

New York State Power to Allocate US Dollar Licences Was Unseen, Unspoken Dominant Presence at TPPA Signing.

Dollar Control of Trade Underpins Pacific Pact

NAPIER, HAWKES BAY, NEW ZEALAND, February 9, 2016 /EINPresswire.com/ -- Like a skillful ringmaster the United States kept its whip carefully hidden under the robes and other theatrical panoply of the Auckland TPPA signing. Nobody was talking, or for the most part even knew of the real hard power behind the agreement.

This is the 80 percent of world trade conducted in the USD, and the United States' ability to decree who can and who cannot trade in it.

Dollar allocation rights stem not so much from Washington, which is why United States Presidents can claim that the USD licenses are out of their hands. They are centred in the State of New York.

This was the elephant in the room during the TPPA signing, writes the Chartered

Accountants Journal long time banking columnist Peter Isaac who was on hand in Auckland.

While activists hollered in the streets outside about loss of sovereignty and those inside proclaimed their devotion to trade liberalisation only a very few understood what had brought them there.

It was the whip in the form of the United States control of the currency conduit of world trade, and the allocation of the rights to use it.

A contemplation of the plight of France, in the view of most of the French, a world power, tends to dispel any doubts about this reality of global business.

The USD9 billion fine levied on BNP Paribas for doing business with several countries which were then the subject of a United States trade embargo was one such factor.

Another was the threat on the French bank of a ban from processing US dollar payments through New York.



If there were still any more remaining reservations, well, look at France now. Awash in unsold milk and other farm products, France must slavishly adhere to the US-imposed embargo preventing the sale of the surplus to the one country that wants it – Russia.

The Atlantic lesson, if not the mechanics of it, served as the unseen writing on the Auckland wall for the Pacific pact delegations, even if was obscured in the mists of time.

The American founding fathers in seeking at one and the same time a federalist and localised balance in America's banking structure had allocated the power to grant or revoke USD dollar licences to officials in New York State. Where it remains.

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