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EDITORIAL

The Turbulent Weeks Ahead

June 5, 2023 (EIRNS)—Something of a proverbial “perfect storm” is brewing strategically in the immediate weeks and months ahead.

First: NATO, led by the U.K. and the U.S., is locked on a trajectory for a head-on collision with nuclear Russia in the Ukraine theater. The July 11-

12 NATO summit in Vilnius, Lithuania is set to de facto incorporate Ukraine into NATO, leaving the de jure details for down the line—assuming there *is* a down-the-line after the West plays nuclear chicken with Russia.

Second: NATO's provocative expansion into the Asia-Pacific theater has gone into high gear, as was evident at the recent IISS Shangri-La Dialogue ("Asia's premier security and defense summit," as its organizers like to call it), including anti-Chinese naval maneuvers by the U.S. in the Taiwan Strait timed to underscore the message.

Third: Expect a sharp escalation in financial and related warfare against the Global South over the next three months, leading up to the Aug. 22-24 BRICS summit in South Africa, as the City of London and Wall Street try to destroy any nation that dares to jump ship from the West's sinking financial *Titanic*, and join the new financial architecture that is emerging around the BRICS-Plus.

Consider the latest developments around Russia, Argentina and Turkiye in that regard.

Russia's national Security Council issued a statement on June 3 stating that its top priority is "developing measures aimed at blocking Western attempts to stage-manage an economic crisis in Russia, which carries the threat of social instability in the country." President Putin is also weighing the security considerations of participating in the late August BRICS summit in South Africa, given the threats to arrest him—or worse—based on a spurious ICC arrest warrant.

Argentina is facing financial warfare and capital flight, along with IMF demands for deadly austerity, as it attempts to stay alive by establishing sizable yuan-based trade and investment deals with China, and with neighbor Brazil.

Turkiye's new Finance Minister Mehmet Simsek, a former senior Merrill Lynch bond strategist, has announced that Turkiye will return to the fold of "compliance with international norms," sharply increasing domestic

interest rates purportedly to address its 40% inflation, while Goldman Sachs announced the bankers' intent to use capital flight to force a 33% devaluation of the Turkish lira.

Russia, Argentina and Turkiye—like most of the Global South—are meanwhile working overtime to put in place trade and investment deals in local currencies with China and other nations, to try to sidestep the financial strangulation and sanctions that London's dollar-based system means for them. The BRICS summit in Johannesburg on Aug. 22-24 could well be a decisive inflection point in the effort to devise a new global development architecture, with an included feature of a new common currency.

“This is going to be a period of sudden, sharp changes,” Helga Zepp-LaRouche told associates today. Do not expect a linear extrapolation of current events; it is likely that there will be sudden turns—some for better, perhaps most for worse. But those very sharp changes will also create the openings for organizing a greatly increased mass mobilization against the threat of nuclear war, and in favor of a new global economic order.

“We are heading into the stormiest of periods,” Zepp-LaRouche said, but this can also mean a sudden breakout of opposition to today's policies—“if we do our job right,” she concluded.

The Schiller Institute's June 10 online conference, “[The World Needs JFK's Vision of Peace!](#)” will be an immediate rallying point for those policies, along with the international Days of Action surrounding that conference.

- Watch [Harley's Updates](#) with Harley Schlanger on Tuesday June 6, 2023: Every weekday morning on The LaRouche Organization, Schlanger will give you the strategic briefing you need to start your day.

NEW STRATEGIC & ECONOMIC ARCHITECTURE

After Cape Town Meeting, BRICS Foreign Ministers Discuss Expansion, August Summit

June 5, 2023 (EIRNS)—In the aftermath of the June 1-2 BRICS Foreign Ministers’ meeting and the expanded “Friends of BRICS” gathering which followed it in Cape Town, South Africa, the Foreign Ministers of current BRICS member nations discussed perspectives for expansion of the group into “BRICS-Plus,” given the large number of countries seeking membership. There is general concern that this process be approached with care, given the diversity and different levels of economic development of the nations applying.

