

Chatham House speech: Liz Truss sets out vision for values-driven free trade

Thank you, Robin, and good afternoon everyone.

It is great to be here with you to talk about our value-generating and values-driven trade policy that will see the United Kingdom help lead the fight for free trade.

In a Covid-battered world riven by trade wars and trade barriers, Global Britain's return is timely.

After nearly fifty years without our own voice, we are back at the table. We can use our G7 presidency next year to lead the global fightback for free and fair trade, challenging those who won't play by the rules.

Yet all ventures start at home, more often in these times in fact, and we need the British people to join us in our value-generating and values-driven trade policy.

Some will share my excitement about the opportunities ahead, while others will be nervous. But we all know that trade, and the investment it brings, delivers jobs, better living standards, and higher wages at home.

In turn, the best of British business excels by going global. That is why we see Yorkshire Tea sold in over 30 countries. Rodda's from Cornwall is now the world's largest producer of clotted cream, and the Blyth-based Tharsus selling its Ocado robotics around the world

If so many of us can see that free trade is a force for good, why do some people treat it like the source of all evil?

That question has been wrestled with through the ages. As the Whig historian Thomas Macaulay once lamented, "free trade, one of the greatest blessings which a government can confer on a people, is in almost every country unpopular".

This Government has been evangelical about the value of free trade. My friend the Prime Minister led from the top in February, when he reminded us in his great Greenwich speech that Richard Cobden came to conclude trade was "God's diplomacy".

In that spirit, I urged my newly appointed Board of Trade earlier this month to make the case around the world as the Cobden, Peel and Bright of the 21st Century – and to re-establish the UK as a major voice in global trade.

Yet trade is too often seen as a bogeyman to blame for many problems, whether that be global warming, deindustrialisation, and even childhood obesity.

These critics forget that trade does a world of good.

Free trade is a lean, green, value-creating machine. It has lifted billions out of poverty across the world, led to a cleaner environment and put food on people's plates. It helps developing, and developed, nations alike.

That helps explain why when I talk to our friends and allies, they have great interest in doing more business with Britain – and they put their money where their mouth is.

We are the top destination in Europe for foreign direct investment. In technology, we attract more investment than France and Germany combined.

We are third in the world in our number of so-called “tech unicorns” and can see this in the scores of British success stories, such as Zoopla, Deliveroo and Monzo.

Official figures just the other week found that the UK video games industry is growing at its fastest rate on record.

This shows the success enjoyed by British developers, be they the ones who made Assassin's Creed in Newcastle, Donkey Kong in Leicestershire or Grand Theft Auto in Edinburgh. And it's safe for gamers to take this as a sign that the UK will level up.

For all the benefits our fast-growing industries will bring us in the future, we must learn from the mistakes of the past.

In opening ourselves up to embrace more fantastic opportunities, we need to maintain a sustainable approach which commands widespread support and democratic legitimacy.

There were mistakes when the World Trade Organisation allowed new and large economies to join in the early 2000s without being subject to the same disciplines as existing members.

Turning a blind eye has let pernicious practices run rife.

When nations use their muscle to artificially promote state-subsidised products, the free market is subverted. When intellectual property is not fully protected, or technology transfer is enforced, innovators have no reason to carry on innovating.

Rather than challenge this, too many countries acted like the mercenaries of global trade in response, looking the other way while artificially low-cost goods undermined legitimate business.

But a few cheap phones and TVs will never make up for a nation selling off their security and subverting their sovereignty. In the long run, it damages free enterprise and free trade.

Indulging this behaviour has had a corrosive effect on the foundations of our rules-based free trade system, spreading disillusionment and distrust.

This has not been helped by politicians talking about trade deals in terms of shopping days, without fully engaging in the concerns the public have.

Take the European Union's ill-fated efforts to negotiate the Transatlantic Trade and Investment Partnership.

Their pursuit of what would have been Europe's largest trade deal yet ended up producing one of Europe's largest petitions – as over three million people made their opposition clear.

This showed no matter how great a deal might be on the table, people are not going to go along with a process in which they have no trust. When you lose trust, it's all too easy to imagine the worst.

So those consumers who joined the TTIP backlash, fearing the price the UK might pay for a deal, can rest assured: Taking back control of our trade policy means the British people are back in the driving seat.

Free trade has been blamed for all sorts, but we must not unfairly scapegoat it and lurch towards protectionism.

The fact is that the UK's industrial heartlands have not been failed by bad trade, but rather by bad policy.

Cutting off an economy will not fix a lack of decent infrastructure, transport links and skills support, but it will consign industry to decline. Protectionism paves the way to poverty, not to prosperity. Industry needs to be open to ideas and opportunities from the global market.

