

# Adam Marshall: Great global trading nations need great foundations

CHECK AGAINST DELIVERY

“Ladies and gentlemen, honoured guests – welcome to the British Chambers of Commerce International Trade Summit 2017.

It is fitting that we come together today in the Midlands – bringing global traders and the people who support them together in a part of the UK that is renowned for the products it builds and sells all across the world. A part of the UK that has linked its proud manufacturing tradition with the latest in technology and with advanced services, encouraging investment from these shores and far beyond. From Birmingham Airport just across the road, and from East Midlands Airport too, the Midlands reach out to global markets – strongly supported by proud and outward-looking Chambers of Commerce that help hundreds of Midlands firms find new customers and suppliers around the world each and every year.

In my role, I get to celebrate and promote the very best of British business, including Midlands firms of all sizes, and fly the flag for the UK both here at home around the world. In the last month, I have done so accompanying the Prime Minister in Japan, representing the UK at the World Chambers Congress in Australia, and hosting delegations from Finland and other countries. I am heartened, at each and every one of these interactions, by the positive messages I hear about doing business with Britain. We are seen as forthright, we are efficient, we deliver high-quality products and services, and perhaps most critically in an ever-more uncertain world, we have earned our trading partners’ trust. The overseas British Chambers and Business Groups that form part of our network repeatedly tell us that their host countries want to do more business with UK firms and build thriving two-way trade links.

Yet I have come here today to say that – in spite of our many great trading companies, in spite of our great reputation as a business partner – it is time for us to wake up.

Ladies and gentlemen, we need to wake up to the fact that businesses across the United Kingdom must do more if we are to reclaim our mantle as a great global trading nation.

A great global trading nation. Our politicians have used and abused that phrase liberally since the EU Referendum last year.

Yet they too need to wake up – and put in place the conditions, and the environment, that will actually help make it happen. As the saying goes, “wishing doesn’t make it so”. Great global trading nations need great foundations. Those that succeed have leaders that demonstrate that they are backing their businesses to the hilt.

At this time of uncertainty and change, business as usual – either in our companies, or in the great offices of state – is not an option. Whether in business or in government, we need to think radically, and quickly, about how we proactively secure our place in the world.

Either we take a clear-eyed look at the world around us, or others will set us an abrupt wake-up call – timed for their agenda, rather than ours.

If you'll oblige me, ladies and gentlemen, I'd like to briefly mention three areas where we need to get on the front foot.

## A BUSINESS-FRIENDLY BREXIT

It will be no surprise to anyone here that the first of these is Brexit.

Although only a minority of Chamber firms tell us they are planning actively for Brexit – with a clear majority saying they will react when they have more clarity from the negotiations – our biggest firms and investors, plus many smaller trading firms that face swift changes of their business models, need clarity and certainty fast.

We are reaching a tipping point where existing investment decisions will be put on hold, where new investments may be made elsewhere around the globe, and where expensive contingency plans are activated that impact our wider business communities and our export potential.

That is why Chambers have been calling for UK-EU trade talks to get underway as soon as possible, and a clear transition period of three years agreed, that allows business to get on with certainty and without immediate additional costs. We have worked with Chamber colleagues in Germany and elsewhere to make the point to national governments across Europe, given the importance of this issue to businesses on both sides.

When Michel Barnier reports to the European Council in less than a fortnight, I am not optimistic that we will see the 27 decide to move on to trade and transition talks. Even if the two sides were closer on the substance of negotiations, I believe that politics would still lead to a further delay.

Both the disorganisation of our own government, and the utter inflexibility of the EU side, are to blame here.

Yet a shift to practical, pragmatic negotiations on a transition period and our future trade arrangements is exactly what would help both UK and EU27 businesses plan and trade with greater confidence.