In a discussion among themselves, reported by New Delhi Television (NDTV) on June 3, Indian External Affairs Minister S. Jaishankar observed that membership expansion is still “a work in progress.” The five current members are approaching it with a positive intention and an open mind, responding to requests to formulate guiding principles, standards and the procedures for admission, he said. Aspects to be examined include first, how the existing BRICS members work with each other. Second, how they engage with non-BRICS countries. And thirdly, “how we look at possible BRICS expansion—what will be the appropriate format for that is something we need to work on.”

Brazil’s Foreign Minister Mauro Vieira agreed, adding that “BRICS is a brand and an asset, so we have to take care of it, because it means and represents a lot.” The BRICS represent 40% of the world’s population, he added, which makes it an important asset. “Maybe because of this big success, it has attracted the attention of many other countries in the 15 years” since BRICS was first founded.

In a similar vein, Russia’s Foreign Minister Sergey Lavrov commented that it wasn’t so surprising that so many countries sought to join the BRICS because it symbolizes the multipolar world “and the attraction of more than a dozen countries to BRICS is a testimony to that.”

China's Vice Foreign Minister Ma Zhaoxu commented enthusiastically that the model of the "BRICS-Plus" that China had proposed in 2022 when it was the BRICS rotating chair was developing "very fast," and that this has been very important because it has provided a platform for the "solidarity and cooperation between the developing countries and the emerging market economies." China is very pleased to see how this model is developing, he said. "We welcome the intention of those countries to join the BRICS and we expect more countries to join our BRICS family." This, he said, "is in very sharp contrast to some countries' small circle. I believe the enlargement of the BRICs will be beneficial to the BRICS countries, beneficial to developing countries and will increase the representation and influence of this mechanism."

South Africa's International Relations Minister Naledi Pandor, who hosted the June BRICS meeting, reported that it had concluded that there was not yet a "useful document" on the matter of expansion, and that once one is available that "offers clear guidance," it will be submitted to the BRICS heads of state summit which meets in Johannesburg on Aug. 22-24. That gathering will also include a "BRICS-Plus" component, she said, so the entire summit will be quite large. African countries, as well as chairs of various regional community bodies in different regions of the world will also be invited to attend.

Iran Would Be a Valuable Member of BRICS, Foreign Minister Vows

June 5, 2023 (EIRNS)—During the June 1-2 meeting in Cape Town of the BRICS grouping and the BRICS-Plus meeting that followed it, Iran's [Foreign Minister Hossein Amir-Abdollahian](#) discussed at length the importance of the BRICS group internationally as a reflection of growing multilateralism, and he listed the contributions Iran could offer to the group should it be accepted as a member. Amir-Abdollahian, together with the foreign ministers of Saudi Arabia, the United Arab Emirates and Gabon attended the Cape Town gathering in person, while other Friends of BRICS guests attended virtually.

The Iranian foreign minister also had the opportunity to speak at length with his Saudi counterpart, Prince Faisal bin Farhan Al Saud, during which they expressed satisfaction with the progress of their bilateral relations, including plans to open up embassies and consulates in each other's nations as a result of the recent restoration of their diplomatic ties—accomplished with China's help. Prince Faisal is scheduled to visit Tehran soon for further discussion on consolidating the relationship. The Saudis have also applied for membership in the BRICS and in its New Development Bank, headquartered in Shanghai.

Regarding the role of the BRICS, PressTV reported the Iranian minister proclaiming that “the era of unilateralism is ending,” and coalitions like the Shanghai Cooperation Organization (SCO), which Iran is about to join, and the BRICS “can have a significant role in future partnerships.” The important role that the BRICS countries have played in addressing the shortcomings of the international system, he emphasized, “will be further strengthened with the accession of other regional and aligned heavyweights.”

Iran, he made clear, is one of those heavyweights and could be a reliable BRICS partner in the future, with much to contribute by way of an educated workforce, noteworthy scientific and technological achievements, abundant energy resources, excellent transport and transit networks and a strong determination to contribute to the creation of a just world order. He pointed out that Iran shares with some of the BRICS nations membership in the SCO, the G77 and the Indian Ocean Rim Association.

