Russia Turns East at Shocking Speed with China Mega Energy Deals

While Western mainstream media concentrates attention on the emissions agreement signed by US President Barack Obama and Chinese President Xi at the recent APEC Beijing Summit, Russia’s Putin and China’s Xi quietly signed major new energy agreements that will have enormous geopolitical significance in bringing about the very nightmare that US strategists such as Zbigniew Brzezinski warned about way back in 1997 when America seemed indomitable as sole Superpower.

The impetus, ironically, to the array of strategic Russia-China deals are the very economic and financial sanctions the rather stupid strategists at the US Treasury and National Security Council devised to “punish” Putin beginning last May for allegedly “invading” Crimea.

China to be Russia’s major gas customer

On November 9 in meetings on the periphery of the Beijing APEC summit, Putin and Xi signed 10 agreements. Far the most significant is the one for the so-called West Route gas pipeline that will connect gas fields in western Siberia with northwest China through the Altai area of Xinjiang Autonomous Region. They also agreed on provisions for possible second and third sections to be added later that would bring capacity to a staggering 100 billion cubic meters a year. West Route is designated a priority and to be finished in six years. Initially it will give China another 30 billion cubic meters of gas annually over 30 years.

The West Route is in addition to the so-called Russian East Route pipeline deal signed between Putin and Xi in May. That deal, a $400 billion agreement over 30 years will begin sending gas in 2018 for another 38 billion cubic meters annually from Russia to China. When both East and West Route pipelines are operational, Russia will supply some 40% of the current Chinese annual natural gas consumption, replacing the EU as Russia’s largest gas export market. Today China consumes 169 billion cubic meters annually.

The first pipeline laying in Russia for the East Route began already in September. When it was signed in May, many Western sources were shocked, as negotiations had been ongoing for almost a decade. It was called the “Holy Grail” and the “Gas Deal of the Century.” With the signing now only six months later of a second almost equally large West Route gas deal, Russia and China have just agreed to “Holy Grail II.”

At the same Beijing meeting the two presidents and their respective state oil companies Rosneft and CNPC signed a deal whereby CNPC buys a 10% stake in Rosneft subsidiary Vankorneft which operates the huge Russian Vankor oil field. China will receive some $7 billion worth of Russian oil from Vankor in the deal.

Notably, largely unnoticed by western media, China’s state Xinhua news agency reported that a day before opening of the Beijing APEC forum, the Chinese and Russian military leadership reached wide-ranging cooperation agreements as well. Valery Gerasimov, Chief of the Russian General Staff and Wang Guanzhong, Deputy Chief of the General Staff of the Chinese People’s Liberation Army (PLA), reached agreements on a number of important military cooperation projects during the 17th round of strategic consultation. Xinhua quoted Gerasimov, “Many cooperation projects in critical areas were agreed upon during the current round of consultation.”

They reportedly discussed “the current international and regional security situations, regional issues as well as the
relationship between the two militaries”, said Xinhua. One can wonder just what those “situations” might be, perhaps the brazen US and EU intervention into Ukraine to give the excuse for financial warfare and a proxy war against Russia, and perhaps the US National Endowment for Democracy’s “Umbrella Revolution” in Hong Kong, designed to rattle Beijing as well as the Obama “Asia Pivot” military focus on China? The Washington neo-conservative hawks and their backers in the CIA, State Department and NSC are managing to accelerate the very Eurasian alliance that is they are trying to destroy.

The United States, during my own childhood growing up in Texas in the 1950’s, was the unchallenged industrial leader in the world economy. Americans were rightly proud of their industrial excellence. Tragically, today the United States has managed to transform itself into the world’s largest virtual economy. The main item produced today is virtual money by the Federal Reserve to give paper steroids to the mega banks of Wall Street so they can continue their criminal enterprises with increasingly worthless paper dollars.

America’s industrial excellence is mostly a relic of the past. Factory work has been outsourced to...the Peoples’ Republic of China. Domestically, American democracy, or at least its earlier traces, has given way to a rule by power-addicted loveless American Oligarchs. Now those loveless oligarchs see their world, their power, threatened by a growing cooperation between the great nations of Eurasia, led by China and Russia with Iran also playing a significant role.

Ironically their very stupid attempts to initiate global dis-order and a new world war, in order to retain their failing grip on power, is having the opposite effect. It is driving China, Russia, the entire BRICS countries and other nations into closer ties on all levels to build a defense against that attempt. The oligarchs and their war machine are stupid precisely because they seem incapable of thinking in comprehensive terms of how interconnected everything in our universe is. They seem blinded by their addiction.

F. William Engdahl is strategic risk consultant and lecturer, he holds a degree in politics from Princeton University and is a best-selling author on oil and geopolitics, exclusively for the online magazine “New Eastern Outlook”