

Elizabeth Truss outlines bold new era for trade

Introduction

I am delighted to be the first Trade Secretary to represent the UK's independent voice at an international meeting since Peter Walker, almost half a century ago.

The UK has now, following its exit from the EU, resumed its independent membership of the WTO, taking back control of our trade policy, our sovereignty, and our future.

Free Trading Nation

The UK is and always will be, an open, liberal, outward looking nation.

We are the home of Adam Smith and his 'invisible hand'...

... of David Ricardo and his theory of comparative advantage...

...of the abolition of the Corn Laws, seeing ports like Liverpool, Glasgow and Teesside flourish with new commerce, trading cheaper goods more efficiently, and overcoming the objections of vested interests and wealthy land owners to the benefit of the majority and levelling up Britain in the 19th century.

The UK was one of the original signatories of the GATT, cementing the most favoured nation principle in international commerce, and ushering in a wave of industrial tariff reductions and trade liberalisation.

And this year, Britain is back, as an independent, free trading nation.

I believe we retake our seat at an opportune moment.

World trading volumes are lagging behind global growth, which is itself anaemic, 2019 being its slowest year since the 2008 recession.

The rate of decline in global poverty is also beginning to slow.

And in some cases we are seeing a worrying retreat from market principles.

Now that the UK has left the European Union I know some of you are wondering what sort of member we are going to be.

First, the UK wants to turn the rise in protectionist measures around. We are at heart a free trading nation and we see the WTO as central to this vision.

We know human ingenuity has limitless potential.

The more we allow people to shape their own lives, remove barriers to

enterprise within and between nations, and allow human ingenuity to flourish, the more rewards we will all reap.

The greatest economic advances from steam engine to the internet, have resulted from increasing international trade and connectedness, the ideas chain reaction.

So we will work with all nations that share this multilateral vision, to lead the defence of free, fair, rules-based international trade, pioneering a route to prosperity that lies through working together, not protectionism. That is why the MC12 in June is so important.

And I am delighted to announce today that the UK is contributing £50,000 through our TAF 2 project, to ensure that Trade Ministers from developing countries can attend.

WTO reform

Secondly, we will work to make sure the rules-based system is based on open, market orientated policies and is transparent and fair.

When it works, the multilateral system allows us to deliver outcomes that are better in aggregate for all of us.

As we retake our independent seat at the heart of the world trading system, the UK is more committed than ever to ensuring that, the WTO, is forward looking, modernised and reformed.

The UK will, like every other sovereign country, assert its ability to set its own laws and regulations in line with our WTO commitments, reflecting our own circumstances and ideas, while working tirelessly alongside other WTO Members to drive reform.

We will make the case to update the WTO rulebook to tackle underlying trade tensions such as industrial subsidies, state-owned enterprises and forced technology transfer.

We will encourage and empower small countries to play a role in shaping the global trading system, to trade their way out of poverty, and seek a fairer deal.

And we will support WTO negotiations wherever we can by providing quality data analysis and policy research.

Leaders in services, tech and the environment

Thirdly, we will seek to advance trade for the modern era.

The WTO has had many successes.

Average import tariffs globally have fallen by two-thirds.

Global trade has tripled in volume.

And 75% of global merchandise trade takes place on the WTO's most favoured nation terms.

But the stark reality is the system of rules-based trade has not moved on since the Uruguay round, while non-tariff barriers have proliferated.

Meanwhile the world has experienced a revolution in technology and automation.

And this revolution itself came about through an 'ideas chain reaction'...

From the invention of numbers in ancient India...

...through Ada Lovelace and Alan Turing's pioneering conception of the first computers in Britain...

...to the development of the modern World Wide Web and Silicon Valley in America...

And while these services have changed our world and account for close to half of the value of international goods and services, the barriers to trade in services are around three times higher than for goods.

As a services orientated economy, a world leader in sectors ranging from tech to finance, and the world's second largest services exporter, this is a huge opportunity.

The UK will push to ease restrictions on cross-border data flows...

... preventing unnecessary data localisation requirements...

...and ensure customs duties do not apply to electronic transactions.

We will do this through multilateral or plurilateral groups at the WTO, a coalition of the willing, such as the JSI on e-commerce...

... And through wider reform to trade in services, the UK seeks to be a future leader in these areas.

Free trade is allowing us to use resources better and to find new ways of producing energy and managing resources.

We will also take the lead in tackling climate change, not least as hosts of COP26.

The UK has already cut our carbon emissions by 44% since 1990 while growing our GDP by around 70%.

We are proud the UK has undertaken to become carbon neutral by 2050.

We will stand up to end environmentally wasteful practices that arise from state subsidies, such as illegal, unreported, and unregulated, fishing, and

press for successful conclusion of the fisheries subsidies negotiation at MC12.

Conclusion

After almost 50 years of EU membership, Britain is back as a fully independent WTO member.

Our vision is of a newly independent UK, championing the cause of free, fair, rules-based trade.

I am proud of the UK's record in pioneering, firstly, the liberalisation of agricultural tariffs with the abolition of the Corn Laws, and secondly, industrial tariffs with the GATT.

A UK that explores the new frontiers of the 21st century global economy, pushing for that same liberalisation in trade in services and data, helping to turn around recent protectionist trends and to help deliver the benefits of the global digital revolution for all members, large or small.

To push for a WTO that not only retrains its role as the repository of the rules that govern our global economy, but one that does so while continuing to enjoy the confidence of all Members.