

Speech: Chancellor speech: German Family Business Conference 2018

Thank you for inviting me here today.

It is good to speak, at this time of great change for our continent, at the German Family Business conference.

Both because family businesses have historically been, and continue to be, the very heart of our economies, and the bedrock of our communities.

And because of the shared values that great family businesses here in Germany, in the UK, and across Europe, hold and represent:

The belief in taking a long-term view of the economy and the world, and an ability to prosper, generation after generation;

A focus on adapting in order to stay relevant – as the modern world changes around us;

A view that to succeed is to leave your business in a stronger state than you inherit it.

And the nations of Europe must adopt the same values:

We must take a long-term view; we must adapt as the world around us changes – particularly as the technological revolution takes hold; we must ensure the decisions we take leave our countries and societies in a better place than we found them...

...and we must work together – as a family of nations – to take on the common challenges that we face.

And our continent faces many common challenges.

The global and European economies have recently enjoyed a period of relative strength...

...but risks clearly remain.

There's been a rising tide of sentiment among our electorates, that questions the conventional wisdom of free trade, open markets, and globalisation...

...and whether our economic model is working for people across our continent...

A challenge, that as leaders in government and business, we will have to take on, and win, all over again.

We face a technological revolution – that, while presenting untold opportunities for improving living standards and driving progress...

...will also give rise to anxiety about the pace of change in the economy...

...and will require us collectively to evolve our tax, regulatory, and competition systems, so they are fit for the digital economy of the 21st Century.

...to ensure people have the skills they need in a world of increasing automation...

...and to convince them that everyone will share in the benefits of technological change and the economic growth that flows from it.

And beyond the borders of Europe we've seen an increasingly uncertain geopolitical context...

...earlier this week I returned from Canada with my German, French, Italian, and other G7 colleagues...

...and today our leaders meet to discuss some of these challenges too:

From the threat of an emboldened and re-arming Russia on Europe's east;

The ongoing escalation of tensions across the Middle-East;

...and the uncertainty around the policies of Europe's largest trading partner, the US.

We are all deeply concerned by the US decision last week to impose tariffs on steel and aluminium imports from Europe, and other allies around the world.

We continue to raise these concerns with the US, and our close cooperation with Germany, the EU, and colleagues in other member states is a vital part of a unified response.

These are challenges that we all face together as Europeans.

Responding to them will require collaboration and co-operation.

And if we want our shared values – German values, British values, French values – European values – to prevail, we must ensure that Europe continues to speak with one voice.

I have enjoyed many productive discussions with my German counterparts on these shared challenges over the years that I have been Defence Secretary, Foreign Secretary, and Chancellor of the Exchequer...

...and I look forward to working with this German Government to determine how we will continue to work together on key issues – in an increasingly uncertain global context.

And that is my central message today:

That while Britain is leaving the political institutions of the European Union, we are not leaving Europe.

Every family business – in Germany, in Britain, or anywhere in Europe – has a unique story to tell.

And so too, do the individual nations of Europe.

Each with its own history, culture, and experiences.

Britain's Island story has led us to a different conclusion about political integration in Europe...

...than that of Germany, or indeed, France...

...but we still respect the strong and consistent role that Germany has played in European integration...

...and understand the central place that the European Union occupies in German and wider European political and business philosophy.

The Brexit vote makes us no less European.

It makes us no less committed to a rules based international system, free trade, democracy, free speech and human rights.

Just look at our foreign policy since the EU referendum:

We remain firmly committed to the Paris Climate agreement;

We are a vocal defender of the Iran nuclear deal;

We continue to be the biggest advocates for free international trade, and the rules based trading system;

We took action, with our French and American allies, when Assad used chemical weapons against his own people in his horrifying attack in Douma.

We are working together to deliver stability and security in the Western Balkans, ahead of an important summit meeting in London next month.

Our intelligence agencies collaborate to counter the evolving threat of terrorism, that has tragically affected us all in recent years.

Our military shares the burden of protecting Nato's eastern borders.

And we are working with our allies to counter the unacceptable behaviour of the Russian state...

...which we in Britain experienced so recently in Salisbury.

And we very much appreciate the solidarity of Germany and other European states in the days and weeks since.

So when we say that Britain is leaving the political institutions of the European Union, but not leaving Europe, we really mean it.

And I hope that in the Brexit negotiations we can draw upon these shared values, as we work towards a deep and comprehensive future partnership...

...and reach an outcome that supports our shared prosperity.

Delivering benefit to both Britain and the EU.

It was Britain's and Germany's economies that powered Europe out of the financial crisis –

Between us, we have been responsible for almost half of all economic growth in the EU since 2010...

...and created more than half of all new jobs.

And so it is my hope that the economic partnership and longstanding friendship between our two countries...

...that has helped bring about peace, security, and prosperity on this continent for over seventy years...

...can be mobilised to support our common goal of a deep, special, and mutually beneficial partnership between the EU and the UK in the future.

Because while Europe has enjoyed a period of robust growth, we cannot be complacent.

And our economies are not so strong that they can afford to be exposed unnecessarily to economic and financial stability risks from a bad Brexit outcome.

And this isn't just about the UK economy, but the German economy, and the EU economy.

Germany exports more to the UK than any other country bar the US ...

...and from Aldi, to BMW, Bosch, to Sixt, German companies, many of which are family owned and represented here today, employ 412,000 people in the UK...

