

Thursday, 7th May 2014

Dear Mustafa,

I am currently in Brussels, the beating heart of bureaucratic Europe, but am thinking more about government action taking place on the other side of the world, in the Pacific. President Obama has been on a whistle-stop tour of the Far East to garner support and agreement for the expansion of the Trans Pacific Partnership ('TPP'); seemingly with lukewarm success.

As we noted in our piece in September last year, 'The Return of Mr. Chamberlain', TPP is basically a form of protectionism similar to the British Empire's policy of Imperial Preference of the 1930's that tried to maintain sterling's position as the pre-eminent currency of the world, specifically against the rising US\$; TPP is trying to set up a US\$ zone to counter the perceived threat coming from China and its currency.

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As I sit here in Brussels I wonder whether America really has got the right target in its sights; Europe is not going away.

In terms of wealth, population and GDP Europe is much more similar to the USA. Of course we all know the problems that Europe has had and continues to go through, however, these issues will be addressed...eventually.

The only currency that could conceivably replace the US\$ in the foreseeable future is the Euro. America has the wrong 'competitor' in view.

Now for some 'crevettes grises'.

Chris