

# Vineyard of the Saker WHITE PAPER

2014: Russia-China Resistance

## The DOUBLE HELIX: CHINA-RUSSIA

—Larchmonter 445

Vladimir Putin said it clearly: “Russia and China will have a significant effect on the entire system of international relations. The relationship will be a significant factor in world politics and will affect the contemporary architecture of international relations . . .” And to state precisely what this relationship means in geopolitical sea change, President Putin continued: “Russia and China have never had such trusting relations in the military field as they do now. Military exercises have been in joint war games at sea and ground both in Russia and China.” (1)

The mega trade deals we have seen this year and military exercises are more than normal cross-border trade or cooperative events between neighbors or partners. (2) The ‘relationship’ is affecting the global order. The two nations are forming a resistance front against destabilization and the weapons of chaos of a unipolar system.

Russia and China are working together to stabilize international trade, diplomacy and military balances; yet, ironically, this is disruptive.

Russia and China are sovereign nation resistance fighters against the Hegemon. The Hegemon is the unipolar Empire of the United States.

This context of *geopolitical strategies* is paramount to bear in mind. The Hegemon is threatening to contain both Russia and China economically with exclusionary trade agreements (TPP and TTIP) that leave China and Russia out or marginalized as second tier members, while each is bordered militarily with nuclear weapons on missiles of the trade partners, Hegemon’s allies and vassals. (This is the so-called missile defense shield of the West.)

These hegemonic trade agreements will shut out China and Russia from further integration with the two groups. Limits for growth, suppression of development due to monopoly of intellectual properties, oppressive clean energy and pollution control regimes, limits on construction and sale or purchase and use of certain commodities will slow infrastructure projects, not only within both nations, but constrict each nation from contracting for projects in other nations (their own partners that are emerging or developing nations).

Thus, the Hegemon has the strategic intention to limit the elimination of poverty in the world, and control trade everywhere on the globe. The unipolar world will

be finalized and secured by the Hegemon. There will be Elites and there will be poverty forever for most of the remaining nations.

Of course, the resistance and evolutionary partnering by Russia and China has made this hegemonic outcome impossible, unless one or both Russia and China are destabilized and/or regime change ensues. Therefore, what both nations face is an economic and military challenge that clearly is existential in threat level. Russia is first, and China is next on the hegemonic hit list.

### **Full Spectrum Battlefield**

The threat against China and Russia is a full spectrum battlefield: they are facing potential AirSeaSpaceCyberElectromagnetic warfare, not exempting chemical, biological and nuclear; soon to include laser and hypersonic weapons; economic warfare; and war by proxy armies, NGO organizations, covert operators and agents, with global media demonization and propaganda in psyops mode.

Each nation in the resistance partnership had to permit the other to look, touch and feel deeply into one another's most treasured defense secrets, once armed against the other, now united with a new partner.

They knew they were in the same 'foxhole' facing the same enemy. And they both understood, that in time, neither would survive without the other. There had never been a hegemon so desperate or so fundamentally weak, yet so powerfully equipped to destroy all normalcy, perhaps, most of humanity, if need be, for it to survive. China-Russia had to protect one another and then try to save humanity and world order. The initial attack was economic, not military. It hit Russia.

### **Background of the Resistance**

Neither Russia nor China presented themselves as rivals to the Hegemon, and both considered they had trade partnerships, geopolitical cooperative relationships and multitudinous common interests with the Hegemon. There were some irritations at the edges, but nothing was truly confrontational, except that which was instigated, paid for, planned and managed by the Hegemon with its vassals.

So, economy, military and terrorism are the main battlefields in this full spectrum containment and destabilization against the Hegemon's two greatest resistors. (This resistance is to unipolar domination in all its manifestations.)

Thus, we came to 2014. Because of the Sochi Olympics, the year 2014 became the focus of the color revolution rebirth in Ukraine. The 'planners' in the State Department and CIA had eight years to aim a two-prolonged destabilization that turned the failed Orange Revolution in Kiev into the Maidan. We all are very aware that this transformation was evil at its core, illegal, murderous, unconstitutional and had only one aim—to present Russia with an armed, psychologically-tuned, xenophobic Ukrainian force that would, first sweep away the Russian language, then the Russian speakers, i.e., Ukrainian citizens, in East

Ukraine, next to Rostov and along a virtual open border, with nominally few defenses, merely, formal ‘crossings’ with no vestige of militarization on either side.

This violent upheaval was timed perfectly while President Putin presided over a \$50 Billion investment in developing Sochi, hosting the 2014 Winter Olympics, eight years of stewardship identifiable as his greatest public project and intended to lift the internal spirits of his people, while demonstrating, as the Chinese had in 2008 with a Summer Olympics, that Russia, too, was back to greatness, accomplished and peaceful, a tourist attraction year-round in Sochi, and all troubles were in the past.

President Xi had announced he would attend the opening ceremonies. China and Russia were coming of age and were proud to show support in all matters of interest to both. They had voted as one to stop the American air attack on Syria, vetoing the resolution in the Security Council, and demanding resolution of the conflict by diplomatic means. So, in peace and war, sports and commerce, the two leaders scheduled six meetings for 2014. Some would be bi-lateral, some within the context of multi-lateral groups in which both held membership.

### **The Ukraine and China**

But Ukraine and the Maidan coup also attacked China in its pocketbook and its plans for East Ukraine and Crimea. China has a long history of interaction with Ukraine. Not just the modern ‘state’ of Ukraine, peeled off from the Russian Federation, in 1991, by Yeltsin in the Belovezha Accords. They were linked by technology and science study in the days before the Soviet Union threatened China and the two had hot shooting border wars, 1960-1989.

In December 2013, the Chinese and Ukraine had signed a strategic partnership agreement that was inclusive of guarantees of a shield against nukes because Ukraine has signed the non-proliferation treaty. China was guaranteeing Ukraine protection from any aggressor, quite unusual in China’s foreign policy actions. (19) (20) This was signed on December 5, 2013.

Chinese scientists and technicians trained in Ukraine, studied in Ukraine, and purchased from Ukraine when it was the home base of rockets, missiles, aircraft engines, and other software and metallurgically-supported systems. Ukraine was where Russia (Soviet Union) had invested hundreds of billions of dollars in institutes and industries for computation, mathematics and weapons development. Ukraine was from whom the Chinese bought the incomplete aircraft carrier that China has since finished and called the *Liaoning*.

The Chinese recently were coming back to Ukraine and the Black Sea wealthier than ever, and desiring to help Ukraine with infrastructure while getting food from the fertile fields, grains, vegetables and fruits. In Crimea, the Chinese were interested in the Kerch Bridge project and possible tunnel from Russia to Crimea.

These are China's strengths today—infrastructure, roads, rail, fiber optic, ports, bridges, and building what they saw as the western depot for the Eurasian Economic Belt, and New Silk Road. China understood Ukraine was Russian, at least the east and south were Russian. They had the contracts with Ukraine in Russian and Chinese. These contracts and diplomatic partnerships were part and parcel the Chinese connecting the dream of President Xi's Eurasian Silk Road with the Putin Eurasian Union dream. Ukraine was crucial because both dreams had merged into one gigantic Eurasia Development concept to be powered with Russian energy sources and Chinese wealth.

