

Tensions between Washington and Moscow mount in lead-up to summit

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In the lead-up to the June 16 summit between US President Joe Biden and Russian President Vladimir Putin, tensions between the two countries continue to mount. Whatever emerges out of the discussion between the two heads of state later this month, it is clear that Washington is pressing ahead with war preparations against Moscow while the Kremlin searches about for military and economic means to hold onto power.

On Thursday, the Russian government declared that it is liquidating its dollar holdings in its National Welfare Fund (NWF), a financial reserve built up largely on the basis of the country's oil wealth that is estimated to be now worth about \$186 billion. After shedding \$41 billion of American currency, the NWF will be made up of a combination of the euro, the yuan, and gold.

The decision is widely seen as a preemptive move intended to shield the country against the possible imposition of economic sanctions by Washington that target Russia's ability to carry out financial transactions in the US dollar. It follows on the heels of statements by Central Bank head Elvira Nabiullina that the government is exploring the creation of a digital currency, with a similar aim in mind. Already, most of the trade between Russia and China is not denominated in the US dollar.

Moscow is preparing for the prospect of being frozen out of the dollar-denominated global financial system as political and military pressure on the Kremlin intensifies.

The Federal Bureau of Investigation declared Wednesday that hackers operating from Russian territory were responsible for a recent cyberattack on American meat producer JBS, which owns about one-quarter of the US beef processing plants. Despite failing to make public any evidence and acknowledging

that there was no indication that the Russian government was behind the attack, the White House warned that it was "not taking any options off the table, in terms of how we respond."

The same day, NATO-member Turkey announced that it is expelling an entire cohort of Russian specialists working in the country to help it set up a Russian-made S-400 anti-aircraft weapon system. Turkish officials said that the decision was made after discussions with the US. Sudan, where Russia was to have established its first African military base, simultaneously announced that it is reviewing its decision to allow the Russian navy to set up in its port on the Red Sea.

At the start of June, American forces began training operations with Sweden in the Arctic, a region that Moscow has identified as being of key economic and geopolitical significance. Russia's arctic region accounts for 10 percent of the country's GDP and 20 percent of its exports.

This is unfolding as NATO is conducting massive anti-Russian, European-wide military exercises, known as Defender-2021, over the course of the summer. They involve ground, air and naval forces along the entire stretch of Russia's western borders, focusing on areas of key geostrategic significance for Russia.

On May 24, Foreign Minister Sergei Lavrov reported that so far, in just this year alone, the American-led alliance has carried out seven training operations on Ukrainian territory and in the Black Sea.

On May 31, Russian Defense Minister Sergei Shoigu accused NATO of intending to use a military exercise unfolding in late June and early July in Ukraine to deploy weapons intended for use in the Donbass, where breakaway pro-Russian republics were formed after the coming to power of a far-right, anti-Russian

government in a US-backed coup in 2014. Kiev said this spring that it intends to retake the region by force. With the aid of Washington, Russia's western neighbor has massively upgraded its fighting capacities over the last several years and currently has 255,000 regular troops and another 900,000 in reserve. It spends the equivalent of 4.1 percent of its GDP on the military, up from 1.5 percent prior to the 2014 coup.

Shoigu, who declared earlier this week that "the actions of our Western colleagues are destroying the system of security in the world and forcing us to take adequate countermeasures," has announced the creation of 20 new Russian military divisions on the country's western front. They are being formed with the express purpose of fighting NATO.

The upcoming US-Russia summit was called after Russian ally Belarus hijacked a civilian aircraft in order to detain a government opponent on board. While Washington stopped short of accusing Moscow of green-lighting Minsk's actions, which the Kremlin only hesitatingly defended, the sanctions unleashed against the Belarusian government damage Russia too because of the close economic ties between the two countries and their shared border.

This summer, alongside a nationwide review of the country's fighting capacity, Russia is initiating military exercises jointly with Belarus in an operation titled Zapad-2021 (West-2021). On June 3, Sergei Naryshkin, Russia's director of foreign intelligence, accused the West of engaging in hybrid warfare aimed at undermining Russian and Belarusian sovereignty. "We will not tolerate this," he declared.

Following the Biden administration's confirmation that the US would withdraw from the Open Skies Treaty, a unilateral step decided by the Trump administration last year, Moscow this week also formally pulled out of the international agreement. The Open Skies Treaty allowed for over-flights of each other's territory to monitor one another's military forces and activities. In addition, Moscow is ending the so-called "open lands" accord, a 1992 agreement with the United States that allowed diplomats from each state to travel freely within each country without special permission.

The American war drive against China, which has escalated dramatically in recent weeks with the announcement that the US is once again investigating

the prospect that the coronavirus was leaked from a laboratory in Wuhan, looms over the conflict between Washington and Moscow.

With the Kremlin driven into a corner, speculation abounds about the prospect of a Russian-Chinese military alliance, which some in the Russian oligarchy see as a way out. In a recent interview with Gazeta.ru, Russian Army General and former Chief of the General Staff of the Russian Army, Yuri Baluyevsky, declared, "In terms of a military alliance, personally I would want the conclusion of such a union between Russia and China." He added, however, that "it was still too early" to talk about joint operations between the two countries.

But even as ties between the two countries are deepening and both face relentless threats from the United States, tensions between China and Russia remain. China, which has an economy eight times the size of Russia's, vastly overshadows Russia in terms of its economic capacities, potential military might and population size. While China is Russia's top trading partner, Russia, in turn, does not rank even among China's top 13. Sections of the Russian elite are fearful of being drawn into an alliance that could come at a very high cost.

Also speaking to Gazeta.ru, General-Colonel Sergei Kizyun, former head of the Leningrad military district, observed, "It's entirely unclear in the event of a military conflict which of Russia and China's armed forces could act together. For example, for us there is no point in participating in an armed struggle by Beijing for the island of Taiwan, any other island in this region, or in supporting the People's Liberation Army in a hypothetical war with India."



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