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SPIEF — St. Petersburg in the heart of the action

BY PEPE ESCOBAR on JUNE 20, 2015

The dogs of western fear and sanctions bark, while the Eurasian caravan passes.

And no caravanserai could possibly compete with the 19th edition of the **St. Petersburg International Economic Forum (SPIEF)**. Thousands of global business leaders – including Europeans, but not Americans; after all, President Putin is “the new Hitler” – representing over 1,000 international companies/corporations, including the CEOs of BP, Royal Dutch Shell and Total, hit town in style.

Fascinating panels all around – including discussions on the BRICs; the Shanghai Cooperation Organization (SCO); the New Silk Road(s); the Eurasian Economic Union (EEU); and of course the theme of all themes, “The Making of the Asia-Pacific Century: Rebalancing East,” with former Australian Prime Minister Kevin Rudd.

Predictably, there’s been plenty of anticipation regarding the BRICs New Development Bank, **with big news coming next month at the BRICs summit in Ufa**. Brazilian Paulo Nogueira Batista, the new vice-president of the bank, looks forward to the first meeting of the governors.

And on another key theme — bypassing the US dollar — it was up to Anatoliy Aksakov, chairman of the Duma Committee on Economic Policy, Innovative Development and Entrepreneurship, to cut to the chase; “We need to transition to conducting mutual settlements in national currencies, and we believe that all the conditions are already in place for this.”

The action was not only rhetorical. Here’s just a fraction of the deals clinched at SPIEF. **Predictably, it’s been a Pipelineistan show all around.**

– The pipes for the Turkish Stream pipeline under the Black Sea will start to be laid down this month, or at latest by July, according to Russian Energy Minister Alexander Novak.

– Gazprom’s CEO Aleksey Miller and Greek Energy Minister Panagiotis Lafazanis practically clinched the extension of Turkish Stream to Greece. They are “preparing an appropriate intergovernmental memorandum,” according to Gazprom.

– Gazprom also announced it will build a new double pipeline from Russia to Germany, across the Baltic Sea, in partnership with Germany’s E.ON, Anglo-Dutch Shell and Austria’s OMV.

In another crucial Eurasian front, **India signed a framework agreement to create a free trade zone with the Eurasian Economic Union**. Indian Minister of Commerce Nirmala Sitharaman was euphoric: “The two regions are big, anything done together should naturally lead to bigger outcomes.”

Oh, and those were the days of Bandar Bush threatening to unleash jihadis on Russia.

Instead, a remarkable meeting took place, between Putin and Mohammad bin Salman, the Saudi deputy crown prince and defense minister (the actual conductor of the war on Yemen). This was the logical conclusion of Putin being in touch, for weeks, with the new master of the House of Saud, King Salman.

The House of Saud politely spun it as a discussion on “relations and aspects of cooperation between the two friendly countries.” Facts on the ground included Russia and Saudi Arabia’s oil ministers discussing a broad cooperation agreement; the signing of six nuclear technology agreements; and the Supreme Imponderable; Putin and the deputy crown prince discussing oil prices. Could this be the end of the Saudi-led oil price war?

If that was not enough, on the Asian front the superstar executive chairman of Alibaba Group, **Jack Ma**, went no holds barred to say: “It is high time for market players to invest in Russia.” **Beijing, by the way, currently estimates the value of signed and almost signed agreements with Russia at a whopping \$1 trillion.** Russian Deputy Prime Minister Igor Shuvalov preferred to hold a “humbler” estimate.

Well, if only other sanctioned and “isolated” nations – because of their “aggression” – could be capable of such a business performance.

And where were the Masters?

Before the St. Petersburg forum, Putin was delivering an invariable message every time he met a western leader. He would talk about bilateral trade, and then remark things could be way, way better. **At the forum, it’s beyond evident that the EU’s policy of sanctioning Russia is a disaster – whatever the European Council decides next week.**

Those masters of Kafkaesque bureaucracy at the European Commission (EC) keep swearing Europe is not suffering. Who’re you going to believe? EC bureaucrats who only care about their fat retirement pensions, or this Austrian study?

And then there was The Big Meeting on the sidelines of SPIEF: Putin with Greek Prime Minister Alexis Tsipras. The question here is not Greece becoming a BRICs member tomorrow, for instance. Yves Smith at her Naked Capitalism blog may have succinctly nailed it; **“The objective risk of a new Greece-Russia alliance ... is whether Europeans are worried enough about this risk to change course.”**

There’s no evidence – yet – there will be a change of course. Iron Chancellor Merkel is now openly brandishing the Russia card – as in Moscow getting a foothold in the EU — to keep other EU nations in tune with the German austerity obsession.

As for the Last Word at the forum, it was hard to beat **Tsipras; Europe “should stop considering itself the centre of the universe, it should understand that the center of world economic development is shifting to other regions.”**

So were there any real Masters of the Universe present at SPIEF?

In the real world, there are a number of institutions and conferences that serve as the basis for “coordination” policies. But the Masters of the Universe are not there. **They pull the strings of the marionettes that attend the meetings** — and then whatever they decided is coordinated below.

Putin did not miss anything by being snubbed at the G7 in the Bavarian Alps (actually G1 + “junior partners”). He would be meeting with figureheads, anyway.

The Bank for International Settlements (BIS), featuring the key central bankers, they meet once a month for “coordination purposes.” The Bilderberg group, the Trilateral Commission, and Davos also meet for coordination purposes. **A case can be made that SPIEF is now the key coordination forum for Eurasia. Masters of the Universe – real or self-perceived – may snub it at their own peril.**