Ukraine was to function as the turntable to Europe, north, west, east and south. Ukraine benefitted from the gas pipeline to Europe. It could have become a very rich transit point. Instead, Kiev chose suicide and began to kill its own citizens, going into virtual bankruptcy, losing its sovereignty, and festering into freakish and zombified ghoulery. Ukraine embraced fascism and Nazism, as it waged a war of attrition upon its entire nation. So far, Ukraine is losing the war against Ukraine, predictably, logically and tragically. However, it did stop China's investments, forestalled the Ukrainian development projects, and does not permit itself to trade with anyone the Hegemon does not approve. (We all remember 'Czech apples', a sad consequence of similar vassal behavior by the Czechs.)

As events developed in late winter, two things happened on Feb. 23, 2014: Kiev fell to the junta's snipers and the Olympics ended. The Sochi Olympics were a huge, resplendent success, despite the unprecedented West's media campaign to disparage and nullify the actuality. The media might as well have declared the sun gone from the sky and all the oceans had dried.

Sochi and Putin had triumphed, no disaster, no terrorism, just a brilliant project with a superb display of Russian culture and expertise. The Russians also dominated the winter sports and competitively defeated American athletes in most venues. Sochi has since hosted the Formula 1 race in August. The facility has been declared by the racers and the industry as the best racetrack facility in the world. Again, you can't make this stuff up. Putin was on a roll. The more the West demonized him the greater Russia looked, the higher his approval ratings and the more China wanted him as a partner, a unique partner.

### **China's Unique Partnership**

China has 58 or so partnership agreements with various nations. There are many categories. They created a new definition for its supreme category with Russia: *Comprehensive Strategic Collaborative Partnership*. (3) Since there is this unique partnership that sets it apart, we should look closer at what is going on in 2014, for this year has been more than unique. It has seen an evolutionary event, not merely a resistance movement against the Hegemon.

Nature provides what it needs for a species to survive. Humanity is seeing this within the relationship of China and Russia. I call it the Double Helix, merely

because it is apt as a metaphor, not because every biologic or chemical fact in DNA is represented in the relationship. But similarities exist and Double Helix depicts this evolution nicely.

To decode the DNA of the relationship in this Double Helix of Bear and Dragon, we can look closer at the ‘base pair molecules’ of each strand. First, there are the ‘helices’ that each strand comprises. These are the complimentary characteristics that make this new genetic partnership work. They are what we would normally evaluate to decode any single nation’s ‘DNA’. Some nations have similar, some less, none have as much as or as profoundly essential to sustain continued growth and development and separation from the Hegemon, as well as security from threats. Thus, the Double Helix, China-Russia.

### **Helices**

Geography that spans thousands of miles of common borders (2,607 mi.), natural resources and multi-ethnic masses of peoples, large defensive militaries, recent emergence as developing economies, self-reliant market capitalist systems with state-managed controls, millionaires and billionaires and relatively modest middle class tiers, deep distrust of Communism as an economic solution, and massive state-owned enterprises in the key industries.

What one nation lacks, the other has. What one nation excels in, the other aspires. What one nation needs immediately, the other is ready to deliver. What one nation needs over time, the other is prepared to supply or access for the duration.

And most clearly, both nations have the same existential threat from the same source, using the same means to threaten both. Ergo, the unique partnership.

A quote from Lu Shiwei, a senior research fellow with the Institute of Modern International Relations at Tsinghua University: “The close relationship between China and Russia is not only out of *economic concerns*, as the two complement each other’s economy. These *active efforts* are also a reflection of *political necessity and desire*.” (emphasis mine) (4)

### **Base-pair Molecules**

Wealth, energy, military, finance, banking, Space, satellites, education, IT, chemicals, microelectronics, water, agriculture, transportation, infrastructure, and a common dream, while confronting a common enemy are the significant molecules. Upon these markers, the Double Helix was formed. It was a process, not a sudden event. But it was evident in 2014 as a repeated event. It was to geopolitics as Sochi was to sport. It was unique and it happened.

Let’s visit these ‘molecules’ and look at what has transpired just in this momentous year of 2014.

We'll turn on the lights with **energy molecules**. Oil, gas and coal, nuclear and LNG acquisition, provisioning, transport, pipelines, storage, exploration, resource development, innovation and technological development, and, probably, reverse engineering of Western tools, as well as investment, loans, advanced payments, equity purchases, and job creation. The following 'deals' are 'base paired', not merely supply-purchase deals. This is far beyond vendor-customer in nature.

**Gas:** two gigantic projects, the Power of Siberia and the Altai Pipeline. (5) (6 Map) The first is in Eastern Siberia. It will deliver gas from terminal in Vladivostok to China, and at Blagoveshchensk across Amur River. It was signed May 21, 2014 between Gazprom and CNPC. It is a 30-year deal, later extended 5 years by agreement in October.

The second project is in Western Siberia and will bring gas to Northwestern China. Gazprom and CNPC signed the deal originally in 2006, it was put on hold, restarted in 2014 at APEC by Putin, November 9<sup>th</sup>. (7)

What is key to these are the establishment of infrastructure, manufacture and supply of pipe, construction crews, job creation in support of two of the largest projects in mankind's history, simultaneously. This along a border that historically has been a hotspot, where wars have been fought between the two nations. Presidents Putin and Xi said do it. It is being done.

September, it began with Russian shovels and Chinese advance payments, \$25 Billion. Once connected, the two nations will receive 'marrow' transfers each requires to continue growth. Siberia and the Far East come alive as viable sectors of the Russian economy; China receives clean energy and moves people into its Northwest and North, and some into Far East Russia. Its foreign investments in Russia pay dividends, and Chinese capital grows. The plans go deeper, and involve more than finance, acquisition of commodities and exploitation of natural resources. More, later, in this energy section.

**Oil:** Rosneft has access to Chinese 'advance payments' and is accessing them to pay its off-shored loans coming due in December and first quarter 2015. This mechanism is a product of deals signed in early 2014. The loans were to buy TNK-BP for \$31 Billion and are not a result of falling prices. The acquisition deal was encouraged by China, and China indicated at the time it would buy equity in Rosneft so the liquidity to complete the deal was in Rosneft's hands in timely fashion. These agreements now seem prescient as the economic war ensues using oil price collapse, off-shore credit denial and ruble shorting in Forex trading. (8)

China has now received much greater supplies of Russian oil and an increased involvement with Rosneft shares and has an alliance to develop technologies in exploration, drilling, extraction and transport. Rosneft and CNPC, likewise, are seen to be less rivals for oil and more partners. This has been indicated in the

works for Arctic exploration and development and off-shore Crimea for oil and gas.

**Coal:** Siberian and Far East coal development, Rostech and Shenhua Group agreed to explore and develop coal deposits in Siberia and Far East. They will construct coal-fired plants that will sell electricity in Russia, China and other Asian countries. (9)

The two companies will also build a marine coal terminal at Port Vera in the Primorsky Territory, Far East. That project begins 2015, operational 2018-2019.

They will build high voltage transmission lines to China. Social and transport infrastructure will be developed concurrently.

So, this coal 'deal' is not a typical commodity deal. It is long-term, and builds the Far East and North China. It brings a permanent electrical utility produced in Russia to the people and industries of China. It expands a port; it uses trucks, rail, and GPS systems that are co-developed. (10)

**Nuclear:** Rosatom will build Tianwan NPP (nuclear power plant), 7<sup>th</sup> and 8<sup>th</sup> power blocks. They are already building 3<sup>rd</sup> and 4<sup>th</sup> power blocks. They will build in Harbin two power units. Rosatom may participate in VVER reactors (pressurized water) with two fast breeder reactors, floating nuclear power plants. Presently, China has deals with Westinghouse for 26 nuclear units. Clearly, the Chinese would prefer to have their inland reactors Russian-design and supplied than locked into Westinghouse technology. (The two are different and fuel sources are particularly mutually exclusive, as Ukraine is finding out as it turns to the U.S. for refueling.) (11)

**LNG:** Construction of a plant in Northern Russia. Yamal LNG and CNPC and development of South Tambeiskoye field. Equity stake for China in Vladivostok LNG is part of the deal.

