

Minister Mordaunt Chatham House speech

Good afternoon and many thanks for that kind introduction Marianne and Chatham House for inviting me to open this conference and to all of you for joining.

My message to you today in response to Marianne's questions: trade is a force for good in the world.

No other single force has done as much to improve the economic and social wellbeing of mankind.

Since the middle of the last century to date, the reduction of global trade barriers has led to literally billions of people being lifted out of poverty.

The growing participation of developing countries in international trade and sustained efforts to lower the barriers to the integration of markets has been a key factor in that achievement.

In the 1990s, per capita income grew three times faster for developing countries that lowered trade barriers than for those that did not.

And it's not just poorer nations that benefit from trade liberalisation.

The more the countries of the world, both rich and poor, open their markets to international commerce, the better off we all become.

The more markets that are governed by principles of competition resulting in shared gains, the more standards and productivity will increase.

The more property rights are protected, the more wealth is created.

The necessary conditions for trade: agreement, the law, rights, political cooperation – promote peace.

Trade is good and I hope I am preaching to the choir in that respect. I am making these basic points to you because I think we need to be reminded of it especially as we develop our independent trade policy, and we have to ask the fundamental question...

... what should our governing principle be?

It is important that we are clear about what we want to achieve through trade and how we are going to do it.

Most nations are facing the same combination of challenges:

- From tackling national security threats;
- To strengthening the rules-based system that underpins the world economy.
- To growing our economies and revenues to improve health, education and

opportunity

- To transitioning to the new technologies that are transforming the way we live, work and protect our environment...heard a lot about in last couple of week.

But the role trade plays in that is not well understood.

Sometimes trade is seen as more of a threat and seen as a source of harm.

Even viewed by many as a potential source of harm to our workforce, the planet, farmers, businesses and institutions.

And so it is these things that are the focus and have the most scrutiny, not in the benefits of trade itself.

While FTAs do look at these issues...

...In parallel to the 100s of global agreements that protect our values and standards and the institutions we hold dear...

...we often neglect to focus on what trade in itself actually contributes to the progress of humanity.

And there is a good explanation for that.

Trade liberalisation can be a hard sell. It is often politically tough, technically complex and publicly misunderstood.

So at this crucial point in the UK's journey, post Brexit...

As we recover from the pandemic the heavy lifting on trade is about to begin...

...against a background of scepticism about the course our nation has chosen to take.

So we have to be champions for trade and restate the case for trade, and the unprecedented opportunities it presents

Its not about dividing up the global economy differently as critics of globalisation often say. It is about growing the pie...

...and about enabling everyone to have a larger slice of that pie.

It is critical as we do this against the spectre of inflation which once again threatens to destroy hard-won gains.

And is even more true when we view the huge challenges facing us all- whether that be from debt, a backlog of demand in public services, massively disrupted global supply chains and more.

So why are we investing so much of the government's energy in free trade?

And why did it fuel so much of our countries ambition and motivation before, during and after the EU referendum – no matter which side of the argument you

were on

Because trade is part of our DNA.

It is in our geography as an island nation.

Nowhere in this country is very far from either a sea or a river.

Which means nobody has been far away from the new ideas, skills or capabilities that are delivered and energised by trade.

The Trent, the Thames, the Clyde and the Mersey were the internet before the internet.

And on this outstanding natural geography, the genius of our country's scientists and engineers overlaid a man-made infrastructure. Which allowed people to specialise.

As coal was dug in Yorkshire, Nottingham, Wales, Kent, and engineers toiled in Lancaster and the Midlands...

...while brewers, potters and lace-makers established themselves at the centre of those resources and had access to Britain's global trade network to sell their wares to markets worldwide.

And that specialisation lives on and is at the heart of the levelling up agenda.

Trade is also in our law. It needs to be administered through a rules-based system committed to by sovereign nations in their mutual interest. It needs rights.

It's in our language – English is a language of global business because of trade.

And it is even in our temporal location, GMT.

Trade is fundamental to our history. It is who we are. We know it works.

This is not a bad case of nostalgia as we face the future. It is the truth.

And through Brexit we've not just found a role for ourselves in the world...

...we have found ourselves again.

Why is it important that we do this? Why is it important we set out a vision for global trade based on our principles? That we seize this moment to champion reform?

Is it just to validate Brexit?

No, it's not.

It is because there is a global battle now between two very different

versions of capitalism.

On the one hand, we have what for the most part applies in the UK, US, and its allies – free market capitalism, where competition is the organising principle.

On the other, there is a state-led version of capitalism where government distortion to seek specific ends is the chosen path.

The former requires a faith in democracy, capitalism and a set of rules and values on which human happiness, the fulfilment of potential and the pursuit of success depends.

It also recognises the limits of the state.

We argue that all nations, particularly trading superpowers, have a special responsibility to practice free trade and fair trade to support the multilateral trading system.

Afterall, free markets and democracy walk hand in hand.

Their relationship is reflexive – one serving the other.

People vote for what they believe is in their best interests.

The consumer purchase is a proxy for democracy. It rewards the best. It directs resources. And trade responds faster. It is more finely calibrated towards consumer needs. It allocates resources more effectively.

And let there be no doubt on which side of this divide the UK sits.

We need to build a new trade policy that recognises this.

While trade liberalisation is a powerful force for good...

... we have to do more to tackle the non-tariff barriers and market distortions that are blocking a path to progress.

Market prices are artificially lowered if the costs of some firms are reduced by anticompetitive distortions.

Whether they be clear and harmful state subsidies or more other pernicious government interventions which damage competition.

And we have to grasp this issue.

The challenge we are seeking to address is the increasing, systematic and endemic use of these practices.

This must be tackled in the mainstream of trade negotiations – offensively to include disciplines on these distortions in agreements...

