

Minister Hands: Chatham House Global Trade Conference 2022 speech

Thank you Alan, Many thanks for that kind introduction.

I'd like to thank Chatham House for inviting me here to discuss the future of global trade and the pivotal role the United Kingdom can play in helping to shape it.

Great to see our former Permanent Secretary John Alty in the audience.

I was here at the inception of the Department in the summer of 2016, and returned again in the lead up to the Trade Cooperation Agreement and leaving the end of the transition period 2020-21, and returned again as I see you today.

Actually the last time I was here, I did so in my former role as energy minister. And one has certainly needed energy to keep up with events in Westminster over recent weeks, as you may have noticed!

Last time I was here, there was actually a demo about energy – just sometimes thinking that the world of trade is sometimes more erudite than you might get in the world of energy.

But what has remained unwavering throughout is this government's fierce commitment to free trade and open markets as the key to unlocking the UK's economic potential and kickstarting growth.

And this is a cause I have championed during my three stints as Minister of State for Trade, during which I have witnessed the transformative power of global commerce at first hand.

This is a commitment to trade that our new Prime Minister shares. I've had quite a few discussions with him over the summer recently about trade and so it's a cause that I know is close to Rishi Sunak's heart, as it is to mine.

Because trade is the most powerful force for human progress we have at our disposal.

A force that has lifted hundreds of millions of people out of poverty since the turn of the century.

And that will drive the engine of global growth over the next decade too.

Delivering enormous benefits for the United Kingdom and the global community alike, creating new jobs, fostering innovation and delivering prosperity worldwide.

But trade as we know, is a truly global endeavour.

And to deliver the greatest benefits it must be free and fair for all.

That is why we are working with our global partners in Europe, Africa, Asia and the Americas to put in place the building blocks of this freer, fairer future.

Calling out nations that don't play by the rules and helping to build a global free trading coalition with Britain at its heart.

I mentioned my recent return to the department, so if I had to outline my three immediate priorities I've identified in my work in trade policy (it's not the whole of the department, we also have ministers for exports, investment and so on).

But my three main priorities:

The first is making sure the UK joins the CPTPP trading area as soon as possible. The Comprehensive and Progressive Agreement for Trans-Pacific Partnership. 11 countries around the Pacific Rim, four continents, 5 million people, a GDP of around 9tn pound sterling.

It's a perfect deal, a great match for the UK. With really modern rules of origin, digital trade. I was interested to see a really good session earlier on digital trade. And it will help to set new rules and standards for trade across the world, encompassing many of the world's great progressive nations, Japan, Australia, Canada, New Zealand, Singapore. These are the countries that in my view are leading the debate on trade policy, and it's a free trade area without a political union. It is in many ways everything that the UK has always wanted to join in my opinion.

The second area is India, just the size and the prospect of India alone as a market is too impossible to ignore. And I think the UK's traditional links and connections there are incredible, it's not just the trade relationship but the investment we have with India, means that it's an immediate priority for us to potentially be the first G7 country to do a trade deal with India.

And the third area is to focus on the nitty gritty of trade work, the trade barriers, making sure we are focusing on removing trade barriers around the world, I'm talking anything from lot codes on Scotch whisky bottles to Taiwan through to German labour market rules, discriminatory Spanish customs practices – a whole host of different issues out there that prevent UK goods and services being sold and prevent them coming the other way.

So those are my three priorities. And I'm going to return to each of those three throughout the course of this speech.

So, first and foremost, we must work with our international partners to navigate a path through the economic storm unleashed by Russia's illegal invasion of Ukraine...

... which has of course sent shockwaves through the world's financial system, unleashing rising prices for energy and commodities...

..Bringing about let's be frank about it scenes of destruction – and I studied history as an undergraduate at university, and my main focus was 20th century Central and Eastern European history, and that is a period of an enormous amount of human and material destruction. And I think the sort of scenes that we've seen throughout the course of this year have been all too reminiscent of the first half of the 20th century. Something which is happening here in the first half of 21st century.

But Britain is helping lead the West's response to this crisis by supplying military assistance to Ukraine.

And we are using the power of trade to support Ukraine in its struggle for freedom economically too.

By removing tariffs on all goods from that nation under the UK-Ukraine Free Trade agreement.

And providing other economic support – including £1bn in loan guarantees.

While working with our allies around the world to impose unprecedented trade sanctions on Russia.

But we know that our work is far from done.

The invasion has revealed the fragility of global peace and security. And there was a fascinating session you've just had on supply chains which after pandemic has revealed lots of global vulnerabilities which many of us thought or suspected were there but have been brought into sharp focus this year.

A line has been drawn in the sand between liberty and tyranny.

And as we look to the future we must ask ourselves what kind of country we wish to be.

A nation that looks outwards to the world? An open, interconnected, truly global Britain that builds new bridges of trade and investment?

Or a country that battens down the hatches and hides behind protectionist trade barriers?

And we must decide what kind of world we wish to build.

A world in which liberty, democracy and security are the norm – and in which free, fair, rules-based trade can come to the fore.

I'm very much in that camp and this government is as well.

Or a world in which authoritarianism, protectionism and corruption hold sway?

It is clear to this government which path the United Kingdom must take.

We must work with our democratic allies to help shape the international order of the future. With free trade forged at its heart.

