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European Languages

زبانهای اروپایی

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26.10.2024

BRICS summit in Kazan,

Russia discusses de-dollarization amid global war

A three-day summit of the BRICS (Brazil-Russia-India-China-South Africa) coalition concluded yesterday in Kazan, Russia. Representatives of a total of 36 countries were present, with Iranian President Masoud Pezeshkian, Turkish President Recep Tayyip Erdogan and Egyptian President Abdel Fattah el-Sisi attending alongside heads of state of the original five BRICS countries.

Russian President Vladimir Putin, right, greets Vietnamese Prime Minister Pham Minh Chinh, during their bilateral meeting on the sidelines of the BRICS summit in Kazan, Russia, Thursday, Oct. 24, 2024. (Alexander Nemenov/Pool Photo via AP) [AP Photo]

The Kazan summit sharply brought into focus the desperate underlying economic and geopolitical crisis of world capitalism. It took place as US imperialism and its European allies continue the war with Russia in Ukraine, while backing the genocide against Gaza and supporting a possible Israeli strike on Iran. Several countries in attendance at Kazan—especially Iran, Russia and China—are now denounced as an “Axis of Evil” in US media.

Faced with the relentless aggressiveness of the imperialist powers, the BRICS countries are trying to cultivate regional allies and reduce international reliance on the US dollar.

The Kazan summit communiqué adopted on Wednesday called for the ending of the Ukraine war “through dialogue and diplomacy” and expressed “grave concern” at the “mass killing and injury of civilians, forced displacement and widespread destruction of civilian infrastructure” in Gaza. It also criticized the Israeli assault and bombardment of southern Lebanon.

It also cited “the disruptive effect of unlawful unilateral coercive measures, including illegal sanctions” on economic life. Since the unilateral US cancellation of the Iranian nuclear treaty in 2018 and the 2022 outbreak of the Ukraine war, Washington cut off the access first of Iran and then of Russia to the US dollar and its related SWIFT system of international interbank payments, strangling their economies. Amid NATO’s military debacle in Ukraine, moreover, Washington is imposing sanctions on Chinese banks financing trade with Russia.

Threats by Washington and its European allies to seize Russian dollar reserves have alarmed many countries that are in or may join BRICS—including Saudi Arabia, which has large dollar reserves from its oil sales but now has close trading ties with China.

The Kazan summit therefore set up or considered payments systems excluding the dollar and establishing financial markets outside US control. It endorsed “the use of local currencies in financial transactions between BRICS countries and their trading partners.” It also endorsed “the initiative of the Russian side to establish a grain (commodities) trading platform within BRICS (the BRICS Grain Exchange).” Already, most Russian and Iranian oil is traded outside of the dollar, notably with China and India, so as to evade US sanctions.

The summit communiqué also instructed the BRICS interbank cooperation mechanism (ICM) to “study the feasibility of establishment of an independent cross-border settlement and depositary infrastructure, BRICS Clear” that could potentially rival SWIFT.

Russia and China are also accelerating their purchases of gold, a potential alternate hard currency to the US dollar. This is reportedly critical to their ability to keep trading, even as US regulators threaten Chinese banks with sanctions as they try to end trade with Russia amid the Ukraine war. Last month, in an article titled “601 Percent Increase: Russia Unleashes Unmatched Gold Buying Spree,” the Jerusalem Post noted:

Russia and China have devised a novel approach, utilizing gold as a means of payment for goods and services. The process involves purchasing gold in Russia, transporting it to Hong Kong for sale, and depositing the proceeds into local bank accounts. This workaround allows both countries to continue trade while evading sanctions.

However, this alternative method has not been without its hurdles. Russian entities have had to resort to hiring couriers to physically transport documents across borders and obtain necessary approvals from Chinese bankers.

At a press conference before the summit, Putin commented: “The whole world started contemplating whether US dollars should be used since the United States, for political reasons, restricts the use of the US dollar as a universal international payment unit.” He

added that 95 percent of Russia's foreign trade, and in particular 95 percent of its trade with China, is transacted in national currencies, not the dollar.