Openness is needed to develop economic resilience. Otherwise, when a shock like this crisis comes along, you are left exposed with nowhere else to buy your goods from and nowhere else to sell them to.

I can tell you here today that Britain is learning from the twin errors of values-free globalisation and protectionism, and we are instead rooting our approach for global free trade in our values of sovereignty, democracy, the rule of law and a fierce commitment to high standards.

In control of our trading future, we will work with like-minded democracies to support freedom, human rights and the environment while boosting enterprise by lowering barriers to trade.

Our red lines remain at the heart of this values-driven approach, namely:

- Our NHS remains off the table
- Our food standards must not be undermined and British farming must benefit
- And any trade deal must help level up our country.

Now we have taken back control of our trade policy and our sovereignty, many have been asking whether our future lies in sticking with America or Europe.

The UK did not leave the European Union to have another country's values

thrust upon it. We support the right kind of globalisation, based on shared values as we help lead the fight for free markets, free societies, human rights and a greener world.

Rather than pull up the drawbridge in an autarkic Britain First approach, this great island nation is building bridges across the world.

We are working more closely with longstanding allies and nations who share our values. I call this approach: putting friends and family first.

The values driving our newly independent trade policy are well-known.

Our friends know how strongly freedom has delivered and driven the UK's national story, whether they think back to the historic advancement of human rights under Magna Carta, the abolition of the slave trade or the development of free market economics.

Our long-standing partners know the British sense of compassion and that, as a nation of animal lovers, we hate animal cruelty – so much that this Government is pushing forward legislation to bring in amongst the toughest sanctions in Europe for animal abusers.

Our allies can see how much we care about the environment in the work we're doing for the COP26 global climate change conference.

The British people care deeply about fairness, decency and liberty. We can best spread our fundamental values – freedom, democracy, human rights and protecting our natural environment for the future – by working with our friends and family across the world.

By embracing our long-standing partners, not literally of course in this Covid age, we are supporting democracy, rules-based trade and a cleaner planet.

Our coalition of the willing will not just deliver better values across the world but help deliver economic value. This is why I call our trade policy value-generating and values-driven.

In an age when our services, digital and data trade is growing, modern economic models based on geography are becoming less relevant. We can challenge the tyranny of geography by selling our brilliant computer games, apps and robotics right around the world.

With more negotiations ongoing right now than any other nation, we are working day and night to create a cat's cradle of trade deals across the Atlantic and Pacific – with the UK at its heart.

That is why we are seeking what I've come to call "British-shaped" deals, because they are shaped to suit the strengths of our economy, to support our values, and to show what more we can achieve as a newly independent nation.

These agreements also protect us against protectionism, shielding businesses from arbitrary tariffs, or arbitrary bans from foreign authorities.

The high-standards forward-leaning agreement I signed with Japan last week provides a concrete example of our approach. That is why it received such widespread support from the best of British industry, from CityUK and TechUK to Scottish salmon producers and the National Farmers' Union – among so many others.

Knocking down senseless trade barriers and shaping sensible rules will help innovative businesses succeed.

Our deal brings two-like-minded democracies together in our shared values, as well as our consumers in shared tastes – as we enjoy more of each other's high-quality goods and cutting-edge services.

There is much more I could say about this deal, but we wouldn't have any time for questions.

Global Britain is already defying the doubters. We want to carry on proving them wrong, and we have no time to waste.

After agreeing the Japan deal in record time, the UK is already onto its fifth round with the US, nearing its third round with Australia and a continuity deal with Canada, finishing its second round with New Zealand and in full flow with a variety of other partners.

These talks support our plans to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, which would realise the vision of a Global Britain that looks far beyond its own shores by coupling us to one of the most dynamic trading areas in the world.

Even then, we are just getting started. While we are making fast progress towards the government's ambition to cover 80 per cent of UK trade in free trade agreements by 2022, our trade policy is focused far beyond the next two years.

In time, we have the ambition of striking economically valuable and values-driven deals with India, the Gulf and our Latin American friends across the Mercosur bloc.

Once we have joined CPTPP and agreed a free trade deal with our American friends, British businesses will be able to sell their wares directly in a more comprehensive way into the world's most vibrant markets.

This would mean Global Britain has unprecedented and deep access to over 40 per cent of the world's gross domestic product, which equates to over £27 trillion pounds. If we add in our EU friends, with whom we want a relationship centred on free trade between sovereign equals, this would equate to over £40 trillion.

And there will be something for every British business. Those who work in advanced manufacturing, food and drink, services, digital and data, will be covered.

As a newly independent trading nation, unparalleled opportunities lie ahead

of us.

Our economy can move into top gear after decades in the slow lane, stuck behind the EU's high tariff wall. Now, we will hitch ourselves to the fastest-growing economies of the world and unleash our full potential.