### **Things that fly**

Some military, some dual use, some civilian.

But we'll begin with GPS and see how the 'Double Helix' is working in Space.

**Satellites:** Both China and Russia have GPS satellite systems. GLONASS is the Russia system. Beidou is the Chinese system. The Russian system is larger, more mature and covers the entire globe. The Chinese system is new, limited in coverage and not mature nor densely accurate. The Chinese often do things in measured, metric, stages. An agreement to place ground stations inside China by Russia will give China a global GPS capability for its defense and second strike weapons, as well as for its commercial use for the world's soon to be largest navy and the world's largest most diverse ocean and fishing fleet. (Two teens swapping kisses couldn't get closer.)

Russia will put GLONASS stations in one of China's airfields and on a navigable river as pilot projects to develop cooperation in the field of navigation. The airport project will aid landing and signal monitoring systems using zonal-navigation methods that will be working on GLONASS and Beidou constellations. (It should be noted that most airfields in China are dual-use military-civilian and the PLA controls most traffic in the air.) Russia's advanced systems and experience will enable training for Chinese air traffic controllers and aeronavigation teams to learn modern satellite technologies. The river navigation project will monitor and correct and track boats on internal water routes. (12)

Auspiciously, Beidou was named for the Great Bear constellation.

**Space:** Roscosmos Federal Space agency. China is interested in building Russian rocket engines and joining manned space exploration, navigation satellite and remote sensing projects. Production of electronic component parts, materials science, construction of spacecraft and rocket engines are in the works. Exchange of manned spacecraft visits to Russian and Chinese orbiting stations and joint expeditions to deep space are beginning talks. Space is a battlefield according to the U.S. defense doctrine. The Double Helix sees dual use potential.

**Aircraft:** Nov. 11, 2014, Aviation Industry Corp China and Rostec signed an agreement. Russia and China are forming a working group to carry out a project to distribute products, and prepare and implement projects in Russia, China, and 3<sup>rd</sup> countries, and to provision for warranty servicing and ensuring post-warranty service of equipment. This creates strategic cooperation in development of aircraft, helicopters, engines, aircraft materials, avionics and radar equipment. This brings a new phase and transition to comprehensive cooperation between two state-owned corporations. (13)

**Long haul aircraft:** Joint venture, similar to Russian-Italian JV for Sukhoi SuperJet 100. \$10 Billion project to compete with Boeing and Airbus.

**Dual use aircraft heavy helicopter:** Russia and China will build a heavy helicopter probably based on the Mi-26 from Russian Helicopter-Rostvertol. It will be for China and third parties, initially. (14)

**S400:** Triumph air defense missile systems; six battalions. Delivery will be in 2016, \$3 Billion. Rosboronexport and Chinese Defense Ministry signed on 11-26-14. China gets state of the art missile defense. This nullifies Japan's air power, U.S. air power, and protects the Double Helix's Asian Pacific flank. Nothing in the missile defense arsenal of any nation is as important as this system, and now, China will get it. (15)

Russia is building the S500 for itself. That is the nature of technology capacity intrinsic to Russia. It has marched for forty years with derivations, updates,



refinements and new systems that have protected the Motherland and the territories of its allies. Russian defense is the world standard.

Now, from the Arctic to Vietnam, Russia and China will have a defense system facing the U.S. Navy and U.S. Air Force missile command. Similarly, these systems will proliferate along the New Silk Road as Eurasia infrastructure develops. Force multiplication for Russia's southern underbelly on China's investment means a safer more secure Russia.

**Submarines:** AIP technology, propulsion acoustic stealth and long duration submergence technology transfer with the sale of an Amur 1650. Air-independent propulsion using electrochemical generators and new combat systems for electronic warfare, a passive antenna sonar to detect silent targets at long range make this a submarine platform for defensive second strike (MAD). (16) Russia is pursuing this sea-based deterrence and China also is expanding its extensive submarine fleet for a second deterrence platform system. (17) Recent test of Russian Bulava ICBM from submerged sub, the *Vladimir Monomakh*, signaled capability for Russia. This transfer of technology assures that China will have it also. An Amur 1650 would be equipped with 18 missiles. China has been testing recently mirv-ed warheads for its missiles.

This deal calls for 4 submarines, joint development and construction, to begin 2015, 2 built in Russia, 2 built in China. (18)

#### **IT and Microelectronics:**

Russian rocket, space and defense enterprises will buy electronic components from China worth \$1 Billion. Working with China Aerospace Science and Industry Corp for dozens of items as alternatives to U.S.-sourced parts. Russia will need to purchase these alternative items for 2-2.5 years until their own industry can manufacture electronic components that are radiation-resistant for Space and match military standards for mil systems. This has been a \$2 billion American supply in the past. (21)

#### **Technology Parks:**

October 14, 2014 a memorandum to jointly build high-tech parks in each country to further innovation in science and technology. In Shaanxi, China, in the town of Xixian Fendong, a technology park of four square kilometers, and in Moscow, at the Skolkovo Innovation Center, 200,000 sq. meters of buildings will be built. Satellite offices for the Chinese park in Beijing, Shanghai, Guangdong and Heilongjiang will follow on. In Russia, offices in Kaliningrad, Vladivostok and the Russian republic of Tatarstan. Two sovereign wealth funds, the Russian Direct Investment Fund, and the Chinese Investment Corporation are leading the investments. (22)

**Cyber Security:** International cyber security agreement is set for first half 2015. Prevention of cyber incidents developing into full-scale conflict, collaboration in the operation of nation Internet segments, closer interaction on international

platforms dedicated to cyber security issues. It is going to be broader than a cyber non-aggression pact. The Russians and Chinese are discussing a new Internet to break the monopoly and intrusion by the U.S. and NSA, CIA, etc. (23)

**Education:** 100,000 student exchange program. Already 25,000 Chinese in Russian higher education, 15,000 Russians in Chinese education and internships. Far Eastern Federal University will teach Russian to Chinese students. Joint University in China will have Moscow State University curriculum as core. Already Moscow State and Beijing University of Technology will open a university in the city of Shenzhen. Will open in Sept. 2016. (24)

### **China as Russia's Bank**

It is evident from the nature and size of interactions between China and Russia, China has determined to construct a floor for the Russian economy. Just as the Federal Reserve secretly saved the EU banking systems by QE and passage of funds to select banks in the EU, China is doing similarly with Russia during the sanctions regime. Instead of creating debt, it is swapping currencies and keeping corporations liquid, taking equity positions in state-owned enterprises, making loans and advances on deals both within Russia and between Russia and China.

There were three wounds to the Russian economy. First, prior to sanctions there was heavy flight of foreign investment. Second, sanctions brought on more of that loss of capital investment and a credit crunch. Third, the drop in the price of oil affected the ruble. So, credit loss, liquidity loss, tax revenue loss and a battered currency has slowed growth and caused inflation inside Russia.