In his speech to the BRICS-Plus gathering, Amir-Abdollahian reported that the goals and objectives of the Islamic Republic of Iran are so aligned with those of the BRICS “that we have already started to explore ways and means of cooperation and partnership with the BRICS.” He announced that his government will soon organize a conference in Tehran “through coordination with the embassies of BRICS countries to elaborate on existing potentials and capacities of cooperation between Iran and BRICS. I

would like to take the opportunity to invite all the BRICS countries to participate in the Tehran conference.”

COLLAPSING WESTERN SYSTEM

A Major Policy Fight Is Underway over Türkiye's Economic Direction

June 5, 2023 (EIRNS)—Türkiye has been strengthening its economic ties with the BRICS and with Russia in particular over recent months, including signing an agreement with Moscow to become a major natural gas hub for Russian gas exports to European and other nations. Trade in general is booming with Russia, RT reports, noting that, “according to the Turkish Institute of Statistics, Russia was Türkiye’s leading supplier, accounting for nearly 15% of the country’s total imports.... Last year, Türkiye and Russia signed a roadmap for economic cooperation that envisages bringing bilateral trade turnover to \$100 billion a year.” In addition, “the two nations have also agreed to introduce the Russian ruble as a settlement currency in bilateral trade, including payment for Russian natural gas supplies.”

In the aftermath of the recent reelection of Turkish President Recep Tayyip Erdogan, all-out Western financial warfare against Türkiye is being threatened, in order to knock them into line.

A lengthy article in the June 4 *Financial Times* praises newly named Finance Minister Mehmet Simsek as the man to deal with the country’s 40% inflation rate. “The choice of Mehmet Şimşek ... increases the likelihood that monetary policy will shift towards a more orthodox direction,” Goldman Sachs said in a note to clients on June 3. Şimşek is a former senior Merrill Lynch bond strategist who argues that Türkiye has to do as it’s told. “Transparency, consistency, predictability and compliance with international norms will be our basic principles in achieving the goal of raising social welfare,” Şimşek said on taking office. “Türkiye has no choice but to return to a rational basis,” he said, adding: “We will prioritize macro financial stability.”

Simsek plans to reverse the policies implemented under Erdogan's outgoing Finance Minister Nureddin Nebati, which included the "Turkish lira-ization" of the economy: sharply reducing interest rates from 19% to 8.5% by decree, and providing devaluation insurance to lira-deposit holders in the Turkish banking system to prevent massive capital flight from continuing—i.e., the government was picking up the tab for losses due to devaluation. The *FT* states: "A test will be the extent to which Erdoğan, a longtime opponent of high borrowing costs, will allow interest rates to rise, investors and economists say."

Goldman Sachs has made it clear what's in store for Türkiye: They say that over the next year the "overvalued" Turkish lira will have to drop from about TL21 to the dollar to TL28—a 33% devaluation which they intend to impose through financial warfare.

But the *FT* is not sanguine that they will succeed. "Investors are now waiting to see whether Erdoğan will reshuffle the leadership at the central bank ... [and] whether Erdoğan will be willing to stick to the program if the central bank implements the sharp rate rises economists say are needed." In the past, Erdogan sharply reduced interest rates. "Economists worry a similar situation could occur again if Erdoğan loses patience with an economic adjustment program."

Deutsche Banks Study Explains Why 'A Default Wave Is Imminent'

June 5, 2023 (EIRNS)—An annual study issued by London-steered Deutsche Bank, the ninth largest bank in the world, warned that "a default wave is imminent in the U.S. and corporate debt sector." According to an account in RT, the report stated that "defaults by companies will become more commonplace compared with the last 20 years ... with default rates to peak in the fourth quarter of 2024. The bank projected peak default rates to reach 9% for U.S. high-yield debt, 11.3% for U.S. loans, 4.4% for European high-yield bonds, and 7.3% for European loans." U.S. defaults were at 12% during the 2007-2008 crisis.

