Russia in Negotiation with China for alternative SWIFT Bank system

Russia and China, the two strategic Eurasian nations, are moving clearly to ultimately break free of the stranglehold of the Dollar System. On September 10 high-level talks took place between the two countries discussing establishment of an interbank money clearing system independent of the US-controlled SWIFT payments system. If enacted it would represent a major step in being able to defend their economies from Washington’s newly-developed weapon of financial warfare against a country that does not behave just as certain powerful circles want.

On September 10, Russia’s First Deputy Prime Minister Igor Shuvalov met in Beijing with his Chinese counterparts to discuss setting up a system of interbank international transaction clearing that would replace or could, in event of increased US and EU sanctions, replace the SWIFT interbank payment mechanism. According to Shuvalov after his talks in Beijing he stated to the press, “Yes, we have discussed and we have approved this idea.”

Russia is reacting to the current escalating financial warfare being initiated via Washington economic sanctions against key leading Russians as part of the current Washington agenda of recreating the tensions and confrontations of the Cold War in their effort to drive a bloody wedge between the EU countries, especially Germany, and Russia. This past March, under strong US pressure, the EU unanimously adopted a series of sanctions against key Russian individuals close to President Putin. The sanctions came as a response to the independence referendum in Crimea in which the vast majority, some 93% of voters opted to request membership in the Russian Federation and secession from Ukraine.

The Society for Worldwide Interbank Financial Telecommunication, SWIFT, is one of Russia’s primary links to the international financial system. Bloomberg reported that on August 30, ironically just after Russia had proposed in Minsk terms of a ceasefire between the Kiev Government and east Ukraine rebels, Prime Minister David Cameron’s government proposed that the EU escalate its Russia sanctions warfare by blocking Russian banks from SWIFT clearings.

Were that to happen, it would be tantamount to a declaration of full economic war between the EU and Russia. The consequences for the EU would clearly be devastating, something Washington or leading Wall Street circles would, no doubt, chuckle about in a kind of Schadenfreude. Already US-imposed EU sanctions against Russia have begun hurting the German economy significantly.

Blocking Russia from the SWIFT system would be very serious and result in equally tough retaliatory actions by Russia. Excluding Russia from SWIFT would cause problems in cross-border banking that would disrupt trade.
The latest Beijing talks reveal that Moscow is not naïve about the intent of certain Washington circles to escalate the pressures on Russia to a new Cold or even Hot War. China and Russia are also in discussions around creation of a new international credit rating agency independent of the politically-manipulated US credit agencies, Moody’s and Standard & Poors. These moves between the two leading members of the Eurasian Shanghai Cooperation Council countries, and also the two major countries of the BRICS—Brazil, Russia, India, China, South Africa—follow the decision this July in Brazil by all BRICS states to found an alternative to the Washington-controlled IMF and World Bank, creating a BRICS Infrastructure Bank and currency fund.

Parallel to these moves to decouple from the chokehold of the dollar system, Russia and China are negotiating agreements to conduct major energy trade in their own currencies and not, as has been the accepted practice since the 1944 creation of Bretton Woods System, via the US dollar. Since August 1971 when President Nixon decided to break the legal tie between the US dollar and gold, US power has rested on a system where, whether the dollar rose or collapsed, all nations would be forced to trade using US dollars for oil, commodities and ordinary trade.

When the Euro first challenged that “reserve currency” role of the US dollar after the 2008 financial crisis, Wall Street and the economic warfare unit of the Obama Administration, the Working Group on Financial Markets, known in Washington as the “Plunge Protection Team,” headed by the Secretary of the Treasury and including the Chairman of the Federal Reserve, Chairman of the SEC and Chairman of the Commodity Futures Trading Commission, coordinated what became the “Greek crisis,” de facto Washington and Wall Street full-scale financial warfare attack on the stability of the Euro, using the Federal Reserve, rating agencies, Wall Street-financed hedge fund speculators and the Treasury of the United States to create the Euro crisis. The dollar rose dramatically as a result and the Euroland economies have been devastated and weakened ever since.

Clearly China and Russia and other key emerging economies have understood Washington’s new financial warfare weapon, perfected since the financial measures of September 11, 2001, allegedly against money laundering by international terrorists, but clearly applicable to all banks in the world today. The world is nearing a decisive “tipping point” economically and financially and the creation of a joint Russian-Chinese alternative to SWIFT would add a large nail in the dollar coffin. Washington and Wall Street are unlikely to accept that nail without responding. We are in a new era of global warfare since the US-financed Ukraine coup of February, 2014.