### **China's Capacity**

China has the wealth to manage these issues in the short term. Russia's reserves and gold cache, natural resources and intellectual property are collateral for any contingency. Russia's economic size (GDP) is comparable to the sum of 3 provinces in China—Guangdong, Jiangsu and Shanghai taken as one economy. The Chinese have 31 provinces and autonomous regions. So, managing a floor for Russia economically as a reserve force is easy for the Chinese. (25)

Premier Li indicated that, "China may be able to help reduce the damage (of sanctions) as Russia looks east for business and financing, but it is far from a total offset." Oct. 13, 2014

The intention is clear. China needs Russia, not just Russian gas and oil.

**Currency:** Currency swap agreement signed by Premier Li Oct.13, 2014, duration 3 years, extendable. Yuans and rubles will be used as settlements of trade. This deal is empowering for the yuan as an international currency, likewise Russia's ruble. It also empowers the BRICS nations to have more input in international finance as it diminishes the dollar's use for settlements.

Sberbank financing letters of credit in yuans with Russian companies. Provides safety through diversification of currencies. Pairing on the Moscow and Shanghai stock exchanges since Dec. 2010. Russian firms have been using HKD and yuan. (26) (27)

**Banking:** Agreement between Russian VTB Bank and Bank of China. Another deal is VTB, VEB and Russian Agriculture Bank, all hit by sanctions, signed framework agreement with Export-Import Bank of China to open credit lines.

**Credit Card:** Union Pay of China has replaced Visa and Mastercard, while Russia develops its own national brand credit card system. The Russian credit card system UEC (universal electronic card) won't be ready for use until 2017.

**Finance:** China Development Bank (CDB) agreed to financing \$500 million for Russian mobile phone operator MegaFon. CDB also agreed on annual financing of \$1 Billion to the Russian Grid.

**FDI Equity stakes:** A stake in Gazprom's Vladivostok liquid natural gas terminal, and shares purchased by CNPC in oil producer Rosneft. New privatization of part of Rosneft, maybe up to 9%. Already China holds 0.6% since 2006. Not only state-owned enterprises, but large private corporations and entrepreneurs are poised with capital investment in Russia.

Russia is rated one of the top economies (despite sanctions, ruble drop, threats and vodka weaknesses) by leading analysts and investment gurus. Russia should begin to show GDP growth rates that seem unthinkable today (5-6%) in 4-5-6 years. China will pump-prime large sectors of this, and get excellent returns on its investments. Further out, 10-15 years, Russia will be robust and stable with a growth outlook and diversified lineup of products and services and a nearby Eurasian market easy to service.

**Motor Vehicles:** Great Wall Motors plant in central Russian Tula Region to build 150,000 Haval four-wheel drive vehicles/yr. \$522 million per year investment, 2500 jobs.

**Petrochemical Technologies:** Joint venture construction of a rubber production plant between petrochemical companies Sibur and Sinopec, oil company, to be based on Russian technologies located in Shanghai. Rus-China split 25.1-74.9. Technology transfer. The two have previously worked together in Rasnoyarsk for rubber production in Siberia. Split is reversed in Russia's favor there. Rubber produced will be supplied to China.

**Construction:** Bridges and transport links across Russian-Chinese border. Rail companies Russian Railways and China Railway Corp. have agreed on logistics centers, development of passenger traffic and reduction of tariffs. (28)

**Infrastructure:** High Speed Rail project: Moscow to Kazan 770 kilometers. It will ultimately link to Beijing. The China side is Beijing to Urumqi, Xinjiang. (29)

Moscow subway extensions to be built by Chinese investors, New Moscow district. Total deal for \$10 Billion, signed May 19, 2014; 93 miles, 70 stations. (30)  
This is a key foreign investment partnership project. Deal between Mosinzhproekt and China Railway and Construction and China International Fund. (31)

**Housing:** 460,000 housing units (25 million sq. meters of housing) to be built for Russian Family Housing program of the Construction, Housing and Utilities Ministry, June 25, 2014. Talks began in China in May 2014. (32)

**Kostroma Region:** China's interest in jewelry industry, agriculture and wood processing. Investors and manufacturers from Shandong and Guangdong provinces have made tours. Work on organizing modern agriculture enterprises, developing agritourism and logistics. (33)

Thus, there was organic necessity for the evolutionary change in the relationship of China and Russia. The commodities and energy deals between the two are annual at \$40 Billion, but now will go to \$200 Billion/yr. Trade between the two is at \$90 Billion. Comparatively, the EU trade is \$413 Billion. China is in danger with EU dependency. China's own economic slowdown is completely the result of the EU being generally in recession.

As Russia develops and trade expands, China will have an economy it can influence and, partially, remotely manage, especially in its growth sectors and technological innovations. These sectors and innovations will spur China's internal growth, and that follows its five-year plan to substitute export dependence with internal development. It helps stabilize China's economy.

### **SCO Eurasian Security**

Barely known to most people, the Shanghai Cooperation Organization will become the key Eurasian organization through which the diverse national interests of India, Pakistan, China, Russia, Iran, and Vietnam are served in a cooperative environment. United in their economic development through the reality of Eurasia Economic Belt, all their security issues versus terrorism, separatism and criminal drug and human trafficking are handled within SCO. Though it is not a military alliance, it uses joint military and policing activities in an interesting array.

Ultimately, SCO is a defensive layer against destabilization proxies (think ISIS, Taliban, AQ, East Turkistan Islamic Movement, PKK, PUK Kurds) that may be mounted against any one or more member states. Should Turkey finally come into the fold of SCO, along with Iran, NATO will be neutralized against member states. These SCO developments are in the cards. It takes time, but India and Pakistan are in line to full membership in 2015, and then Iran and Turkey will

complete a powerhouse of SCO members, all with the same interests, no matter how diverse the cultures and ideologies.

There is a generally unspoken tool of destabilization—Islamic terror in the form of direct Wahhabi-driven conflict (AQ, ISIS, Taliban, etc.) and the more covert separatist programs that affect both nations (and in Russia's case, its Middle East allies and customers, who just happen to be investment partners with China for oil and infrastructure projects). China is susceptible to destabilization in Xinjiang, Tibet, Taiwan, Hong Kong and, perhaps, Inner Mongolia, though unlikely in any to be remotely eventful while China is a vibrant economy. Full bellies and fat wallets don't arm rebellions.

It was so generally peaceful in Xinjiang, that up until two years ago, unarmed police were the rule for security forces in the Province (Autonomous Region). Until several unarmed policewomen and men were stabbed to death by terrorists-separatists trained by AQ and Taliban in Pakistan, the Chinese never used repression or harsh tactics. Now that the terrorists get Syria-based training by off-shoot Wahhabi fanatics, the PLA military is being used, specially trained police teams and a regime of control is being brought to parts of Xinjiang.

China is using Chechnyan Republic President Kadyrov's tactics with terrorists. They are killing them on sight in large numbers whenever possible. Those who go to trial, if violent or plotters of violence, get the death penalty.

Eurasia development faces embedded potential ethnic, tribal, Islamic and criminal forces that will have to be dealt with as China pushes into Central Asia and works with Afghanistan and Pakistan. U.S. and NATO remnants and paid allies in Uzbekistan and Tajikistan could stir security problems. AQ and ISIS, the two Talibans and other Turkic groups are all players for the West's Intel agencies. The New Silk Road will not go as smooth as its name.

### **Not Global Military Alliance**

Most profoundly, the Double Helix is not a global military alliance. Both nations eschew military alliances beyond regional. However, the test of the double helix bonding had to work out the military affinities, or the existential threat would not be blunted and turned away. Both militaries had to be able to imagine a force structure and force protection that conjoined their defenses, systems, intelligence, communication and command integration if needed.

