

Glimmerings of U.S.-China-Russia Economics Cooperation?

by Paul Gallagher

April 18—Economic events in mid-April involving the United States, China and Russia included indications of a certain, small degree of collaboration among Presidents reviled as “authoritarian” by their London-led opponents. Their potential great-power cooperation, however, remains blocked by the fury of anti-Russia and anti-China propaganda in the United States. The inglorious end of Russiagate opens the possibility that that blockage might be defeated by a concerted mobilization that the LaRouche movement, and its publications such as this one, are leading.

China’s reaccelerating economic growth, combined with its adherence to the commitments President Xi Jinping made to President Donald Trump at their 2018 summit in Buenos Aires, have “paused” what was a decline toward recession from Trump’s two years of industrial recovery. This is now the view of many U.S. economists and financial analysts—while some of the same economists ironically claim that the Chinese upswing is entirely caused by unsustainable government credit and won’t last. Others say they don’t believe China’s figures!

That data, released by the Commerce Ministry on April 16 (April 17 in Asia) included first-quarter industrial production up by 6.5% from the same quarter of 2018 (compared to a 5.9% increase in the last quarter of 2018, from the last quarter of 2017).

Retail sales were up 8.7% (compared to 8.1%); fixed asset investment was up 6.3% (compared to 6.1%); property investment was up 11.8% (compared to 11.0%); surveyed unemployment was 5.2% (com-



President Donald Trump, speaking to a rally in Richmond, Kentucky on October 13, 2018.

C-SPAN

pared to 5.3%). The economy as a whole expanded by 6.4% (compared to 6.3%).

Going along with the reaccelerated growth in China, is the prospect of a U.S.-China agreement on trade. China’s first-quarter exports also rose compared to the 2018 first quarter, but exports to the United States fell by 3.6%. American exports to China rose 21%, with a big increase in semiconductors exports, soybean sales and aircraft. Consequently, the U.S. trade deficit fell in January, and then dropped sharply in February below \$50 billion, at \$49.1 billion; and the trade deficit with China fell to \$30.1 billion, nearly \$8 billion below what it was running last summer and fall.

President Xi’s commitments to President Trump made in Buenos Aires are clearly being carried out. This will save U.S. first-quarter GDP growth from falling below a 2% annual rate. China’s export growth is coming from countries of the Belt and Road Initiative. World trade as a whole actually fell in the period

through January, according to data from the Netherlands Bureau for Economic Policy Analysis.

Reuters reported April 16, from “two sources familiar . . .,” a story really not exclusive or new: The U.S. trade negotiations team has made significant concessions in getting China to stop industrial subsidies, and on the so-called enforcement mechanism: China made legal changes regarding industrial property rights and joint-venture requirements. Thus an agreement has come nearer.

Russia Interferes in U.S. Aluminum Shortage

Economists’ talk of yet another U.S. economic “recovery” from the threat of recession, has been based on U.S.-China trade improvements and the prospect of a return toward zero interest rates; U.S. manufacturing, in particular, has been steadily sliding after two Trump years of relative rebound.

Russia’s interference—in the U.S. aluminum shortage—is opportune. It appears that the \$200 million investment by Russian aluminum/alumina giant RUSAL in the new Ashland, Kentucky plant of Braidy Industries, giving RUSAL 40% ownership, is in addition to supplying aluminum of very high quality from a RUSAL plant under construction in Siberia. The Braidy plant, in turn, will exclusively supply aluminum sheet to the auto industry, needed under conditions of developing shortage.

The RUSAL/Braidy deal comes after the so-called “Midwest” aluminum price in the United States had risen from \$.80/lb. to \$1/lb. since the steel/aluminum tariffs were imposed in early 2017. Primary aluminum production had actually gone down to a 750,000 metric ton annual rate from 850,000 metric tons in 2015-16; it was once nearly 5 million metric tons in the early-mid 1980s. A drop in auto production, larger than the recent gradual drop in auto sales, is connected to this.

Last October, at a campaign rally at Eastern Kentucky University, President Trump said: “Thanks to our job creation and economic [policies], Braidy Industries recently broke ground on a billion-dollar aluminum mill that will create up to 1,500 jobs right next to Ashland, Kentucky. You know where we’re talking about?” The rally-goers did. But Braidy, with some aid from the

LOUISVILLE BUSINESS FIRST INTERACTIVE MAP Project Watch: Get a live look at local development > LIMITED SUBSCRIBERS

Manufacturing

Braidy Industries is getting a big investment from a Russian company

Apr 15, 2019, 3:25pm EDT

Braidy Industries Inc. is getting a \$200 million investment to help it build an aluminum rolling mill in Ashland, Ky.

GETTY IMAGES / JUDY SHANKETT / SHOOTING

IN THIS ARTICLE Braidy Industries Inc. is getting a \$200 million investment to help it build an aluminum rolling mill in Ashland, Ky.

state, has struggled to build the \$1.6 billion project. In February, Braidy sought an \$800 million loan from the Department of Energy. It has been trying to capitalize the mill with a stock-share raise, but has repeatedly announced and then postponed it.

The Trump Administration removed sanctions on RUSAL in January, despite a resolution opposing this having passed the House and nearly passing the Senate. The investment initiative for Ashland evidently came from RUSAL, very recently, and the investment will be documented only later this quarter. Though RUSAL supplies some aluminum to the United States otherwise, this supply is definitely new, coming from a newly-built RUSAL plant. Braidy Industries CEO Matt Bouchard said “The bottom line is that without RUSAL we could not build an environmentally-conscious mill of this scale. Low cost, high quality and low carbon is the future of aluminum.”

Interestingly, this is happening with the presidents of the United States and Russia still unable to meet without a wild McCarthyite outcry.

Yet, it is still a far cry from the world-changing economic collaboration potential of the Trump-Xi-Putin relationship, if that three-way relationship were to lead, with other great powers like India and Japan, into a New Bretton Woods international credit system.