

China at APEC: West Should Join Us on the New Silk Road

by Helga Zepp-LaRouche

Nov. 14—The rapid pace with which the world has changed positively since the summit of the BRICS countries in July in Brazil took another qualitative step forward at the summit of the Asia Pacific Economic Cooperation (APEC) forum last week in Beijing. Xi Jinping’s agenda not only dominated the dynamics of the APEC summit; at the G20 summit in Brisbane, Australia, on Nov. 15-16, the new leading role of the BRICS countries (Brazil, Russia, India, China, and South Africa) will also contrast with the outdated model of trans-Atlantic member states.

President Obama’s economic strategy, which had just caused a resounding electoral defeat for the Democrats in the mid-term elections, had actually been that the Trans-Pacific Partnership (TPP), which excludes China, would dominate the APEC summit, and the Chinese version, the Free Trade Agreement for Asia and the Pacific (FTAAP), which would be open to all, would not even be discussed at the summit, and neither would the Asian Infrastructure Investment Bank (AIIB) or the New Silk Road. Instead it was the inclusive FTAAP—which even the by-no-means pro-Chinese Peterson Institute in the United States had referred to as the superior model—that turned out to be much more attractive to the APEC states.

What China is offering with its various economic initiatives—the New Silk Road; the Maritime Silk Road; the Silk Road Development Fund, for which it has put up \$40 billion in capital; \$20 billion more in loans at low interest rates, which China extended during the subsequent ASEAN conference in Myanmar for

projects of the Maritime Silk Road; and above all, the increased economic integration of the BRICS countries, and their cooperation in high-technology areas such as nuclear energy and aerospace—all this has far outstripped the U.S. policy, which offers nothing more than to be the “partner” that forces increased military spending for geostrategic alliances, and a policy in the interests of the banks.

A Public Offer

At the final press conference given by Xi Jinping and Obama, China’s President demonstrated that his inclusive policies for the benefit of all are a much better approach than Obama’s policy of geopolitical confrontation. Xi simply urged the United States to participate in the AIIB and the Silk Road Fund, because both are inclusive concepts. Xi said:

“I also introduced to President Obama China’s initiatives of establishing the Asia Infrastructure Investment Bank and the Silk Road Fund. How to develop infrastructure is the main bottleneck obstructing economic development. China has initiated the AIIB to offer support and facility to regional infrastructure development. These proposals and initiatives are open and inclusive in Asia; they are not exclusive. We welcome the active participation of the United States and other relevant countries, so that together we can promote and share prosperity and peace in the Asia Pacific. We recognize the positive actions both have taken in helping African countries.”

President Obama's answer is still awaited.

For their part, the Western media, in political lock-step, have concealed the large number of positive initiatives, and instead has indulged in hallucinatory coverage that deliberately deceives their readers and viewers about the supposedly imminent economic collapse of the BRICS countries. (See box.)

The Russia-China-India Partnership

Through the course of the APEC summit, the Presidents of Russia and China further consolidated their strategic partnership. Putin and Xi are fully agreed, ac-

ording to unimpeachable sources, that they will pursue their war-avoidance policy with absolute determination. Far from being isolated by Western sanctions, Russia's relationships have deepened, especially with China and India, to the best ever.

The comprehensive agreement between Russia and China last May, including the 30-year gas and pipeline agreement, is being extended. Putin announced in a TASS interview immediately before the G20 summit, that during his recent visit to China, the Rosneft oil company reached an agreement to extend a 10% stake in the Vankor oilfield project to a major Chinese com-

One Man's Collapse...

Nov. 13—Undoubtedly, today's top news was that the Chinese economy collapsed!

Bloomberg News, CNBC-TV, Reuters, and others, could not contain their passions regarding this spectacular development. As Miguel de Cervantes once famously (and ironically) showed, anyone who fails to see this dramatic collapse must be a Jew or a Converso. Look closely at the figures the Chinese authorities had to admit today, and surely you'll see it:

Factory production in China rose 7.7% from a year earlier, through October. U.S. factory production, through September, rose 3.3% in a year; and in Europe, industrial production was 0.5% higher in September than in the previous September.

Retail sales are up only 11.5% for the year to date in China—when everyone had expected 11.6%!—compared to a robust 3.8% in the United States and 2.3% in Japan.

Fixed capital investment in China grew from January to October, by a very disappointing 15.9%—again, we all had expected 16.0%. In the U.S. economy, the corresponding “capex,” or capital expenditures, rose by 3.4% in the year to September. And Europe—poor Europe! Everyone knows the banks there just won't lend businesses any money, so how can they make capital investments? It's not fair to include them in the comparison. For the record, though, it's 1.0%.

China's electricity output grew by 2.0% in the year through October. In the United States that mea-

sure has fallen by about 0.5% in each of the past four years.

GDP in China is growing at about a 7.4% annual rate in 2014, with some gloomy forecasts putting it as low as a shocking 7.0% in 2015; U.S. GDP, by contrast, is aiming to surge above 3% growth in 2014, for the first time in four years. And Europe—we'll find out tomorrow, but Europe, having grown by 0.2% in the second quarter, is hoping not to join Japan in a “triple-dip” contraction.

Economic infrastructure investment—this is the true sign of how bad the crisis is in China—they're increasing it willy-nilly in a desperate attempt to stave off collapse. China's domestic infrastructure investment will be roughly the equivalent of \$1.1 trillion this year, and over \$1.2 trillion when “outbound” foreign infrastructure projects are included. Figures for Europe are not readily available, but Germany, for example, has had a total net infrastructure investment below zero for a decade.