This unity might take years, but they had no time to waste. This could not be superficial, so they had to permit intrusive sharing. This might be difficult because their languages were so different. They overcame all obstacles because of necessity and leadership. President Putin and President Xi had identical needs. Their nations were subjects of containment by a hegemonic power with its allies who surrounded their nations with an array of full spectrum platforms and systems that challenged them 24/7, any weather, any phase of the moon.

Though daily global trade with the Hegemon and foreign direct investment from the Hegemon made the threat appear less serious, the reality was the Hegemon was running out of time. China and Russia were growing rich while the Hegemon was growing poor, and China and Russia were growing, while the Hegemon was shriveling its once-great economy with endless wars, debt, waste and corrupt practices.

### **Shoigu and Li**

China and Russia scheduled top-level meetings. Five meetings have occurred between Putin and Xi so far in 2014. Business and military leaders met. Premiers met. But the most intriguing meeting of all was recently in Beijing, where Russian Defense Minister Sergey Shoigu met with Premier Li Keqiang. This was after Shoigu met with his counterparts in the military and defense ministry of China. (34) What this meeting signals was the integration of the Russian MIC (military industrial complex) with the Chinese MIC. Top-secret weapons systems must have been the topic, one assumes. If it was a courtesy call, it was beyond protocol.

The two men, Shoigu and Li, function for their nations in separate governmental realms. The Chinese Premier usually is involved with economic issues and the massive central government bureaucracy. However, one of his other titles is Chairman of the National Defense Mobilization Commission. That covers equipment, anti-aircraft, communications, as well as the economy. It is everything, except the PLA itself, in terms of defense. President Xi chairs the Military Commission, and the PLA is sworn to the Party and to him as Chairman of the CPC. Premier Li has the MIC as his portfolio.

But when you analyze the Double Helix, you can see that Russian military and Chinese production capacity and financing were being clarified. Like parents arranging a marriage, the top representatives were arranging *something*.

General Shoigu was there for his military. Li was there for his economy. Based on some prior agreement between Putin and Xi, beyond discussion of heavy lift helicopters, jet engines for fighters, new submarine orders or microelectronics components for systems, the Russian military met Chinese money and production capacity in Zhongnanhai. Only time will tell what weapon, if it was a weapon system, required this intimate, personal meeting. Later, I will suggest one other additional and/or very different possibility for this meeting between Shoigu and Li.

### **Surprise**

The great expanse of Russia from the Baltic and Black and Caspian seas to the Pacific, Yellow Sea and Sea of Japan as an east-west territory now had an East Asia, Southeast Asia, South Asia and Central Asia adjunct—China. Russia could be seen as even larger than largest geographically. Her pipelines, highways, airports, seaports and weapons systems would be connecting and protecting

nations from the Arctic to the Indian Ocean, as well as from the Eastern Europe borders to the Kurill Islands and Vladivostok, touching China for border crossings at Zabikalsk-Manzhouli and Pogranichy-Suifenhe in Heilongjiang Province along the Black Dragon/Amur River.

This unity is about much more than Harbin's massive ice sculptures or Russia's massive oil and gas reserves buried deep below snow, ice and frozen rock. This Double Helix was going to be about *strategic surprise*.

China had surprised the Hegemon twice before with weapons. One was its satellite killer (kinetic hit-to-kill vehicle) that took out one of its own old satellites in 2007. Another more advanced test was launched in 2013. What made this tough for the Intel agencies to know in advance was the missile carrying the ASAT weapon was launched from a road mobile launcher.

The other surprise was China's carrier killer missile, land based, that could take out a carrier from one thousand miles away. The Mach 10 DF-21D is indefensible except by electronic countermeasures and luck. Both weapons were exactly what China needed to shock the U.S. Space command and the U.S. Navy. They are still stunned and worried by the Chinese capacity and their own Intel failure. Both weapons are land-based and mobile, making the Chinese defenses agile and illusive.

Russia, too, has stunned the Hegemon with Crimea and the cancellation of South Stream, but, before those events, with Putin's sudden diplomatic initiative to get the Syrian chemical weapons deal done, thereby ending the weapons threat as a cause of war. The start of an all out Obama-desired air war against Syria would have put Russia in a bad military and geopolitical quandary. Defend Syria overtly with military or display weakness, as Medvedev did in Libya. Instead, the aggression against Assad by U.S./ NATO came to a screeching halt. (It went covert until ISIS was readied and unleashed).

These three Russian initiatives were shocking events, signaling Intel failures by the Hegemon while displaying world-class agility by Putin with military and diplomacy, leaving Russia as more than a regional player while out-maneuvering NATO and proxies without firing a shot or losing control of events in two different theaters of conflict.

### **While threats abound, the Double Helix grows**

On the Chinese side are people, masses of people, one third of whom have been raised from serfdom to middle class in just 30-plus years. The Chinese have also mastered 'opening up' their economy to venture capital, industrialization and service sector organizations, without losing control to foreign interests. They have kept a central bank separated from IMF and from the Federal Reserve and western central bank systems. They have kept state management control of all strategic industries. They have used foreign direct investment to spectacular advantage,

forcing joint ventures to ultimately share intellectual property, patents and design copyrights.

The Chinese have forced technology transfers wherever they needed to have state-of-the-art and could not reverse engineer it. They learned every capitalist trick from studiously analyzing the American rise from frontier agricultural nation to the greatest global economic power. The Chinese admire America's rise into an economic behemoth while fearing its government and global hegemony.

Most importantly, the Chinese protected the RMB, the yuan, from manipulation. They carefully introduced the yuan to trading partners, but never allowed their currency to fully trade as a Forex currency. China pegs its yuan to the U.S. dollar, thus restricting manipulation and speculation. There is no float rate and interest rates are state-controlled. The yuan gradually became convertible from dollars, yens, Swiss francs, Euros, Hong Kong dollars and rubles. The Chinese use RMB for bilateral settlement, case by case.

It will be five more years before China intends to let the yuan 'float' in currency markets. The IMF, in its twice-a-decade review, is considering including the RMB in a basket of Special Drawing Rights reserve currencies. The yuan passes all parameters, but this will assist China and Russia to remove the dominance of the dollar, and the decision is not yet permitted by Washington, who controls the IMF.

The China-Russia plan for international reserved currency is to propose a bundle of currencies, not one, as the dollar serves today. If the IMF does not act favorably, there may be turmoil coming to that system. China has many allies for such a move. This clearly signals, though they are the largest economy, they do not desire or plan for dominance or to expose themselves to the concept of being the unipolar nation by replacing the United States. They want influence and cooperative leadership positions in new international institutions, and the Chinese signal that policy in every way. The Dragon prefers to be the Panda, most of the time.

### **Rise of Shanghai**

The Chinese shrewdly used the Hong Kong dollar and Hong Kong stock exchange and the former royal colony's banks for their own flexibility until they were ready to dwarf what once was thought to be Asia's financial heart.

Shenzhen, next door to Hong Kong, had been selected by Deng Xiaoping for the initial showcase of 'opening up' for a good reason. Hong Kong was the enormous port for imports and exports, and Hong Kong was the last 'western' banking center that capitalists trusted doing business with Beijing.

Now that center of finance and banking would be Shanghai; a Shanghai stock market and the RMB that would soon rule Asia because Beijing had the scale to



do it. One of the unmentioned realities of the recent Occupy Central and the ‘yellow umbrella’ circus in Hong Kong is the city will be second to Shanghai soon, and it will be at the economic mercy of Beijing. Shanghai will be the new world center of banking and finance in a decade or two. This is now assured with Eurasia development, New Silk Road, Maritime Silk Road and the Double Helix.