Over 32 years ago, EU leaders were rightly warned by Margaret Thatcher that Europe "never will prosper as a narrow-minded, inward-looking club".

But now, we are on track to join a truly broad-minded outward-looking club – the CPTPP. Together, we can help shape sensible business-friendly rules that cover services, digital and data, while putting pressure on the WTO to reform in kind.

We are already working with our Commonwealth family to do so much better, and not just by drafting in one of their former Prime Ministers onto our Board of Trade.

The UK is a founding member of a global partnership on artificial intelligence with Australia and New Zealand, and we are working with our Australian friends to build the next generation of cutting-edge frigates.

As a newly-independent nation, we can help innovation flourish more than under the innovation-phobic EU's watch.

Something as simple as transferring data across borders ends up being needlessly complicated by the EU, preventing UK firms from doing digitally enabled business abroad.

There is room for a moderate, science-led approach to gene-editing. But rather than take a pragmatic approach, as the UK is now free to do, the EU has shunned transformational ideas.

Take golden rice, the superfood developed as a humanitarian project to save hundreds of thousands of lives. Despite being deemed safe by our like-minded allies Australia, New Zealand, Canada and the United States, Brussels has yet to agree.

Taking back control means the UK can become the ideas factory of the world. Greater freedom to innovate and craft modern rules that will help our entrepreneurs thrive.

That is how we can build on our current status as one of the best places in the world to do business – with the UK already in second place among the G7.

There is no reason why the country once known as the workshop of the world cannot become a global hub for the services and tech trade. The people once mocked by Napoleon as a "nation of shopkeepers" can stand tall as a nation of traders, innovators and entrepreneurs.

Together with our friends and family, we can be at the heart of a new trading order rooted in our shared values and bring economic value to all.

To succeed as a newly-independent trading nation, we need the support and trust of the British people.

We will work hard to earn that trust, and to engage everyone across the country in our trade policy.

My pitch to the people of Britain is this:

The UK is setting out its own path, in which we will neither sacrifice our values – freedom, democracy, human rights and the environment – nor our economic opportunity.

Our approach has already been proven to deliver, as our Japan deal shows, and there is more to come. Our friends and allies stand ready to help us. But the British people will be our most important ally of all.

- British farmers can join us in making the case for better animal welfare standards at the WTO.
- British businesses can help us cut the red tape that stops them getting their high-value products out to world markets.
- British innovators can help us unleash our full potential.

We are on their side, working with our friends and family first to support British values and spread economic prosperity.

Anything that does not deliver for Britain will remain on the shelf. To coin a familiar phrase, no deal is better than a bad deal.

Once we are happy with any new agreement, it goes through one of the most transparent scrutiny regimes in the world so that everyone can see it delivers for our economic interests and values.

I will only sign deals, like the one we did with Japan, which I am confident will be met with approval by Parliament.

Those still nervous about the exciting opportunities ahead can be assured we have taken their concerns to heart.

Everyone will know how passionately I feel, as a former Defra secretary, about agriculture. Our Trade and Agriculture Commission will ensure that everyone's voices are heard as we seek new opportunities for our farmers, while maintaining the UK's world leading status in animal welfare and the environment.

We have legislated to ban the import of chlorinated chicken and hormone-fed beef. And I can assure anyone worried about such food entering our markets that our standards are not up for grabs.

But we cannot have blanket bans on any food produced differently from the UK, which would have a devastating effect on economies which we want to see benefit from free trade.

I am proud we have struck trade agreements with the Cote d'Ivoire and the Southern African Customs Union, and will be launching our trade policy next year to help developing economies.

And think of how other nations would react to a ban. They would likely raise barriers in response, and I know the last thing the people of Britain want to see is our goods banned from other countries' shelves.

Indeed, I know the huge sense of pride that people feel when they see British goods and services being enjoyed across the world.

Whether it is British culture and music, driving a British-made car, playing on a British-designed computer game, or enjoying a British afternoon tea – served on Stoke-on-Trent pottery.

Our values-driven trade policy is grounded in the world we live in. We will not do deals at any price, but we know the price of not doing any deals.

We need to move forward and embrace a trade-powered recovery. That is why I say to the British people: join with me in making the most of Global Britain's return.

Let's work together to strike down senseless barriers to trade and open up opportunity, spreading our world-leading standards far and wide.

Let's make sure that the global trading system works for the UK, for developing countries and for our like-minded allies.

Let's go forward together, learning from the mistakes of the past as we make a success of our value-generating and values-driven trade policy. With our like-minded allies, we can join the fight for free markets, free societies and free trade.

As I reminded our Board of Trade, we already have a great story to tell as a free trading nation.

Now Global Britain is back, it is time for the makers, the doers and the innovators to help us write our most exciting chapter yet.