Britain and our allies must push hard for reform of the World Trade Organisation for example so that the rules underpinning global trade are fit for purpose.

Strengthening the dispute resolution mechanism and holding states that break the rules to account.

Standing with our partners to confront shared challenges.

As we did earlier this year at the 12th Ministerial WTO Conference in Geneva – our first as a renewed independent member of the WTO...

...Where we signed a joint declaration on trade's key role in underpinning global food security.

Strengthening our multilateral partnerships will be more important now than ever before as the global economic axis shifts eastwards.

China's increasing international assertiveness and the growing importance of the Indo-Pacific will be among the most significant geopolitical and geo-economic shifts this decade.

And our response will help define our relationship with the world that emerges in the decades ahead.

The UK's future prosperity is dependent on deepening our economic relationships with countries in the Indo-pacific region in particular.

Which is why we are concentrating on building new bonds of trade and investment with nations across this region.

Opening up fresh opportunities for British business in the cutting-edge industries that are shaping the world of tomorrow.

Crucial to that is the UK's accession to CPTPP – and another of my highest priorities is agreeing a deal with India which promises to be a game-changer for Britain's economic ties with the world's largest democracy and fifth largest economy.

India is set to become the world's third largest economy by 2030, and we are committed to building upon the living bridge of people, businesses and culture that bind our nations together.

A shared commitment with India that Prime Minister Modi underlined when he welcomed the appointment of Rishi Sunak as our new Prime Minister.

And our governments are making good progress in negotiating an ambitious FTA which could boost trade between us by as much as £28 billion.

Setting British and Indian businesses free to trade and invest in each other's markets.

An FTA with India is a key plank of our work to position the United Kingdom

at the centre of a network of free trade agreements across the globe.

We have signed deals with 71 countries plus the EU so far, accounting for over £800bn-worth of trade last year.

Including far reaching and innovative agreements with countries such as Japan, Australia and New Zealand that go further in cutting edge sectors such as digital and data.

And we are working alongside our biggest single bilateral trade partner and closest ally the United States at both federal and state level to remove barriers to business... again with a very strong focus on services and digital trade.

...Strengthening a trade and investment relationship worth more than £230bn.

Beyond these deals we are making it easier for British firms to sell their goods and services overseas in other ways... my third priority

...by tackling often complex trade rules and practical obstacles that block their path to growth

Over the past two years, my department has removed over 400 such barriers to business – we have a database of trade barriers that we are seeking to remove... opening the door to global markets for British exports of all kinds.

Successes so far include:

Opening the way for first shipment of Welsh lamb exported to the US in more than 20 years...

second...Tackling banking restrictions for British firms in Colombia, worth an estimated £55 million over 5 years...

...And lifting restrictions that enable British apples, pears, quince to be exported to India for the first time.

A broad cross section of goods and services.

And we are going further and faster by using intelligence gathered from industry to target a “most wanted” list of obstacles standing in the way of British exporters.

Unlocking a potential £20 billion-worth of new opportunities for our economy.

And as we look ahead at the opportunities emerging worldwide, we are determined to strengthen our ties in our own neighbourhood too.

Building on our trade and investment relationships with our allies across Europe – which still accounts for around half [around – 45%] of our total global trade.

These are relationships that I am leading the way in strengthening in my role at DIT – as I travel across the continent to meet with politicians and

businesses to help smooth the path for British trade and investment.

Inevitably Britain leaving the European Union has changed that relationship, we are outside the single market, outside the customs union. But we have the most comprehensive Free Trade Agreement between the UK and EU, so we need to continue to make sure it works well for British businesses and British exporters.

Whether by addressing French customs procedures, Spanish labour laws or German business regulations. Flavour of the work we're doing there.

And this government is committed to using the power of trade to support global development too.

Helping open the door to trade-led growth for nations across the developing world.

This isn't just right morally, it makes sense economically too.

Because trade not aid is the path to long-term prosperity.

And, if demography is destiny, then the future of the global economy surely lies in the developing world.

Where the youngest, most dynamic and most rapidly diversifying economies are emerging.

With developing nations offering the greatest trade potential on the planet.

By the middle of this century alone, Africa is set to account for one in four of the world's consumers.

Which is why the UK has made tearing down barriers to business with developing nations central to our global trade policy.

We've agreed Economic Partnerships with 33 African, Caribbean and Pacific countries so far, covering more than £20 billion-worth of trade.

And we have removed almost all tariffs on goods from 65 nations through our Developing Countries Trading Scheme. Building on the situation we inherited from the EU but making sure we greened our tariff, lowered our tariff, simplified our tariffs to really benefit developing world.

While using our position as a global finance hub to provide the investment developing nations need to build their critical infrastructure.

We are making progress towards our goal of building a freer, fairer future for global trade with UK right at the centre of it as one of the most progressive trade policy countries in the world.

A future that will develop for the UK but also for our friends and allies around the world.

But we know there are many hard miles yet to travel on this journey – the

department is six and a half years into its existence – and we've achieved an enormous amount in that time but there's still a huge amount for us to do.

The big decisions on trade we take today will help define the world of tomorrow.

And we must have the courage to stand by our conviction that free trade and open markets hold the key to prosperity.

So that millions more people worldwide can be set free to realise their economic potential.

And embrace the bright future that lies ahead. That is the UK ambition, both for our own trade policy and for that globally.