And defensively to allow countries to treat a market distortion as they treat a specific subsidy now.

This will mean ensuring that we have the right domestic policy tools available to us to ensure that UK businesses can compete fairly and on merit..

...and continue to push for meaningful action in this area, as we have through the UK's G7 Presidency, working with our allies, and making the case for increased transparency and reform at the WTO.

And that is why we are pushing for a fully functioning WTO dispute settlement system through meaningful reform, and for the modernisation of the WTO rulebook...

Britain will work together with our global partners to ensure that democratic, rule-following, free-market economies are not unfairly penalised..

...We will push for the adoption of the transparency and notification proposal within the General Council.

And we will stand with our allies to tackle unfair trade practices that threaten the livelihoods of our citizens, harm our businesses and erode trust in the functioning of the global trading system.

Today I want to talk about one partner in particular: the United States.

Not just because America is our closest ally, our biggest single trading partner, our largest overseas investment market and the number one investor in the UK economy.

But because of the critical role it has always played in those battles of ideas and values that have shaped the modern world.

And I'm delighted you're going to be hearing from Katherine Tai tomorrow.

In recent years both nations have tested our political and constitutional systems to the limit. But it's in those dark times we have seen more clearly the stars to steer by.

In the New Atlantic Charter signed at the G7 meeting in Cornwall, we renewed that understanding.

The United States explicitly recognises Britain as a global champion arguing for trade liberalisation.

The UK recognised the United States as its ally in this and as the foremost defender of global peace and security.

We expressed our commitment to work together through the rules-based international order to tackle those challenges together...

... including the opportunities and perils of emerging technologies, promoting economic advancement and the dignity of work, and enabling free and open trade between nations.

We must now make good on those words.

We want a comprehensive Free Trade Agreement between the UK and the US that is the most advanced FTA in the world, setting global standards and delivering up to £15.3 billion increase in bilateral trade.

We know the US has more to do to be ready for an FTA, but when they are, we will be waiting for them.

We will be working in the US at state level in the meantime to forge closer economic and political bonds between us. That will be where much of my time will be spent in the coming weeks and months.

Supporting this, we need a more focused trade policy dialogue between our legislators, building on the good work of the UK-US FTA caucus in the US Senate and House of Representatives. And I want to thank Senator Rob Portman and his colleagues for their vision and efforts.

We need businesses to help too – a CEO level UK-US dialogue to compliment our government to government work.

Throughout all of this and our collaboration, we need to remember that trade policy is primarily there to serve our firms, workers, farmers and consumers. We, in the UK need to reintegrate many of our key sectors into the global economy. Ensuring our farmers can sell to the US wholesale and retail and ensuring our retailers have access to American products without barriers.

Governments do play a role in education and in creating the fora in which the private sector can have these conversations. But too often trade policy and trade promotion live in separate worlds. DIT is bringing these worlds together.

We must always remember who we are doing this for.

There should be a third country dimension not only to the Atlantic Charter as I have outlined above, but also to the AUKUS agreement which is much more than just a submarine deal.

This trilateral security pact will help develop skills, create jobs, fuel scientific discovery and drive high-tech investment...

...And it has as its core, the ambition a desire to protect our people, support the rules-based international order, and to deepen our ties to the Indo-Pacific.

Here our trade policy feeds directly into a wider set of interests that includes defence, intelligence, and national security.

DIT will play a central role in achieving the objectives of our Integrated Review. Be it through global trade reform, or through balancing our security and prosperity objectives – particularly in relation to complex regions, where we need to both pursue a positive trade relationship and deploy defensive economic measures. Only combination will deliver UK trade and investment objectives in line with our security and values.

Elsewhere, we will help underpin global security through our work on maintaining resilient supply chains and promoting safe exchanges of intellectual property and technology in our trade and investment relationships.

The trade challenge from China and Russia, for example, is also a security and intelligence challenge.

We cannot artificially separate these areas, but instead must bring them together to deliver a coherent government policy. AUKUS is an opportunity to do that.

We are living in a world where CPTPP initiatives are a floor, AUKUS is the ceiling and the WTO is the foundation. This is not to say the multilateral agenda is not important to us. It is absolutely important, but it needs to be complemented by working with our like-minded partners to set the direction of travel for trade policy with a sense of urgency.

Finally, our trade policy must be development focused. It should End poverty. Creating the policy to do this is one of the greatest opportunities we have from leaving the EU.

It is in the UK's interests to do this. Unlocking new markets for our firms and lessening the likelihood of failed states becoming hotbeds for dangerous ideologies...

...or sources of illegal migration and cross-border criminality which directly affects the UK.

The Private sector solutions that helped deliver the increased climate ambition agreed at COP will only be delivered through trade, meantime generating a global market for low-carbon goods worth up to £1.8tn by 2030.

Ditto for every one of the SDGs.

And we have a huge amount to offer:

From Our place in the Commonwealth network of aligned countries at all levels of growth and development...

To our incredible service sector and our expertise in banking, finance and international development, which can be harnessed to support the growth of special economic zones in developing countries as alternative mechanisms for development.

Just as we have done so on creating hard infrastructure in developing nations, for example, through Trademark East Africa.

Because – trade policy is not just about trade agreements, it is about how the three core pillars of liberalisation, competition and property rights protection can be delivered to the maximum number of people possible all over the world.

We need the right trade policy, we need to link this explicitly to trade promotion, and we need to make the possibility real by helping develop the hard infrastructure and soft services needed to trade.

What we do in the coming months and years will determine a great deal.

We will use our newfound freedom as an independent trading nation to champion the cause of free trade and open markets as forces for good in the world.

Bringing likeminded partners with us in this vital mission

Because we will only do good by doing well.

And we will only do well, by doing good.

Thank you