Washington and its European imperialist allies view such initiatives with outrage. US imperialism has long sought to encourage or compel other countries to use the dollar. Particularly after the Stalinist dissolution of the Soviet Union in 1991, it waged a wave of imperialist wars across the oil-rich Middle East, based on financial calculations going far beyond simply letting US and European oil corporations loot countries like Iraq or Libya.

Amid a continuous decline in its competitiveness, the United States has for decades run vast trade and current account deficits of hundreds of billions of dollars per year. It financed these deficits, getting the goods it needed from world industry, by printing dollars—often in massive bailouts. Other countries accepted to take these dollars, even though they did not need them in such large quantities to buy US-made products because they bought other countries' goods that were sold in dollars on US-controlled markets, like energy or grain.

US imperialist strategists were therefore determined to avoid precisely the type of event that the BRICS summit set into motion: setting up international trade in critical commodities that is not carried out in dollars and in markets that escape US-NATO geopolitical control.

This danger was well understood in NATO official circles. In 2019, Denmark's Saxobank issued a study on what would happen if Eurasian trade were no longer denominated in dollars, predicting that this would "take a sizable chunk of global trade away from the US dollar, leaving the United States ever shorter of the inflows it needs to fund its double-digit deficits." It forecast that "the US dollar will lose 20 percent" against an average of Asian currencies "within months, and 30 percent against gold."

Indeed, amid the BRICS summit, US officials issued a barrage of threats against the BRICS countries. These primarily targeted Russia and North Korea, accusing North Korea of sending troops to Russia to fight in Ukraine—though this also escalates tensions in the Asia-Pacific, targeting China.

"We are seeing evidence that there are North Korean troops that have gone to ... Russia," US Defense Secretary Lloyd Austin told reporters at a press conference in Rome. He continued, "If they're co-belligerents—if their intention is to participate in this war on Russia's behalf—that is a very, very serious issue." The US Defense Department commented, "Impacts of such a move would be felt not only in Europe, but the Indo-Pacific region also." US White House National Security spokesman John Kirby said that North Korean soldiers in Ukraine would be "fair game" and could be targeted by US-led forces in Ukraine.

This points to the key weakness of the BRICS summit. It is a coalition of capitalist governments hoping to develop a “multipolar” world order, so they can coexist more or less peacefully with the NATO imperialist powers, as the Stalinist bureaucracy also tried to do before liquidating the Soviet Union. While it seeks an accommodation with imperialism, the imperialist powers are for their part utterly reckless and ruthless in prosecuting their interests via genocide and war. They seek not multipolarity but world hegemony.

The bourgeois regimes in the BRICS countries are also painfully conscious of the vast growth of a billions-strong working class in their countries in recent decades. The presence in Kazan of bloodstained Egyptian dictator al-Sisi, infamous for drowning revolutionary struggles of the Egyptian workers in blood in a 2013 coup, is only one indication of their hostility to the workers. The summit communiqué also called for an “adequately resourced IMF,” the fund that imposes austerity on workers in BRICS candidate states like Pakistan and Sri Lanka.

Putin, at his press conference before the summit, argued that BRICS brings together countries on a common basis of capitalism and traditional beliefs. He said, “All of our so-called traditional values of the Chinese culture, Christian culture, Islamic culture are, in fact, the same if read and translated from one language into another.”

There is shared opposition and outrage among workers in the BRICS countries, as in the NATO countries, to NATO threats to invade Ukraine to fight Russia, or to NATO’s support for Israel’s genocide in Gaza. However, that does not make the perspective of building a “multipolar” capitalist world a viable perspective upon which to oppose imperialism.

The BRICS are a disparate coalition of regimes sharing little more than an awareness of the mortal threat posed by the dominant role of US imperialism and the dollar. Among themselves, there are explosive tensions. BRICS member or candidate states, including India and Pakistan or Iran and Saudi Arabia, have repeatedly fought or threatened to fight wars with each other.

The only viable perspective for dealing with the imperialist powers’ relentless escalation of war is to build a revolutionary, socialist anti-war movement against imperialist war and capitalism in the international working class.