...and in return almost one in ten foreign companies here in Germany, are British.

And just last week my favourite sandwich chain – Pret a Manger – was bought by a German family-owned investment group!

The UK is a significant part of the EU marketplace.

We represent almost 13 percent of the population of the EU...

...and 15 percent of its GDP.

And it is clear to me that ensuring that businesses can continue to operate across that whole marketplace after Brexit...

...is essential to delivering a prosperous future relationship between the EU and the UK.

We have made significant progress since Article 50 was triggered...

...both in our internal debate in the UK about what Brexit should mean...

...and in our negotiation with the EU.

The first stage in the negotiations successfully settled many withdrawal issues...

...including the UK's financial obligations to the EU.

And in March we reached agreement on a transition period, running until the end of 2020...

...during which businesses in Germany, the UK and across Europe can continue to operate as before...

...ensuring that they will have only one set of changes to navigate at the end of that period.

We're currently focused on our future customs relationship...

...which I know from my discussions is a top priority for businesses in this room...

...and so it should be a top priority for European governments too.

Germany exported more cars to the UK last year than to the US and China combined...

...10% of all French cheese exports go to the UK...

...80% of all Irish poultry exports.

The UK is exploring two possible future customs models...

...both are "works in progress"...

...but we are confident that, building on the work we have done...

...we can develop from them a solution that responds to the concerns of businesses...

...minimises frictions and burdens at, and behind, the border...

...protects the hard-won progress in Ireland...

...and sustains our trade with our EU27 neighbours.

And recognising that these future models will take time to develop and establish...

...and that businesses in the UK and across Europe need certainty as soon as possible...

...yesterday we published our proposals for a temporary customs arrangement...

...in line with our commitment in the December Joint Report to avoid a hard border in Northern Ireland.

Beyond customs, we continue to work on a model for a comprehensive future economic partnership...

...a partnership that protects the supply chains and established trade relationships that I have just talked about...

...safeguards jobs and businesses that depend on them, on both sides of the Channel...

...and promotes the values we share across the continent of Europe.

And of course, in doing so, we don't have to start from scratch.

The UK and the EU27 start in a unique position...

...with deeply interconnected economies and supply chains...

...equivalent regulatory standards and regimes...

...and unrivalled collaboration in everything from trade, security, and defence...

...to education, science, technology and culture.

We will set out more detail in the coming weeks on key elements of the British Government's ambition for a mutually beneficial relationship between the EU and the UK:

But for example, we'll seek a comprehensive system of mutual recognition to ensure that, as now, products only need to undergo approvals in one country, to show that they meet regulatory standards across Europe;

We'll explore the terms on which the UK could maintain a relationship with EU agencies, such as those for chemicals, pharmaceuticals, and aerospace, so that they continue to benefit from UK expertise, and we can deliver such a system of single approvals;

And on services, we all have an opportunity to establish the most ambitious free trade agreement ever – with continued recognition of professional qualifications, a labour mobility framework that enables travel to provide services to clients in person, to a bespoke partnership in financial services – to enable the ongoing delivery of cross-border financial services, in both directions, for the benefit of businesses and citizens on both sides of the channel, while protecting financial stability, and maintaining fair competition.

But reaching agreement on all these key elements, and delivering on our vision of a future economic partnership that protects businesses, jobs, and prosperity, will only be possible if both sides want the same thing.

“Zum Tango gehören immer zwei.”

And I say this today – because I fear that some EU opinion-formers, in government and in business, have succumbed to the temptation to see the Brexit challenge as a problem for the UK to resolve alone.

I understand the instinct that says: “They voted to leave – let them sort it out”.

But this has to be a two-way conversation.

And it has to reflect the political realities on both sides.

On the one hand, the EU must recognise the British people’s vote to be outside of the EU’s political structures...

...and regain control of their borders.

And on the other, we must recognise that anything that undermines the integrity of the Union, or looks like ‘cherry-picking’ will not be acceptable to the EU.

Wir verlangen keine Extrawurst!

Instead we recognise that we need to find a new balance of rights and responsibilities in our economic relationship...

...and that while the UK will no longer have all of the responsibilities it currently has...

...we will have to give up some advantages of membership too.

We want both sides to work together creatively to reach a final-outcome that...

...allows business to carry on...

...protects European jobs and prosperity...

...and allows Britain to continue to contribute to Europe’s security.

I recognise that what we are proposing is a uniquely close third country relationship...

...but the fact is that all of the EU’s third country relationships are unique...

...and so it would be perverse for the future UK-EU relationship to be uniquely ‘off the shelf’!

For it was always foreseen that the EU should have close relations with its neighbours...

...as Article 8 of the Treaty says...

..."the Union shall develop a special relationship with neighbouring countries, aiming to establish an area of prosperity and good neighbourliness".

And I passionately believe that all of us in this room, and across Europe, should be interested in an outcome that allows that...

...an outcome that properly reflects the 45 years that we have spent together as members of the EU...

...and I believe that with the political benefits of such a solution articulated by Member States...

...and the economic logic articulated by the voice of business...

...we can make this case, and win the argument for a future partnership that works in the common interests of all of our citizens.

Reflecting the lessons of our Continent's long history;

Working together to ensure Europe remains an open, outward looking, free-trading Continent;

Attracting talent and investment from around the world;

Building a future partnership that we can be proud of...

...one that stands the test of time, and that will support the prosperity, security, and living standards of our children, and our children's children.

Thank you.