Today, ladies and gentlemen, I want to urge both the UK Government and the EU27 to strain every sinew to move ahead – and put trade and transition at the heart of negotiations by the end of 2017. European businesses need clarity. British businesses need clarity. Third country businesses need clarity – with American, Japanese, Australian, Indian and Canadian firms with significant UK operations in particular pressing for this.

Further delays to trade and transition talks will create a lose-lose scenario for everyone with a stake in the game. It would be unforgivable for

politicians on either side of the Channel to privilege brinkmanship and disruption over thriving trade.

Over the coming months, we also need to see progress on the many practical questions for business that I set out to you at our Summit meeting last year – and for traders in particular, clarity around customs, standards, VAT and the status of EU nationals – whose contribution to our businesses and our communities should be celebrated and protected.

With each passing day, and each delay to negotiations, the siren voices of those who claim that Britain should leave the EU in March 2019 without a deal grow louder. Superficially, their argument is attractive. A short, sharp change would be followed by immediate clarity for businesses on their terms of trade, and freedom for the UK to do deals with third countries.

Yet dig beneath the surface and this argument crumbles away. Confusion would reign at ports and airports, as customs systems simply are not ready to deal with a 'no deal' outcome. The legal status of cross-border contracts could be challenged. Securing existing free trade deals and market access, negotiated while the UK was part of the EU, becomes manifestly more difficult.

Chamber member firms are clear that they want a deal with the EU as a top priority, and only 2% back the 'no deal' option.

It's time for the proponents of the hardest of Brexits to wake up and listen to the practical concerns of trading businesses. A business-friendly approach to Brexit is in the national interest.

## BACKING BRITISH BUSINESS

My second priority area is creating a great environment for business growth at home. Even if we got the best possible Brexit deal, it wouldn't be worth the paper it's written on if we don't have the right conditions for businesses to grow and thrive in the UK.

In recent years, an entrepreneur could be forgiven for thinking that the British political establishment had turned lock stock and barrel against business. While politicians exhort businesses to trade more overseas, new input costs are piled on firms year after year without a second thought, our trading infrastructure continues to creak at the seams, and party leaders compete with each other to demonstrate who can wag their finger most furiously at corporate Britain. Some even encourage the demonisation of capitalism and enterprise, which have brought us so much prosperity and success.

Now, I am the very first person to say that every business has a strong responsibility to act in the interests of its employees, its customers, and the communities in which it operates.

Yet we must not tolerate the demonisation of business because it improves political poll ratings. Nor should we tolerate policy decisions that make it harder for our trading businesses to grow at such an important time.

It would be a dereliction of duty if the Chancellor of the Exchequer stands up on November 22nd and delivers a Budget that gives a 'sugar hit' to the electorate while forsaking the 'protein boost' that can enhance the productivity and competitiveness of the very businesses that generate the tax revenue and the trade that make our country tick.

This Budget cannot simply be an extension of the status quo. It must take decisive and radical steps to boost businesses and encourage investment. Waiting too long, and trying to react to the Brexit transition rather than get ahead of it, would be a costly mistake.

One great place to start would be significant, bold new incentives for investment. A major pre-Brexit investment allowance, plus an expansion to include more training and premises-related expenses, should be announced immediately. That would provide a powerful signal to both British and overseas investors: we believe in you, we want you here, and we want to be the best place to do business in Europe.

Firms everywhere tell us that the government mantra on lower Corporation Tax has worn thin. They think UK rates are competitive, and they don't mind paying a share of their profits back into the Exchequer. What they cannot abide is the constant increase in costs imposed by governments of every colour, which blunt their appetite for investment and risk.

So, in addition to big incentives for investment, we also need to see a categorical pledge from ministers to create no new additional costs for UK business through the Brexit transition. This monumental change will already generate adjustment costs. If ministers pile on more, they will sap competitiveness and confidence at precisely the time they are needed most.

## SUPPORTING TRADE

My third and final area is the way we support trade in the UK. It's no secret that our trade performance has been lacklustre for many years, and that we must do better.