London, desperately grasped a piece of the Chinese currency action just in time. It will be a RMB clearing house, an offshore RMB center. New York’s financial industry may not yet understand that it, too, will succumb to the Dragon’s wealth creation sometime in the coming decades. These are reasons for containment and destabilization by the Hegemon and the Elites who do understand this inevitability. But, Eurasia tips the globe to the East. And the ‘Double Helix’ is one centrifugal force spinning the power toward Asia and Eurasia.

### **Scale--Size Matters**

Scale matters if a nation knows how to use it. (for example, China does, India doesn’t.) Scale in factory output, cheap labor, high savings rate, massive infrastructure development, and logistics were things never seen on earth until China. Even the U.S. during WWII could not match what China was now doing. And all the while, the earnings were piling up by the trillions in the Bank of China, Agricultural Bank of China, China Construction Bank, Industrial and Commercial Bank of China, and the People’s Bank of China (Central Bank of PRC). In terms of cash on hand, China’s horde of cash and U.S. Treasury Bills and purchases of gold was unprecedented. The dynamics has changed the Dragon not only into ‘the factory of the world’. China became one of the most shrewd bankers of the world.

China’s state-managed economy enables it to do things other countries don’t do. China can direct its state-owned enterprises (SOEs) to invest in projects domestically or in foreign projects. This is actually another form of geopolitical financial power. The treasuries of those SOEs are like bank accounts at the disposal of the Central Government. The Premier, presently, Li Keqiang, is the economic czar, so to speak. The seven members of the Standing Committee of the Politburo execute the five-year plans, with President Xi Jinping setting the targets philosophically and Premier Li directing the government bureaucracy, banks and SOEs to achieve the goals.

### **Growth Matters**

Growth is everything to Chinese new-born capitalists. Profits are power, sometimes more powerful than mere wealth because they are daily, quarterly, annual and indicate rapid growth. Growth is a word and event that is not happening in the Empire of the Hegemon. EU is in reverse and the U.S. is a phantom economy, sucking assets from the middle class and expanding a dependent base in a highly vertical reformation of the economy. Elites have it all. The good jobs and careers are gone. Social conflict is rising. America has lost its way. No five-year plan for growth, no one-year plan, not even a plan for the next

quarter. The U.S. economy has been built to serve the Elites and their need for greed. All processes serve that need well. The markets are rigged in dark pools, derivatives and criminality that goes unchecked, save a few 'insider trading prosecutions' and 'big bank fines' that feed the government with 'revenues' or transfers of wealth from stockholders (middle class) that are not direct taxes.

### **Wealth Matters**

In China, the wealth is in the control and management of the state. Savings are used for the wealth development of the nation and its people. Yes, one million millionaires and hundreds of billionaires have done well in the rapid growth of China. However, they do not have elite control of the economy. They play their roll in the public and private sectors, and in foreign investments and tourism, but they don't alter the public plans or manipulate the public markets (though they try, as it is human nature to be greedy or criminal or irresponsible).

The revenues in the coffers of capitalist China enable President Xi to make any project in any country happen. He is bankrolling the BRICS development bank, the Asian Infrastructure Investment Bank and the Eurasian Economic Belt and Maritime Silk Road development. These are like multiple Marshall Plans without the military conquest. They are meant to transform other trading partners from dirt poor into middle class economies capable of buying Chinese products, using Chinese expertise, and ultimately, purchasing services from China.

It is elementary economics. Invest in a nation, build its infrastructure, expand trade with it, educate their young; then that nation emerges from poverty, develops its own production capacity, and matures. All the while, the trade partner climbs the value chain of products and services China offers.

China can do this on a scale unlike any nation ever. It does it in Africa, Latin America, Southeast Asia, South Asia and the Middle East (except the U.S. has pushed back with ISIS to destroy Iraq and Syria, and with AQ in Libya where China has massive infrastructure and oil investments. Likewise, China has previously agreed upon Ukraine and Crimea development investments pre-the junta coup.)

So, with Russia so close and in need of what China can do on such large scales, the gigantic natural resources exploitation and infrastructure needs of Russia have met the gigantic financial capacity and commodity needs of China. The resolution of the hegemonic threat through peaceful means was logical and a product of the minds of Presidents Vladimir Putin and Xi Jinping. Thus, the Double Helix.

### **The Result facing the Hegemon**

The U.S. and NATO would need Michael the Archangel to defeat China-Russia, and from all signs, he's aligned with the Bear and its Orthodox culture. There is no weapon, no strategy, no tactic conceivable in the near future (which is all the

Double Helix needs) to damage either of these rising economies now that they are ‘base pairs’.

China will get stronger and bigger. Russia will get stronger and bigger. And in five to ten years, the international systems of finance and banking and trade settlement, currencies and credit ratings and development loans will be thoroughly changed. It is tantamount to disarmament of the Hegemon’s most dangerous weapons. Ironically, only the Hegemon’s military will remain. The Hegemon will lose its most devastating weapons that enslave, subject, humiliate, ruin and change regimes—*its economic weapons*.

### **Future**

The better part of the world’s nations will have moved on to solving problems. Nations will think in different terms and relationships. Sovereignty and regions will matter again. Cooperation will regulate competition. Win-win will replace domination. What was once ‘honorable and necessary’ will be looked at as criminal, if war and chaos is the only solution a former hegemon or alliance can offer.

Perhaps, some form of NATO and its Islamic Wahhabi terror forces it has been cultivating with the Saudis, Qataris and other devils with billions of dollars will persist. But they will ultimately grow cold and brittle and not be viable unless they become pirate marauders. There will be no economic sustenance available for such forces.

### **China acting in its own interests?**

Of course, China is acting in its own interests. But any organism—and a nation is not an edifice, it is an organism—has life-sustaining needs. And the China organism needs *blood*. That blood is oil and gas. The China organism needs a *nervous system* that can’t be shut down by shock wave or sabotage. IT security and radars, satellites and on-ground defense systems are imperative components of such a nervous system. And the organism of China, huge as it is, packed densely with people, needs *stability* for sleep, for rest, for meditation.

Russia, as powerful a nuclear force in the world, has China’s enormous back, adds to its blue water defenses, mans the digital and electronic turrets, and changes and hardens the geographic, economic and financial targets that the Hegemon could use to contain, destabilize and cause regime change in Beijing, thereby, toppling the state governance by the Communist Party of China. There are no substitutes for the decades ahead of such a vital molecular bonding as the Double Helix.

### **Equality of Effect**

So, the double helix metaphor works for both in equanimous ways. Russia receives its *blood* through yuans, loans, use of Union Pay credit card system, joint ventures, advance payments, dependable contracts and logistical solutions. China provides a territorial shield and additional force multiplication for Russia’s

*nervous system*. Finally, *stability*, too, is necessary for Russia to breathe and get forward momentum in critical areas of development. There will always be housing for Russians in Russia now that China is close. China can put up tens of thousands of housing units in a few months. There will be alternate sources of food. The most basic needs of Russian people are secured with the double helix pairing. China bought the largest pork producer in America and is already shipping pork to Russia. China is so efficient in some food processes that American scallops are shipped to China for cleaning, then come back to U.S.

