

The real BRICS bombshell

by

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on

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Putin reveals "fair multipolar world" concept in which oil contracts could bypass the US dollar and be traded with oil, yuan and gold

The annual BRICS summit in Xiamen – where President Xi Jinping was once mayor – could not intervene in a more incandescent geopolitical context.

Once again, it's essential to keep in mind that the current core of BRICS is "RC"; the Russia-China strategic partnership. So in the Korean peninsula chessboard, RC context – with both nations sharing borders with the DPRK – is primordial.

Beijing has imposed a definitive veto on war – of which the Pentagon is very much aware.

Pyongyang's sixth nuclear test, although planned way in advance, happened only three days after two nuclear-capable US B-1B strategic bombers conducted their own "test" alongside four F-35Bs and a few Japanese F-15s.

Everyone familiar with the Korean peninsula chessboard knew there would be a DPRK response to these barely disguised "decapitation" tests.

So it's back to the only sound proposition on the table: the RC "double freeze". Freeze on US/Japan/South Korea military drills; freeze on North Korea's nuclear program; diplomacy takes over.

The White House, instead, has evoked ominous "nuclear capabilities" as a conflict resolution mechanism.

Gold mining in the Amazon, anyone?

On the Doklam plateau front, at least New Delhi and Beijing decided, after two tense months, on "expeditious disengagement" of their border troops. This decision was directly linked to the approaching BRICS summit – where both India and China were set to lose face big time.

Indian Prime Minister Narendra Modi had already tried a similar disruption gambit prior to the BRICS Goa summit last year. Then, he was adamant that Pakistan should be declared a "terrorist state". The RC duly vetoed it.

Modi also ostensibly boycotted the Belt and Road Initiative (BRI) summit in Hangzhou last May, essentially because of the China-Pakistan Economic Corridor (CPEC).

India and Japan are dreaming of countering BRI with a semblance of connectivity project; the Asia-Africa Growth Corridor (AAGC). To believe that the AAGC – with a fraction of the reach, breath, scope and funds available to BRI – may steal its thunder, is to enter prime wishful-thinking territory.

Still, Modi emitted some positive signs in Xiamen; "We are in mission-mode to eradicate poverty; to ensure health, sanitation, skills, food security, gender equality, energy, education." Without this mammoth effort, India's lofty geopolitical dreams are D.O.A.

Brazil, for its part, is immersed in a larger-than-life socio-political tragedy, "led" by a Dracula-esque, corrupt non-entity; Temer The Usurper. Brazil's President, Michel Temer, hit Xiamen eager to peddle "his" 57 major, ongoing privatizations to Chinese investors – complete with corporate gold mining in an Amazon nature reserve the size of Denmark.

Add to it massive social spending austerity and hardcore anti-labor legislation, and one's got the picture of Brazil currently being run by Wall Street. The name of the game is to profit from the loot, fast.

The BRICS' New Development Bank (NDB) – a counterpart to the World Bank – is predictably derided all across the Beltway. Xiamen showed how the NDB is only starting to finance BRICS projects. It's misguided to compare it with the Asian Infrastructure Investment Bank (AIIB). They will be investing in different types of projects – with the AIIB more focused on BRI. Their aim is complementary.

"BRICS Plus" or bust

On the global stage, the BRICS are already a major nuisance to the unipolar order. Xi politely put it in Xiamen as "we five countries [should] play a more active part in global governance".

And right on cue Xiamen introduced "dialogues" with Mexico, Egypt, Thailand, Guinea and Tajikistan; that's part of the road map for "BRICS Plus" – Beijing's conceptualization, proposed last March by Foreign Minister Wang Yi, for expanding partnership/cooperation.

A further instance of "BRICS Plus" can be detected in the possible launch, before the end of 2017, of the Regional Comprehensive Economic Partnership (RCEP) – in the wake of the death of TPP.

Contrary to a torrent of Western spin, RCEP is not "led" by China. Japan is part of it – and so is India and Australia alongside the 10 ASEAN members. The burning question is what kind of games New Delhi may be playing to stall RCEP in parallel to boycotting BRI.

Patrick Bond in Johannesburg has developed an important critique, arguing that "centrifugal economic forces" are breaking up the BRICS, thanks to over-production, excessive debt and de-globalization. He interprets the process as "the failure of Xi's desired centripetal capitalism."

It doesn't have to be this way. Never underestimate the power of Chinese centripetal capitalism - especially when BRI hits a higher gear.

Meet the oil/yuan/gold triad

It's when President Putin starts talking that the BRICS reveal their true bombshell. Geopolitically and geo-economically, Putin's emphasis is on a "fair multipolar world", and "against protectionism and new barriers in global trade." The message is straight to the point.

The Syria game-changer - where Beijing silently but firmly supported Moscow - had to be evoked; "It was largely thanks to the efforts of Russia and other concerned countries that conditions have been created to improve the situation in Syria."

On the Korean peninsula, it's clear how RC think in unison; "The situation is balancing on the brink of a large-scale conflict."

Putin's judgment is as scathing as the - RC-proposed - possible solution is sound; "Putting pressure on Pyongyang to stop its nuclear missile program is misguided and futile. The region's problems should only be settled through a direct dialogue of all the parties concerned without any preconditions."

Putin's - and Xi's - concept of multilateral order is clearly visible in the wide-ranging Xiamen Declaration, which proposes an "Afghan-led and Afghan-owned" peace and national reconciliation process, "including the Moscow Format of consultations" and the "Heart of Asia-Istanbul process".

That's code for an all-Asian (and not Western) Afghan solution brokered by the Shanghai Cooperation Organization (SCO), led by RC, and of which Afghanistan is an observer and future full member.

And then, Putin delivers the clincher; "Russia shares the BRICS countries' concerns over the unfairness of the global financial and economic architecture, which does not give due regard to the growing weight of the emerging economies. We are ready to work together with our partners to promote international financial regulation reforms and to overcome the excessive domination of the limited number of reserve currencies."

"To overcome the excessive domination of the limited number of reserve currencies" is the politest way of stating what the BRICS have been discussing for years now; how to bypass the US dollar, as well as the petrodollar.

Beijing is ready to step up the game. Soon China will launch a crude oil futures contract priced in yuan and convertible into gold.

This means that Russia - as well as Iran, the other key node of Eurasia integration - may bypass US sanctions by trading energy in their own currencies, or in yuan. Inbuilt in the move is a true Chinese win-win; the yuan will be fully convertible into gold on both the Shanghai and Hong Kong exchanges.

The new triad of oil, yuan and gold is actually a win-win-win. No problem at all if energy providers prefer to be paid in physical gold instead of yuan. The key message is the US dollar being bypassed.

RC - via the Russian Central Bank and the People's Bank of China - have been developing ruble-yuan swaps for quite a while now.

Once that moves beyond the BRICS to aspiring "BRICS Plus" members and then all across the Global South, Washington's reaction is bound to be nuclear (hopefully, not literally).



Washington's strategic doctrine rules RC should not be allowed by any means to be preponderant along the Eurasian landmass. Yet what the BRICS have in store geo-economically does not concern only Eurasia – but the whole Global South.

Sections of the War Party in Washington bent on instrumentalizing India against China – or against RC – may be in for a rude awakening. As much as the BRICS may be currently facing varied waves of economic turmoil, the daring long-term road map, way beyond the Xiamen Declaration, is very much in place.