The United States is following the “very slow but steady” course of about \$225 billion/year for infrastructure, but China, in a panic, is really goosing it. As Bloomberg describes their plight: “Since October, the NDRC [National Development and Reform Commission], has been actively approving infrastructure projects, which is a clear attempt to stabilize growth. The NDRC, China's top economic planning body, accelerated approvals for \$113 billion of infrastructure projects, China National Radio reported last week. The 21 projects, including 16 railways and five airports, were approved between Oct. 16 and Nov. 5.”

—Paul Gallagher

pany. The Chinese were given seats on the corporation's management, and there will be joint marketing of oil—in the Chinese currency, the yuan. China also provide financing for other projects, in rubles and yuan, rather than in dollars.

The historically already close relationship between Russia and India is developing no less intensively. The scheduled visit of Putin to India in December is being prepared by Deputy Prime Minister Dmitri Rogozin, under the name “Strategic Vision Agreement,” and it will include cooperation in space, large industrial projects in India, the expansion of nuclear energy, the aviation industry, and a free-trade agreement between India and the Eurasian Customs Union. Both sides stressed that the Russian-Indian relationship is carved in stone.

At the third German-Indian investment forum in Berlin Nov. 12-13, representatives of the Modi presented to the astonished audience the Indian Prime Minister's plan to create 1 million new jobs *per month* over the next ten years (!), to keep his campaign promises to the voters, of whom 80% were under 25 years of age; they are young and optimistic, and want to hone their skills so as to advance their nation.

Modi's staff has already selected 100 locations where, with the agreement of the residents, 100 modern cities (!) will be built, with modern infrastructure connections, water, electricity, schools, medical centers, etc., which will be part of a certain division of labor where some will specialize as transportation hubs, others as chemical factories, research laboratories, or agro-industrial complexes. All of these new cities would be linked to one another by high-speed rail, highways, and interstate infrastructure projects, offering dozens of millions of people a way out of their current poverty.

The whole country, and especially the young generation, is totally thrilled with the Indian space program, including the Mars program. Modi plans to host many working groups and scientific competitions to involve students and school children in tackling the challenges.

The misguided pessimists who believe they could force Russia to its knees by sanctions have, on the contrary, helped to strengthen the Russia-China-India strategic triangle. Furthermore, the BRICS countries' orientation toward development and scientific optimism has become a magnet for many other developing countries. The evil intention has boomeranged, and it is a nice irony in that this should all become clear in Australia, where the Queen is head of state, of all places.

Europe Begins To Stir

Meanwhile, in Europe there is an underground revolution underway. On the surface, everything seems just as it was before: German Chancellor Angela Merkel, French President François Hollande, and Italian Prime Minister Matteo Renzi are completely on board with the dangerous game against Russia being played by President Obama, British Prime Minister David Cameron, NATO, and the EU. They continue their support for the government in Kiev, which is riddled with Nazis, and the continued provocations against Russia could draw the continent into a war of annihilation. This is despite the fact that German industry, for example, is finding it much more difficult to replace its lost trade with Russia—if it finds such replacements at all—than Russia is finding it to replace its German partner.

But slowly—hopefully not too slowly—voices are being heard that point to the madness of the current policy of confrontation. Such different representatives of the old guard as [former German Foreign Minister Hans-Dietrich] Genscher, [former Soviet President Mikhail] Gorbachov, and Henry Kissinger are demanding a restart of policy towards Russia. Former French Prime Minister Jean-Pierre Raffarin, currently, the main coordinator of Franco-Chinese relations, said it even more positively: It is completely wrong not to participate in the large Chinese project that concerns us directly, the New Silk Road Economic Belt, which, by the way, ends in Lyon, France.

Raffarin just returned from a week-long visit to China, where he met with President Xi and participated in a very successful trade forum. Thus a French-China economic forum scheduled for Dec. 3-5 will be held in a positive climate of Franco-Chinese relations.

A Fundamental Change

Although the conformist media and imperial satraps are desperately trying to suppress it, the world has fundamentally changed in the past three weeks. Obama is not only to blame for the disastrous defeat of the Democrats; his arrogant intransigence has stoked the anger of both Democrats and Republicans, to the point that the question of impeachment is a constant topic of discussion. If he makes good on his promise to try to bypass Congress on the immigration issue by an Executive decree, this could be the last straw for the Republicans.

Military leadership circles are in barely concealed resistance to almost all Obama's ventures, and are con-

vinced that he is not only the worst President in the history of the United States, but that the incompetence of his closest staff members even makes the Presidency of Jimmy Carter shine in a golden light. For the Democrats, the Rubicon to impeachment may be crossed if Obama refuses to remove Valerie Jarrett and her clique of interventionists in the near future.

The BRICS, and most of the APEC countries, have long ago drawn their conclusions that Obama's star has already sunk, and are therefore organizing a new system of economic cooperation on the basis of a completely new paradigm, namely the interest and welfare of all. Everything—world peace, our future, and the very existence of mankind—will depend, on persuading the United States and the nations in Europe, in a timely manner, to respond to the offer of Xi Jinping, who has urged all nations to participate in the New Silk Road and the new credit system of the AIIB.

After the not-surprising embarrassments of Jean-Claude Juncker, the new president of the European Commission, we have had it up to here with the EU and its “values.”

Translated from German by Susan Welsh