### **Foreign Policies and Societies**

Metaphor or not, the Double Helix is real. It serves as the new DNA structure but does not change the external policies or internal societies of either nation. It merely is the new organism architecture against which the Hegemon will flail. Now the two sovereign nations will be presenting themselves as one double helix. This 'one' is not a merger, not an alliance, not even a commonality of interests. Those are represented through SCO, APEC, etc. This 'one' is force multiplication and projection of power within a fourth dimension of geopolitics. It multiplies all the molecules or magnifies them. To attack or target the IT or satellites of either is to strike both. Destabilize either, and both are struck. Contain one, both are contained. Demonize one, both are vilified.

Custer found that it was not just Lakota Sioux he faced. He faced Arapaho, Arikara, Cheyenne, Crow, Santee and seven bands of Lakota (Blackfeet, Brule, Hunkpapa, Oglala, Minniconju, Sans Arc and Two Kettle). This was an object lesson. Historically, on the plains of America, Native Americans had done the same as China and Russia. Their error was not to do it much sooner and everywhere long before they were overwhelmed by the invading immigrants. China and Russia have acted in timely fashion.

### **Dragon-Bear**

China-Russia have become impossible to defeat militarily, impregnable to sanctions and economic destabilization, and have created a unique partnership. China and Russia are co-venturers into a new international architecture built on sovereign states' responsiveness to each nation's own people. (39)

Looking across the Black Sea from Romania or across Ukraine from Poland, Lithuania or Germany, or from across the Atlantic like Canada or the United States, you see the Bear-Dragon. Likewise, looking across the Pacific or the East China Sea or South China Sea at China you will see the Dragon-Bear. The Hegemon and its vassals will understand that attacking one is an attack on both.

The Double Helix cannot be undone. Russia and China are the founders of the Eurasian Economic Marketplace of 3.5 billion (half the world). It has a thirty-year initial mission. And during those thirty years they will have built the New Silk Road, the Maritime Silk Road, the Eurasian Economic Belt, and lifted Iran, India, Pakistan, Bangladesh, the Stans of Central Asia, Mongolia, the Southeast Asian

nations and probably, fixed parts of Ukraine, and parts of Eastern Europe, some southern European nations and, maybe, some North African nations in the meanwhile.

China and Russia have had a very good 2014.

### **Geopolitical Surprise**

Now, let's return to the Shoigu in Zhongnanhai mystery. And let's think of *geopolitical surprise*. Imagine if General Shoigu and Premier Li Keqiang were discussing North Korea. Background: Putin has been reaching out to Glorious Leader Kim's regime, and we know the deal Putin would want to get done with Pyongyang's regime: *Give up the nukes, and the Double Helix will protect you*. Give up the nukes and we'll force the U.S. to leave the Korean peninsula. Give up the nukes and China and Russia will develop your infrastructure. Give up the nukes and begin integration with the South economically and that process will include Russia and China. Give up the nukes and you will never walk alone.

North Korea could look at Iran and see that Russia and China have shielded Iran. And if Iran moves away from nukes, the Double Helix protects her. Syria has given up chemical weapons and Syria, for all the ISIS and NATO chaos, stands because of Russia and China.

Let us take a look again at General Shoigu's itinerary. Who did Shoigu go to after Beijing? *Pakistan*. Who aids North Korean nuke program? *Pakistan*. Shoigu was not traveling this route in this sequence by happenchance. (35) China is drawing Pakistan away from the U.S. and wants to coordinate anti-terror operations with Islamabad. There also is the withdrawal of NATO and the U.S. from Afghanistan. Russia, China and Pakistan will take on this burden in order to get development of the Eurasian Silk Road and Economic Belt established. Everything is changing in South Asia. China and Russia will fill the vacuum. (36)

It is quite the nature of China to encourage Russia to send symbolic messages to those who might need another tap on the head. Iran and North Korea are regional and global threats that the Double Helix wants to turn into partners and markets.

### **Tough Cop?**

Shoigu went forward with that "portfolio". He represented 'the base-paired one'. The Chinese know their limits and their weaknesses. They might bully the Southeast neighboring fishermen and even cut off an American naval ship. But they are not the tough cop Russia is. The Chinese are the soft interlocutor, the mollifier. The only time China gets tough is in business negotiations or if you insult the Party or the People.

However, this nuclear disarming or chemical weapons disarming small regimes is the rough and tumble of the street and alleys, something Russia knows and China

does not aspire to. It takes a 8<sup>th</sup> Dan martial arts President who destroys opponents with his armed forces in real world combat to get the focused attention of Pyongyang and Islamabad. He did in Syria and is doing it in Iran. He generally uses military protective shield with economic development deals.

North Korea is desperately trying to weaponize their atomic devices. (37) Pakistan would be the bearer of this technology. It is conceivable Pakistan's military assistance deal with Russia, signed by Shoigu, would have 'rewards' for staying out of North Korea's nuclear program.

The meeting in Beijing just may have been to assure Shoigu that all the financing needed to stabilize the Korean peninsula will be available if and when Putin gets Kim to join with the sovereignists and force the Hegemon off the Korean Peninsula.

Putin invited Kim to Moscow for the 70<sup>th</sup> anniversary celebration of the Soviet victory over Germany. This follows Putin's meeting with the special envoy of Kim, Choe Ryong-hae, who was invited by Putin one month ago, in November 2014. (38) Personal meetings and messages are going back and forth and it's not about victory day next year.

### **Regional Effect**

What this would mean for China and Russia beyond safety and security is a new market, more easily exploited mineral resources, a fast developing economy that can use what both nations have. North Korea can add additional military as regional reserve forces should the Hegemon linger in Asian Pacific. Nuclear disarmament automatically means South Korea is actively drawn into the Eurasian Economic Belt. It leaves the region with no threat against the Hegemon's allies, Japan and Philippines. America's Pacific Century ends when the nukes go away in North Korea.

Vladimir Putin might think this way. For what is North Korean's regime but a criminal gang (oligarchs wrapped in dead communist rhetoric and delusional arrogance). Putin knows this species and how to deal with it. Only the Double Helix could make this transformation happen. Neither nation alone has been able to influence the Kim dynasty by itself.

The Chinese have been insulted by Pyongyang and frustrated by Kim. The Chinese public laughs at the buffoonery of the North Korean regime. Beijing only wants him around so the U.S. does not move closer up the Peninsula. But the new reality of Eurasia emerging changes the outlook for Kim. Opportunity and advantage turn his way. A mortal threat to his regime can be removed, and he can still have sovereign security. Win-win-win in a deft surprise move.

Such a cataclysmic geopolitical event of Pyongyang surrendering its nukes would force the U.S. to concede its *raison d'être* for a presence on the landmass in the

Asia Pacific region. South Korean public pressure for U.S. forces to leave would be rising. Okinawa would want the U.S. out. Eventually, the U.S. would be merely 'one of several' using the blue waters of the Western Pacific and Asian coastal seas. The U.S. would logically have to return to Hawaii as its most western outpost. After all, it would be protecting no one from any threat any longer.

Russia and China would be the regional defenders of peace and stability, and further south, India and Vietnam would join, not the U.S. Navy. The U.S. may be an Asian Pacific nation, but no more so than Chile or Mexico. What the U.S. is not is an Asian nation, nor a Eurasian nation. What the U.S. would become is what it always should have constrained itself to—a North American nation.

### **Japan**

Everything becomes harmonized economics after such an event. Japan needs Eurasian assistance. The West has used up two generations of young people in Japan, manipulating its economy and government. It's dynamic innovation and growth is moribund. They cannot even manufacture a safe vehicle airbag or run a nuclear power plant safely.