"Our cycle indicators signal a default wave is imminent," Deutsche economists wrote. "The tightest Fed and ECB policy in 15 years is

colliding with high leverage built upon stretched margins.” They added that “our forecasts just presume a return of the Boom Bust cycle, not a GFC-style shock,” referring to the 2007-2008 so-called Global Financial Crisis.

In other words, if there is any major shock to the system—which is more than likely—the Deutsche Bank forecast will fall far short of the actual wave of bankruptcies that will occur.

STRATEGIC SHOWDOWN

Defense Minister Li Shangfu Presents China’s Vision for a Global Security Initiative

June 5, 2023 (EIRNS)—China’s Defense Minister Gen. Li Shangfu, on June 4, the last day of the Shangri-La Dialogue in Singapore, responded to U.S. Defense Secretary Austin’s belligerent presentation from the day before, in which he had accused China of refusing to allow him to meet with the Chinese Defense Minister. Austin also again elaborated, as he had at the same forum a year before, on the U.S. Indo-Pacific strategy, namely uniting U.S. allies in the region aimed clearly at China. (In fact, Austin flew from Singapore to India, to try to further that strategy.) The speech of General Li was therefore packed with observers.

Li very diplomatically countered Austin, by introducing President Xi’s proposal for a Global Security Initiative. While underlining the importance of maintaining peace in the Asia-Pacific region, he also asked the participants to raise the question of why there was now concern with the growing tensions in the Asia-Pacific. He went on to note that “some country ... color revolutions and proxy wars in different regions, created chaos and turbulence, and just walked away, leaving a mess behind. We must never allow such things to happen again in the Asia-Pacific.”

He said that “First, mutual respect should prevail over bullying and hegemony.... We are strongly opposed to imposing one’s own will on others, placing one’s own interests above those of others, and pursuing one’s own security at the expense of others. ... Second, fairness and justice should transcend the law of the jungle.... Third, eliminating conflicts and

confrontation through mutual trust and consultation. ... Fourth, preventing bloc confrontation with openness and inclusiveness.

“Today, what the Asia-Pacific needs are big pies of open and inclusive cooperation, not small cliques that are self-serving and exclusive. We must never forget the catastrophes inflicted by the two world wars and the Cold War. And we must never allow such tragedies to happen again,” he said.

He warned, “It is undeniable that a severe conflict or confrontation between China and the U.S. will be an unbearable disaster for the world” and urged: “As for the US side, it needs to act with sincerity, match its words with deeds and take concrete actions together with China to stabilize the relations and prevent further deterioration.”

Li also outlined the positive role that China had played in the international arena, with its commitment to UN peacekeeping and most importantly with the Belt and Road Initiative, which had brought so much benefit to poor countries in the developing world. He also expressed the important role China was playing in trying to create the basis for peace in Ukraine.

He further admonished against U.S. attempts to “hollow out” the agreements with China on the very sensitive Taiwan questions, stressing that “China must be and will be reunified. ... If anyone dares to separate Taiwan from China, the Chinese military will not hesitate for a second. We will fear no opponents and resolutely safeguard national sovereignty and territorial integrity, regardless of any cost.” Moreover, he warned, in the South China Sea, “The sound momentum towards greater stability must not be disrupted.... However, we do see some countries outside the region exercise their hegemony of navigation in the name of freedom of navigation.”

In the [open discussion](#), he expressed that it would be very important for the U.S. and China to hold talks at the highest level in the military realm, but pointed out that the present environment, in which Li himself is under U.S. administration sanctions, could not lead to a positive outcome of such a meeting. “But we have our principles to communication. We hope our

exchanges, cooperation will be based on mutual respect. That is a very fundamental principle. If we do not even have mutual respect, then our communication will not be productive. Mutual respect and equality should be the foundation for our communications,” he concluded his response.

He took the opportunity of his inaugural presence at the Dialogue to hold a good number of bilateral meetings with defense ministers from many other nations attending the event.

Will Putin Attend the BRICS Summit in Late August?

