is too clever. This is not the moment yet even to raise that question, let alone answer it. Often, the problem in the world is not that small countries, who feel they are under siege, are unwilling to change. Rather, it is that the bigger countries are all piling on like bullies in the school yard – and they don't know when to stop."

I hope Kerry and Obama were listening at that moment. As Curtis heard it, "I think Putin was signaling to the West that there will be no more help from Russia with sanctions on North Korea, or anywhere else. One could also read Iran, Syria, Venezuela, etc., into that line of reasoning."

I agree. We can start to connect the stars, then, see our constellation, and identify the costs of a consistent pattern of destructive behavior on Washington's part here, there and everywhere. Specific to the case, the Sino-Russian energy deals cannot possibly be taken as other than long-term responses to the West's renewal of Cold War hostilities toward Russia and its refusal to countenance China's emergence. More narrowly, Putin wants an Iran deal to demonstrate Russia's importance as a global player, yes, but he is not so far from fed up even there.

The obvious question is what we are watching as all these events unfold and then coalesce into a single reality. This peculiar moment seems to make this reality clear. Nostalgic for the period of primacy known as the American Century, the U.S. cannot accept its passing. Logically enough, the task becomes essentially destructive of the world as it is a-borning — an effort, in the end, to destroy history itself.

The planet's other major powers, for all their imperfections and, indeed, disgraces, understand that their time has come, parity between West and non-West is upon us. This is the core reality, not to be lost sight of. China's and Russia's domestic problems are rather like America's; they are to be resolved by Chinese, Russians and Americans, a point we understand easily when it comes to the interference of others but not the other way around, when the question is our interference elsewhere.

All too bad. But only for those who insist on holding on to the wrong end of the stick. This century's winners and losers are not yet clearly marked — I have to preserve my optimism on this point — but with each passing event, each mistake, who is fated for which side becomes a little more evident.

I like the thought a Chinese scholar-turned-diplomat-turned scholar again made at a dinner in Beijing the other night, as passed on by a friend. He spoke of Ukraine, but the remark applies across the board.

“From our perspective, we see all of this agitation as noise at the surface,” he said. Then he cited that scene from “Macbeth” at Dunsinane Castle, “Life's but a walking shadow, a poor player that struts and frets his hour upon the stage, and then is heard no more. It is a tale told by an idiot, full of sound and fury, signifying nothing.”

The Chinese — always attuned to the long view. Who are the idiots in this man's rendering?

I leave it there.