



Written by [Christian Gomez](#) on May 27, 2014

Russia-China \$400 Billion Energy Deal Highlights Continued Cold War

On May 21, 2014, Russia and China signed a 30-year, \$400 billion deal for Gazprom, Russia and the world's largest natural gas producer, to deliver 38 billion cubic meters (1,342 billion cubic feet) of Russian natural gas to Communist China each year.

The agreement was signed between the Chinese Communist Party-controlled CNPC (China National Petroleum Corporation) and the "ex"-KGB run Gazprom at the culmination of Vladimir Putin's two-day visit to the Chinese capital.



The agreement between the two giant state-owned energy companies was signed by Gazprom vice-chairman and CEO Alexei Miller and CNPC chairman Zhou Jiping. According to various Mandarin (Chinese language) websites, Zhou Jiping is listed as a member of the Communist Party of China. According to a 2009 article from the [Global Post](#), "Nearly a dozen of top Gazprom managers served in the KGB or its main successor agency, the FSB, including its deputy chairman, Valery Golubyov." Alternately spelled Valery Golubev, his official [biography on Gazprom's website](#) lists 1979 to 1991 as his "Service in the USSR KGB."

Vladimir Lenin, the architect and founder of the USSR, referred to the KGB (then called Cheka) as the "sword and shield of the revolution." The revolution Lenin was referring to was the October or Bolshevik Revolution of 1917 that transformed Russia into a communist state.

Speaking to representatives from various global enterprises at the 18th International Economic Forum, held in St. Petersburg, Russia, Russian President Vladimir Putin, also a former KGB officer, said of the Gazprom-China deal:

This deal is for 30 years, while I think there's enough supply for 50 years. They are underestimated. Extractable reserves at the two deposits that we would introduce - Kovykta and Chayanda - are 1.5 trillion cubic metres of natural gas reserves each. Which means in total there's 3 trillion. In reality, I repeat, there's more.

Putin had been pushing for this agreement for over a decade but had been stalled over the price. With its signing last week, the agreement is "the largest in the gas sphere during the era of the USSR and Russia," Putin said.

The \$400-billion price tag of the Gazprom-China deal is greater than the gross domestic product of South Africa. Putin told reporters in Shanghai that Russia will invest \$55 billion to construct the necessary pipelines in order to deliver the gas to China. In the meantime, China has agreed to invest at least \$20 billion toward the project.

The delivery of this gas to China will be a much-needed boost for China's rapidly growing economy and industry. "In 2013, China consumed about 170 billion cubic meters of natural gas and is expected to



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consume 420 billion cubic meters per year by 2020,” reported [RT](#).

“Assuming that the 38bn cubic metres of gas are delivered each year, the price of the gas is about \$350 (£207) per thousand cubic metres, according to analysts,” the U.K. [Guardian](#) newspaper reported.

Aled Jones, the director of the Global Sustainability Institute at Anglia Ruskin University, told *The Guardian*, “Russia’s new pipeline to China will increase competition for natural gas from 2018 and will most likely increase the cost we pay for natural gas here in the EU. It will certainly increase the pressure on European countries to find alternative gas supplies.”

Russia’s Strategy

In the revised and updated version of his book [The New Cold War: Putin’s Russia and the Threat to the West](#) (2009), Edward Lucas of the *Economist* writes, “The New Cold War is in part a struggle for market share. Russia is building up its clout as an energy supplier, while diversifying its customer base.”

Just as America is dependent on foreign oil from Saudi Arabia and other Arab states in the Middle East, Europe is at the mercy of Russia and its ruling oligarchs. Roughly 30 percent of Europe’s continental gas comes from Russia. Gazprom already has 30-year contracts with BSAF in Germany, Eni S.p.A. in Italy, and Gaz de France in France.

Noting the dangers of foreign dependence of Russian natural gas, in his book Lucas predicts, “In the coming years, Europe, and maybe even North America, will experience growing dependence on scanty and expensive Russian gas, with little chance of alternative supplies.”

Lucas further elaborates, “Russia wields the energy weapon to bully its enemies and bribe its allies, and uses its financial clout to buy friends and influence.”

Increased dependency on Russian natural gas will prove detrimental, if not fatal, to the future security of Europe and possibly North America. “The big strategic worry used to be the Soviet navy’s capacity to blockade Europe’s sea lanes. Now it is the Russian gas company Gazprom’s ability to blockade its gas pipelines,” Lucas states.

Eastern European states that were once militarily and politically dominated by the Soviet Empire, through their membership in the Warsaw Pact, are once again under the thumb and mercy of Moscow, through dependency on Gazprom. During the 2009 winter, Russia turned off the valves to its gas pipelines, leaving millions in Ukraine and throughout Eastern Europe without power, freezing.

Neo Sino-Soviet Pact

In addition to the increased economic leverage the Gazprom-China deal will give to Moscow, it also further solidifies the Sino-Soviet alliance into an even more unified and powerful socialist bloc against the West. “China’s president also called for an Asian security arrangement that would include Russia and Iran and exclude the United States,” according to the Associated Press.

Putin’s two-day visit to Beijing was a “major step toward a strategic partnership of the two nations,” Mikhail Margelov, head of the foreign affairs committee in the upper house of the Duma (Russian parliament), told RIA Novosti.

“Increasingly,” Lucas writes in his book, Russia “shares positions with China, with which it is linked in a security organization of growing importance called the Shanghai Cooperation Organization.” Of the SCO, Lucas predicts, “if it develops further, it will provide Russia with a global weight not seen since the 1950s.” Lucas also notes, “Russian spying exceeds even the heights of the old Cold War.”



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In his book [New Lies for Old](#) (1984), Anatoliy Golitsyn, the highest-ranking KGB agent to ever defect, notes that the “Sino-Soviet Split” was one of the many long-range strategic deceptions developed by the KGB as a means to deceive Western intelligence and mold Western policy decisions within the framework of the Soviet deception. Anything and everything the Soviet Union and its Warsaw Pact intelligence services knew about the West, including military deployments and combat readiness, Communist China also knew and vice-versa.

Both China and the Soviet Union regularly shared military intelligence about NATO and the United States, meanwhile intentionally creating the illusion of an outward split between the two communist giants. Ground was provided for Sino-Soviet “differences,” according to Golitsyn, “in preparation for the pursuit of coordinated, dual foreign policies by the Soviet Union and China.”

Of communist deception strategies, Golitsyn wrote in his book:

The character of Western miscalculations depends to a large degree on the pattern of communist disinformation. During a crisis in the communism system when the façade and strength pattern is used, the West is confused about the real situation in communist countries and fails to perceive the weakness of their regimes.

In his second book, [The Perestroika Deception](#) (1995), Golitsyn wrote, “When the right moment comes the mask will be dropped and the Russians with Chinese help will seek to impose their system on the West on their own terms as the culmination of a ‘Second October Socialist Revolution.’”

As the world approaches the centennial anniversary of the first October Revolution of 1917, coupled with the emergence of the Eurasian Union (economic customs union between Belarus, Kazakhstan, and Russia) and the rise of the Shanghai Cooperation Organization, Russia looks to be fulfilling the remainder of Golitsyn’s predictions more and more each day. The signing of the Gazprom-China \$400 billion energy deal is a great leap forward toward that “Second October Socialist Revolution.”

Photo of Russia’s President Vladimir Putin, background left, and China’s President Xi Jinping: AP Images

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