

Russia - China Economic Front - Competition or Alternative to the Western Economic System?

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Russia-TV24

Region: [Asia](#), [Russia and FSU](#)

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The Shanghai Cooperation Organization (SCO), including new members India and Pakistan, the Eurasian Economic Union - EEU (an alliance of six Eurasian nations - Armenia, Belarus, Kazakhstan, Kyrgyzstan, Russia, and Tajikistan) are about to sign a Trade and Cooperation Agreement. The SCO and the EEU Integration will become a powerful Platform for the promotion of the Silk Road Economic Belt (SREB).

Here is a transcript of a Russia-TV24 Skype interview on 2 March 2016, on the subject:

Russia-TV24 Question: Can these plans [described above] be compared to TPP (Trans-Pacific Partnership) which was signed last year by the US and other countries of a Trans-Pacific region?

Answer Peter Koenig (PK): You may want to add to the SCO and the Eurasian Economic Union (EEU), the importance of the Silk Road Economic Belt (SREB) - which eventually will be interesting for Europe, especially Germany - that is, as soon as Madame Merkel, or her successor, will see the light. In 2014 Chinese President Xi Jinping offered Madame Merkel for Germany to become the western most pole of the planned new trade and development Silk Road. Most Germans want closer cooperation with Russia, with the East in general. They see that the future lies in the East, not the West. But for some reason Madame Merkel is handcuffed by Washington.

To answer your question - the Agreement between the SCO and the EEU will be of more importance to the countries concerned than is the TPP, because it is an accord of equal partners, whereas the TPP, similar to the TTIP (Trans-Atlantic Trade and Investment Partnership planned with the 28 European Union members), is one-sided - in favor of the US and can only be imposed because the so-called partner countries are all vassals of Washington. - As the US empire is declining, this may change and once partner countries realize that they are being short-changed by the deal, they may simply abandon it.

Abandoning it, may mean joining a different economic system, applying to join the EEU - SCO - the Silk Road.

Russia-TV24: What kind of cooperation can we see within the new organization? It might be a trade union or something else?

PK: It may start as a trade union - or a union for trade; I could imagine, with the longer term objective to become a political union or federation that shares the same geopolitical interests. One of the most important impacts of this cooperation is that it will further

marginalize the US dollar, and therefore the US economic hegemony. This cooperation will trade in local currencies, which is already happening among BRICS and SCO countries. It will have special importance for trading in hydrocarbons, for which transactions have traditionally been nominated in US dollars, hence the trillions of dollars flooding the world, through which the US Government is able to manipulate world economies, impose sanctions at will.

Once the dollar loses its importance it will rapidly decline as a reserve currency - which is already happening. When 15 years ago the dollar covered close to 80% of the world reserves, today it has declined to less than 60%. Once the 50% threshold will be reached, the descent may be even faster. In addition, as the Chinese Yuan has been admitted officially by the IMF as the fifth currency in the SDR basket, it can be expected to gradually replace the dollar as an important world reserve currency.

Russia-TV24: What will this new trade and cooperation agreement mean for the two conflicting partners India and Pakistan:

PK: It certainly has the potential of bringing them closer not only in trade but also politically. After all, trade when on equal footing, has often been an enabler of conflict resolution. This may not happen from one day to the next - but the agreement is likely putting the process in motion.

Russia-TV24: Do you think this process might be a part of the East-West competition?

PK: More than a competition, I believe this agreement may show the world that another economic and monetary system is possible - where countries trade fairly with each other, where the meaning of trade is recovering its true sense of the word - an exchange where all partners benefit. This is clearly not the case with the US-sponsored TPP and TTIP. Both of them are lopsided and imposed on vassal governments, rammed down the partner countries legislative by false propaganda.

I do believe and trust that this new EEU - SCO accord will become a real alternative for countries that seek freedom from the fangs of Washington. After all, the SCO - EEU countries comprise about one third of the world's GDP and almost half of the world population. Their unity could clearly live independently from the western monetary system.

***Peter Koenig** is an economist and geopolitical analyst. He is also a former World Bank staff and worked extensively around the world in the fields of environment and water resources. He writes regularly for Global Research, ICH, RT, Sputnik, PressTV, CounterPunch, TeleSur, The Vineyard of The Saker Blog, and other internet sites. He is the author of [Implosion - An Economic Thriller about War, Environmental Destruction and Corporate Greed](#) - fiction based on facts and on 30 years of World Bank experience around the globe. He is also a co-author of [The World Order and Revolution! - Essays from the Resistance](#).*

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