

Speech: Global Britain and the economy

AS DELIVERED

As we take this debate into the early hours of tomorrow morning, I hope that we will be able to replicate the good humour, good manners and resilience that the Prime Minister showed during her two hours in front of the House this afternoon.

It is a pleasure to open this debate on “global Britain and the economy” as we consider how to honour the decision made by the British people, in a democratic referendum, to leave the European Union. When Parliament made the decision to hold the referendum it made a contract with the British people that said “we are unable, or unwilling, to make a decision on this constitutional relationship. This will be decided by the British people and Parliament will abide by that decision”.

We have a duty to honour our side of that contract, whether we ourselves voted to remain or leave in the referendum. When we, as members of Parliament, voted in that referendum we did so in the knowledge that our vote carried an equal weight to that of all other citizens of our country.

For Parliament to attempt to block Brexit by any means would be an act of vanity and self-indulgence that would create a breach of trust between Parliament and the people with potentially unknowable consequences.

It is clear that there are three possible outcomes to our deliberations. I want to say at the outset that Members will determine which route they choose, and while we may disagree, I do not doubt either their motives or their patriotism as they choose the course available to this country.

The first is to accept the deal that has been negotiated – and there is no other deal available. The second is to leave the EU with no deal and the third is no Brexit at all.

Before considering the implications of these options I think it important to underline the fundamental strengths that underpin the UK economy, the changing patterns of our trade and the future patterns of global trade.

Mr Speaker, the UK has an excellent economic success story to tell. Since a Conservative-led government came to power in 2010, exports have grown by 38.1%, around 6% per year, driven by an increase in services exports of 54.8%.

We sold some £618 billion worth of goods and services in 2017, up 10.9% on the previous year.

New figures released last week by the ONS revealed exports (of goods and services) in the year to November 2018 were worth £630bn, growing by £13.9bn since the previous year.

There has now been 32 consecutive months of exports growth.

As the UK considers future FTAs with the likes of the USA, Australia, New Zealand and the CPTPP countries, goods exports to these countries continued to boom:

To the, USA: up 6.9% to £54.9bn

To Australia: up 2.9% £5.1bn

To New Zealand: up 3.8% to £869m

To CPTPP: up 4.2% to £28.4bn

With other notable goods exports growth to non-EU markets including Nigeria (up 29.2%), India (up 27.3%), and Thailand (up 18.5%), this news comes as London retained its position as the top tech investment destination in Europe earlier this week. According to Pitchbook and London & Partners, the capital received £1.8bn tech investment in 2018, more than Berlin and Paris combined.

These achievements are no accident but the result of the innovation and hard work of British businesses, large and small, supported by a Conservative government that understands that wealth has to be created and that governments cannot simply promise to spend money without knowing where the income will come from.

It is a matter of fact that the relative importance of the EU as an export market has been declining over the last decade – falling from 48.9% of the total in 2010 to 45.2% in 2017.

Of course, the importance of the UK to EU trade varies from country to country.

Figures compiled by Japanese investment bank Nomura show that Belgium's economy is the most reliant on trade with the UK, with around 8% of Belgian GDP dependant on trade with Britain. That's the highest level within the EU27.

Belgium exports over €30bn of goods to the UK, which is Belgium's fourth largest export market. It sells things like textiles, vehicles, chemicals, and food and beverages to the UK.

Belgium's finance minister has previously called for a quick trade deal with the UK post-Brexit to protect thousands of jobs in the country.

When trade is looked at purely in terms of exports, Ireland is the most exposed. Around 13% of all Irish exports end up in Britain. The Netherlands also has a large reliance on the UK for exports and GDP.

At the same time as the proportion of Britain's exports to the EU has fallen we are trading more with other partners around the world.

We export a huge variety of commodities. For example, we sold £22 billion

worth of food, feed and drink abroad in 2017.

In the year to November 2018, we sold £33.7 billion worth of cars, £25.2 billion worth of medicinal and pharmaceutical products, and £24.6 billion worth of mechanical power generator products – from aircraft engines, to gas turbines, steam generators to nuclear reactors. So much for Britain not producing anything anymore.

But we also export a great many services – we are, in fact, the world's second largest services exporter. In the year to September 2018, we sold some £82.4 billion of business services, £60.9 billion of financial services and £37.7 billion of travel services. Here, across the services sectors, the UK has huge comparative advantage. Services account for almost half of all our exports, 42.4% going to the EU, and 57.6% to non-EU countries.

World trade is also at a pivotal moment. We are at the intersection of a series of major global trends – trends so seismic that they have transformed, or will transform, economies and societies across the world.

Services are now a larger part of the world economy than ever before, and more easily traded across borders thanks to the internet and digital telecommunications.

We live in an emerging knowledge transfer-based trading system where an engineering report, a 3D printer design, or new advances in machine learning can be just as valuable as the contents of a cargo container. The transfer of services and expertise in things like product design and software engineering – are becoming ever more important.

A revolution in e-commerce is now underway. It is already a major component of world trade, from some of the world's largest corporations, like Alibaba and Amazon, to the thousands of small companies who have never before been able to trade internationally.

Major new opportunities are arising in the rapidly developing commercial and consumer markets of South East Asia, Africa and Latin America, and it is essential that Britain leverages its unique strengths to realise them.

Britain's consumers have embraced e-commerce, with around 20% of all goods in the UK bought online. At the same time, of goods sold online, the UK is third globally behind only China and the United States. Last year one in seven global online shoppers bought UK goods.