June 5, 2023 (EIRNS)—The BRICS nations (Brazil, Russia, India, China and South Africa) are scheduled to hold their next annual summit meeting from Aug. 22-24 in Johannesburg, South Africa, but questions have arisen about whether Russian President Vladimir Putin will attend, because there is an outstanding ICC arrest warrant against him based on totally spurious charges. Kremlin spokesman Dmitry Peskov has only stated that Russia would be represented “at the appropriate level.”

The whole ICC arrest warrant is a gambit designed to create security problems for Putin, along with the constant threats from Kiev authorities that he must be overthrown before there can be peace, as well as periodic calls for his outright elimination.

There has been some press speculation that the venue of the summit might be moved to China, to accommodate Putin’s very real security concerns. However, Indian newspaper *The Tribune* reported on June 3 that “the BRICS Foreign Ministers are understood to have decided to stand by the original decision of holding the summit meeting in South Africa.... The resolve to hold the summit in South Africa was strengthened by the unequivocal support from its ruling party—African National Congress (ANC). Asked by a reporter about the arrest warrant against Putin, ANC Secretary General Fikile Mbalula responded angrily:

“ ‘Putin is the head of a state, do you think that a head of state can just be arrested anywhere? How many criminal activities has your country

committed in Iraq? How many have you arrested for crime in Afghanistan and Libya?” ”

Kujat Tells Interview, If Ukrainian Offensive Fails, Direct NATO-Russia Confrontation Is Next

June 5, 2023 (EIRNS)—German Gen. Harald Kujat (ret.) explains why the next escalation of the war could be a direct NATO intervention into Ukraine if Kiev’s counteroffensive fails.

Currently ignored by the German mainstream media, General Kujat, who had been Chief of Staff of the Bundeswehr (2000-2002) and Chairman of the NATO Military Committee (2002-2005), has given another interview to the *Preußische Allgemeine Zeitung*.

Asked about a “boomerang” Ukraine offensive, General Kujat replied: “Should the Ukrainians lose their offensive power in the course of the offensive, the tide could turn very quickly and the Russian armed forces take over the initiative. Then it would be very difficult for Ukraine to repel a Russian counterattack.

“Whenever the situation in Ukraine is critical, the escalation screw is turned further by the demand for even more powerful weapon systems. And again and again the European NATO countries have crossed their red lines.... The Europeanization of the war proceeds step by step, with Germany at the head. Already a failure of the announced major offensive could put the Ukrainian armed forces in a position from which they cannot extricate themselves. Will the intervention of NATO then be demanded as the next escalation level?”

General Kujat mentions that Chancellor Olaf Scholz’s May 14 visit to the Korean War 38th Parallel demarcation line reflects U.S. considerations for a “Korea Solution,” a “frozen conflict,” which Kujat criticizes: “However, I would not call such a ceasefire model a ‘solution.’ The ‘freezing’ option has significant disadvantages compared to a negotiated solution.” The inability of Ukraine to drive Russia out of Donbass and Crimea forces the issue: “That is why the question of how much longer this

war should actually be supported is becoming ever more urgent in the U.S. and soon also in Europe.”

General Kujat leaves off where the Schiller Institute is now taking on the challenge, launching its June-July offensive to bring Europe and the U.S. onboard for a New Security and Development Architecture in coordination with the peace efforts of the Global South, Africa, China and Brazil, and the Vatican.

Kujat: “For a secure future for Ukraine, it would be important for a balanced agreement to be reached at the end of the war, one that primarily makes possible a European peace and security order in which Ukraine and Russia have their place and where the rivalry between the U.S. and Russia does not endanger Europe’s ability to assert itself.”

NATO BALTOPS Exercise Kicks Off

June 5, 2023 (EIRNS)—NATO kicked off the 2023 iteration of its annual BALTOPS exercise in Estonia, yesterday, with 20 countries, 50 ships, more than 45 aircraft and approximately 6,000 personnel involved. According to investigative reporter Seymour Hersh, last year’s BALTOPS provided cover for the sabotage of the Nord Stream gas pipelines from Russia to Germany. It’s noteworthy that the extensive U.S. European Command’s Defender 23 exercises are going on at the same time.