### **Philippines**

Perhaps, the Philippines would remain close to the U.S., but it will be a singular Asian vassal in the South China Sea. Manila may align with Australia, but eventually the Maritime Silk Road and the Asian Infrastructure Investment Bank will entice them to choose progress or perpetual colonization.

### **What happens in Taiwan?**

Taiwan will remain the last Chinese choke bone if China is foolish enough to open wide the Dragon's mouth and take the bait. The latest local Taiwan city elections which damaged the KMT powerbase heightens the U.S. 'Free China' agitators. It certainly sets back Cross-Straits progress. However, if that means Xi will have to play rough, he has the economic leverage as the tool to use, not his military.

Taiwan is in perpetual recession. The once great 'grey box' and pirate copyist economy of the 80's and 90's has been eclipsed by South Korean semi-conductor, device and chip manufacturing and soon will feel the rise of Vietnam, Malaysia and other Southeast and South Asia players in Taiwan's national electronic sport. Most Taiwanese investment capital seems to be heading to the Mainland, Brazil or Taiwan's nearby competitors. Foxconn is everywhere but Taiwan, including Brazil.

This leaves angry Taiwanese students for the U.S. to manipulate. And perhaps there will be strident resistance groups against Cross-Straits unification, but hunger and despondency will change the dynamics once the U.S. retreats and all those young minds see Eurasia develop as China has on the other side of the

narrow straits. They can Skype and Tweet for revolution, even hold colored umbrellas, but that does not bring in foreign investment to rebuild their own economy.

The Dragon typically has endless patience. Taiwan will test President Xi's patience for certain. He hoped to see Taiwan in a Hong Kong-like arrangement of 'One China-Two systems'. That is not going to happen before the U.S. retreats to Hawaii. The U.S. has infinite capacity to inflict pain and suffering on its most loyal vassals. No one in America, except Taiwanese-Americans, will even know of the pain suffered in Taipei, Kaohsiung, Taichung and Tainan until the U.S. lets go.

### **North Korea changes everything.**

The Far East and Siberia, the North of China, Mongolia, the Arctic, the Yellow Sea and Sea of Japan become a zone of trade, tourism and growth when North Korea steps down from the precipice. If Iran with nukes is unacceptable to Russia and China, certainly North Korea is worse. Both nations, Russia and China, have worked assiduously to prevent proliferation. And they have immediately rewarded nations that give up WMDs.

### **The Sony False Flag**

Sony is hacked! It has to be the North Koreans! Demonization of North Korea is predictable. The FBI says so. However, nearly all independent hacking experts, those with vast experience in government security of IT and anti-hacking work, agree the Sony hack is *not* North Korean.

First, understand the Internet connections in Asia. North Korea has one ISP. Just as China has second tier status on the Internet and all connections go through only Shanghai, North Korea can get on and off the Internet only through one route. Easy for NSA to monitor. Easy to prove. But we get no hard proof, easy to provide. We get a short form handout white paper-like slice of FBI baloney. So, unless the hack came from a 3G phone network, it had one port of entry to the Internet, namely *Star Joint Venture Co.*

The U.S. must make certain North Korea remains nuclear. And it is swiftly moving to put 'terror status' back on Pyongyang. The hope within the Hegemon's brain trust, to use the term lightly, is that this will stop Russia and China from offering economic help in return for the nukes. But the result will be whatever the double helix can arrange if they can arrange it with Kim.

### **What would follow?**

With North Korea emptied of its arsenal, the Double Helix may move next to expose the secret program the Japanese have for nukes. Fukushima melt down was a double disaster, because like Dimona in Israel, the nuclear secrets leaked out for the world to know that what Japan, like Israel, was desperate to cover up was a weapons program abetted by the U.S. and France.



Whatever comes from the Double Helix of China-Russia, it will be a surprise that stuns the Hegemon, for certain. That is the style of both nations. The world has gotten closer to 'better' in 2014, while it has gotten 'worse'. That is because, though bad things will always happen, better things will always happen, also. Flames and death in Ukraine and the Middle East are terrible, but the emergence of Eurasia is a budding flower, and it is poison only to the Hegemon.

### **Civilizations Win**

Most of us will live to see a new international, global dynamic. Some of us will feel its nourishment. Some of us will be stuck in the cavern of Elites who have run the world for centuries. Just as the North Pole shifts, geopolitical poles shift. Economic poles shift, also. A containment policy or exclusionary trade treaty or covert destabilization program cannot stop 3.5 billion people inspired by two enlightened leaders who have the same metaphorical DNA. The tectonic shift is too much for mere mortals of the West who have run out of ideas, lies, bullets, bombs, false flags and proxies to win and control mankind. The Hegemon has bad DNA that cannot adapt to the fresh air and sunlight of the truth. Humanity will win its freedom and civilizations will prosper.

### **Russians and Chinese Win**

Russians and Chinese citizens will look within their own civilizations for solutions to the challenges and threats cast at them by the Hegemon. The motivations exist to create wise solutions that are not martial, nor dominant, nor exploitative nor unjust. Relying on experts and NGOs of the West will be understood as opening the doors to the enemy and housing the terrorists and saboteurs sent by the Hegemon.

The resistance to hegemony is an historic lesson to the civilizations of Russia and China. The allure of the West is stripped off once-empowering words, models and ideals like 'democracy', 'freedom', 'friendship', 'allies', 'partners', 'success', and 'security'. The patina of 'exceptional' and 'greatness' has worn away.

The peoples of Russia and China are heirs to great civilizations. They have cultures and institutions that are grounded in sage principles and centuries of profound accomplishments in art, science, technology and human endeavors. They need not emulate any other nation or culture or educational system.

Sovereignty, like individuality, is the unique identity that must be cherished. Then, international cooperation and partnership is grounded on strengths of those choosing to join with others out of free choice not coercion.

2014 has been a better-than-you-think year for humanity.

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Notes:

1. [http://rbth.co.uk/news/2014/04/17/putin\\_russian-chinese\\_relations\\_to\\_affect\\_entire\\_system\\_of\\_intl\\_relation\\_35967.html](http://rbth.co.uk/news/2014/04/17/putin_russian-chinese_relations_to_affect_entire_system_of_intl_relation_35967.html)
2. <http://www.ecns.cn/business/2014/10-14/138195.shtml>
3. <http://en.people.cn/n/2014/0728/c98649-8761668-2.html>
4. <http://www.ecns.cn/business/2014/10-14/138195.shtml>  
<http://www.gazprom.com/about/production/projects/pipelines/ykv/>
6. <http://www.gazprom.com/f/posts/74/805991/2014-06-26-map-sila-sib-en.jpg> (Map)
7. <http://www.voanews.com/content/russia-china-sign-energy-deal-at-apec-summit/2513909.html>
8. <http://uk.reuters.com/article/2014/02/19/uk-china-russia-crude-factbox-idUKBREA110KU20140219>
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10. [http://rbth.co.uk/business/2014/09/29/russia\\_china\\_agree\\_to\\_develop\\_siberian\\_coal\\_40187.html](http://rbth.co.uk/business/2014/09/29/russia_china_agree_to_develop_siberian_coal_40187.html)
11. [http://rbth.co.uk/business/2014/09/29/russia\\_china\\_agree\\_to\\_develop\\_siberian\\_coal\\_40187.html](http://rbth.co.uk/business/2014/09/29/russia_china_agree_to_develop_siberian_coal_40187.html)
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