

THE
AMBASSADOR
PARTNERSHIP



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Seasons Greetings!

A Christmas letter from AP Co-Chairmen Dr Peter Collecott CMG and Richard Schiffer

2016 has been quite a year! Many people will be glad that we have reached the Season of Good Cheer with the world as we have known it still largely intact.

Economically, the year has ended better than many predicted. At the beginning of the year global stock markets were jittery, but recovered their poise to touch record heights as the year matured. In late November, OPEC even managed to reach an agreement on limiting production – the first since the Global Financial Crisis – although it is still unclear how durable the recovery of the oil price will be. The British economy has not fallen into recession, although the OBR forecasts are not cheery reading.

It is in the political sphere where the greatest shocks have come this year. Firstly, the largely unanticipated result of the EU Referendum – followed by days of political chaos unknown in the British system; and now months of uncertainty for business as the Government is signally failing to come to terms with the challenge of Brexit. The absence of agreement and settled policy is becoming all too clear – as is the Government's cavalier attitude to engaging the public, or even Parliament, in any debate as to what Brexit should mean in practice. Crucially, in negotiating terms, the Government is failing to frame the future Brexit negotiations in ways favourable to the UK, and to do the diplomacy necessary to achieve a successful outcome.

As if that was not enough, then we had the surprise Trump triumph. His backtracking on various extreme policy promises made during the campaign is welcome. However, his appointments to senior Cabinet posts, and his manner of conducting affairs via social media do not give grounds for hope that we will see the stable, intelligent and far-sighted leadership that the world needs desperately at this juncture. The Trans Pacific Partnership appears to be dead; Trump has not abjured confrontation and trade-war with China; and, most importantly, we have not had the unconditional support for NATO which Europe, in particular eastern Europe, needs in the face of a Russia determined to confront the West to gain its own weakness. Meanwhile in Syria the slaughter continues as Russia exploits US unwillingness to use its strength.

Finally, just this month in Italy, Prime Minister Renzi lost his political gamble of a referendum, throwing Italy, and perhaps the EU, into another period of deep uncertainty which could yet be fatal, at least for the euro.

Underneath all these political earthquakes lie a seething resentment of those who have fallen behind during the last 20 years of globalisation, and a deep disillusionment with the political institutions which have failed to protect them and to address their anger. Inequality of income and wealth have reached levels not seen since the first decade of the Twentieth Century. This is the real Big Issue of the next decade, and the first attempts to address it by both politicians and economists have been woefully inadequate. We can only hope that the urgency of the task generates the leadership and new ideas that we need.

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We hope that you have enjoyed reading these AP Insights over the past six months. We will be continuing to offer our thoughts in the New Year, after a period of Christmas cheer and contemplation. We do not expect to be short of important issues to bring to your attention, in the hope of stimulating your interest, your thoughts, and your ideas.

We wish you Seasons Greetings, and a 2017 full of opportunity!

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