“This premier maritime-focused annual exercise in the Baltic Region takes place June 4-16 and provides a unique training opportunity to strengthen the combined response capability critical to preserving the freedom of navigation and security in the Baltic Sea,” reported a press release issued by the US 6th Fleet. Participating nations include Belgium, Canada, Denmark, Estonia, Finland, France, Germany, Italy, Latvia, Lithuania, the Netherlands, Norway, Poland, Portugal, Romania, Spain, Sweden, Türkiye, the United Kingdom, and the United States.

“These countries will exercise a myriad of capabilities, demonstrating the inherent flexibility of maritime forces,” the press release further reports. “Exercise scenarios include amphibious, gunnery, anti-submarine, air

defense, and mine clearance operations, as well as explosive ordnance disposal, unmanned underwater and surface vehicle exercises, and medical responses.”

The exercise will be under the command of Strike Force NATO, and its deputy commander, Rear Adm. James Morley, headquartered in Oeiras, Portugal. A May 30 press release noted that Finland will be participating for the first time as a full member of NATO.

Russia Launches New Surveillance Radar Satellite with 1-Meter Resolution

June 5, 2023 (EIRNS)—On May 30, the Russians launched a new radar surveillance satellite into orbit called the Kondor FKA. According to Sputnik, citing an unnamed source, the new satellite will be used for reconnaissance of Ukrainian military installations. “It will pass over Ukraine on average twice a day and is capable of detecting military objects in radar range with a resolution of one meter,” an unnamed source said. He added that “regardless of the time of day or weather, the satellite will make it possible to observe, for example, the concentration of enemy troops, the movement of equipment or the construction of new fortifications.”

Former UN weapons inspector Scott Ritter, in comments reported by TASS on June 4, argued that this new satellite will help change the course of the war. “It can see through clouds, it can see through rain,” he said.” It can see through everything. High resolution radar, and they are seeing everything right now.”

“You can’t hide anything from the Russians anymore,” Ritter stressed. “And it’s going to have a fundamental shift in how this [Ukrainian] conflict goes because all that stuff that’s been brought—can’t hide it,” he continued, referring to Western weapons coming into Ukraine. He goes so far as to state that, as a result, in his opinion the conflict would become “unsustainable for the Ukrainian sometime by the end of summer, early fall.”

Israel Exercises Plan for War on Iran

June 5, 2023 (EIRNS)—On May 29, the Israeli Defense Forces kicked off a large-scale, two-week exercise to include simulated “strategic” strikes deep in enemy territory in an all-out war scenario, and the Navy carrying out mock offensive and defensive actions, a military source told the *Times of Israel*.

On Sunday, June 4, the Israeli security cabinet joined that exercise to simulate decision-making by the political echelon during a potential multi-front war. “We are confident we can handle any threat on our own,” Prime Minister Benjamin Netanyahu said at the outset of the meeting, in an apparent reference to the United States’ efforts to reach a diplomatic solution with Iran with regard to its nuclear program. “The reality in our region is changing rapidly. We are not stagnating. We are adjusting our war doctrine and our options of action in accordance with these changes, in accordance with our goals which do not change,” Netanyahu said.

Netanyahu said further that Israel was “committed to acting against the Iranian nuclear program, against missile attacks on the State of Israel and against the possibility of the convergence of the arenas, what we call a multi-front campaign.”

“This requires us to consider, if it is possible to consider in advance, some of the key decisions the cabinet and the government of Israel will have to make together with the defense establishment ... this is the purpose of the exercise,” he said. “We are sure and confident that we can deal with any threat on our own, and also with other means.”

At the meeting, IDF officials briefed the members of the security cabinet on the mock war scenario, which is mostly focused on Israel’s northern frontiers with Lebanon and Syria, as well as Iran. The IDF said that during the drill, troops would “practice handling challenges and sudden events on multiple fronts simultaneously.” The IDF warned that there would be a noted increase in security forces and aircraft across the country during the drill.