We've seen in recent months that lower sterling has not sparked the revolution in British trade that many vocal commentators and politicians had predicted.

Although a cheaper pound has helped some firms, it's been hugely tricky for others managing complex supply chains, rising input costs and competitive price pressures.

Some firms who want to expand are even reporting that their plans have been derailed by the spiralling cost of imported machinery needed to boost their productivity.

It is our considered view that lower sterling, overall, has likely done more harm than good in the short to medium term.

Stronger trade requires more than just a competitive currency. A strong domestic business environment and Brexit clarity are crucial, as I have

already argued. But so, too, is comprehensive and consistent support for our trading firms – of all sizes – and those who need help to explore global opportunities.

The short-termism and constant churn that have characterised the Department for International Trade and its predecessors over the past decade must come to an end. A simple, disciplined, long-term approach to supporting exports and investment that is understood and valued by business is sorely needed. Leadership must come from the very top, with trade missions at the heart of every Cabinet minister's job description, rather than tacked on as a hastily-arranged afterthought. And in every region and nation of the UK, a truly global Britain would be investing in flexible, face to face trade support – rather than continuing to cut back on available resources year after year. This approach has not helped the UK's trade bottom line – and it's time for a real change.

A great global trading nation needs to encourage, incentivise, support and promote its trading companies. That means a trade mission programme planned years, not days, in advance. It means on-the-ground support both at home and in markets overseas.

Yes, of course, it also means seeking liberalisation and new trade deals that help firms access markets around the world. But the UK government must not neglect practical support for business in global markets because it is so wrapped up in the high politics of international trade agreements – whose benefits are often years into the future.

## CONCLUSION

Brexit, the business environment, and support for trade – in each of these areas, we need to see results over the coming months.

Ladies and gentlemen, I am hugely optimistic for the future of British business, and for the UK as a whole.

Yet optimism is not the same thing as complacency.

Sadly, complacency reigns today in some quarters.

To the small number of business tycoons and politicians who breezily and noisily dismiss the complexities of Brexit, I say get real – and get serious. Getting it right means taking the time needed, and being willing to negotiate pragmatically to keep trade flowing.

To those who believe that the way to transform our trade performance is to pour money into Union Flag-draped websites, or to pursue a politically symbolic but potentially problematic free trade deal with the USA, I say think again.

And to those in business whose hectic schedules mean they haven't yet found time to consider how the next five years might affect their prospects or their markets, I encourage you to do so, with an emphasis on the opportunities inherent in change – not just the risks.

Complacency, ladies and gentlemen, is the single greatest enemy of our future success.

The “I’m all right Jack” approach, both in business and politics, needs to become a thing of the past. The wake-up calls of Brexit, stagnant growth in cross-border trade, greater automation and the rise of the twin forces of populism and protectionism, require us to work twice as hard to secure and grow our place at the heart of global trade.

Yet – we are inventive, we are nimble, and we are commercial.

Our fantastic businesses and business communities have every chance to make a success of the big changes that lie ahead.

So, let’s be optimistic, but let’s also be clear-headed.

And let’s keep up the pressure on our leaders – and demand that they demonstrate a deeper understanding of what businesses of all sizes need. Because at the end of the day, it is British business that will deliver a healthier trade balance, an improved current account position, and the prosperity we all want to enjoy.

Ladies and gentlemen, we have a dynamic and exciting Summit day ahead. I hope you find it stimulating, practical and focused relentlessly on the opportunities for growth. Meantime – thank you for your attention.”

**Ends**

**Notes to editors:**

The British Chambers of Commerce (BCC) sits at the heart of a powerful network of 52 Accredited Chambers of Commerce across the UK, representing thousands of businesses of all sizes and within all sectors. Our Global Business Network connects exporters with nearly 40 markets around the world. For more information, visit: [www.britishchambers.org.uk](http://www.britishchambers.org.uk)

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