It is therefore essential that we are able to operate an independent trade policy, allowing us to access the EU market which remains hugely important to us without tying our hands in our ability to access markets in some of the world's fastest-growing economies.

This deal enables us to develop a trade policy that will mean we can make the most of the opportunities of new technologies, and the changing shape of the global economy, striking a balance between protecting the markets we already have and tapping into new and rapidly expanding markets elsewhere.

Mr Speaker, we must have a policy which is flexible and nimble, where we can make the most of the opportunities of new technologies, and the changing shape of the global economy.

We can boost productivity, raise living standards and promote competitiveness. Working with Parliament, business, civil society and the devolved administrations, this deal allows us to have an independent trade policy for the first time in over 40 years.

We have not got everything we wanted in this deal – but neither has the EU. There is give and take in any negotiation, and compromises have had to be made. But today I would just like to emphasise what this agreement and the political declaration do.

They give the United Kingdom the freedom to decide for ourselves who comes here.

How to support our farmers.

Who fishes in our waters.

And it gives us the freedom to open up new markets to world-class British goods and services around the globe.

The Political Declaration sets out a clearly agreed vision for the UK's future relationship with the EU and provides precise instructions to negotiators.

What the Political Declaration does is set out an unprecedented arrangement for UK-EU economic cooperation, ambitious arrangements for services and investment, and ensures that our relationship is far more comprehensive than any other free trade agreement the EU has signed to date.

The Political Declaration will enable both parties to deliver the legal agreements that will give the future relationship effect by the end of 2020, covering an economic partnership; a security partnership; and specific agreements on cross-cutting cooperation.

There has been much speculation as to what the alternative to this agreement is.

Let me be clear: there is no alternative agreement to that which has already been negotiated.

The EU and the UK Government have painstakingly thrashed out this deal. It has been endorsed by the Prime Minister and the 27 leaders of the other EU Member States.

Failure to accept a negotiated deal will lead us to either no deal or no Brexit.

This government has been clear that it neither wants nor expects a 'no deal' scenario.

Of course the government will continue to do the responsible thing and prepare for all eventualities in case a final agreement cannot be reached.

But the evidence is clear that the best way forward for our businesses, for jobs and for our collective prosperity, is to have a Brexit deal.

Some have suggested that it would be possible under article 24 of the GATT to maintain tariff free trade as an alternative to this negotiated agreement in a no deal scenario. Let me say that there are two immediate problems facing this suggestion. The first is that it would require the agreement of the EU itself and be based on the expectation of a future trade agreement or customs union to be operable.

While it might be argued that this would be in the economic interests of the EU 27, we know from experience that the politics of the EU can take precedence over economic pragmatism. In the political atmosphere of no deal it would be difficult to cultivate the good will necessary for this to proceed.

Secondly, this suggestion would not deal with all of the regulatory issues which are so important to many businesses.

There are of course, Members of this House who want there to be no Brexit at all.

I have to say this would be a democratic disaster. It would be a betrayal of the commitments given by this House to respect the result of the EU referendum and the manifesto commitments on which over 80% of MPs were elected.

Mr Speaker, there are many who say that democracy exists on the understanding that a voter can change their mind.

This is undoubtedly true. But democratic consent by the people is also founded on the understanding that the result of the vote will be carried out.

Failing to do so would undermine the trust of the people. Not only that, but it would be politically unacceptable, a betrayal of our principles and potentially, a seismic and existential threat to our political system. We should not underestimate it. It would be to create a chasm of distrust between the electors and the elected of an unprecedented nature, a wilful destruction of the reputation of Parliament in the eyes of the people.

We should also be under no illusion that the United Kingdom could somehow retain the status quo of its EU membership.

This is not possible. It wasn't possible even before the referendum was called because the EU itself is changing.

The EU is committed to ever closer union.

Even since the referendum there have been calls to move to qualified majority voting in areas from VAT to common foreign policy. These may, indeed, be

right for those who wish to move towards greater integration, but they are not the right course for our country.

Remaining in the European Union would be either to tie the United Kingdom into a more integrationist future or to create ever more tension and friction between ourselves and our European partners.

[Political content redacted]

Let me just say something briefly about two other suggestions. Some members of this House have raised the prospect of a so-called 'Norway' or EEA option.

Re-joining the EEA Agreement would mean that we would have to accept all of the four freedoms of the Single Market, including free movement of people.

It would not on its own be sufficient to enable our commitments to Northern Ireland to be met, including on avoiding a hard border between Northern Ireland and the Republic of Ireland.

We'd be stuck in the Single Market, and if this were also coupled with staying in a Customs Union, as some have suggested, we would also be prevented from pursuing a fully independent trade policy.

It would also leave our financial services industry exposed to a rapidly evolving body of EU regulation over which we would have no influence.

In many ways it would be worse than remaining in the European Union, leaving us with many of the restrictions but, in perpetuity, unable to utilise any of the levers of decision-making.

Mr Speaker, there are also Members of this House who have advocated a second referendum. But there are three substantive problems with this suggestion: on practical grounds, democratic grounds and constitutional grounds.

Firstly, in practical terms, it would take time for this House and the other place, to pass the necessary primary legislation.

The Electoral Commission would also have to fulfil its statutory duty to assess the 'intelligibility' of the question to be posed – a process taking around 10 weeks.

A further 12 weeks would be required between the question being determined and the referendum actually being held.

It is therefore completely impractical to hold such a referendum before the United Kingdom leaves the European Union on 29 March. It is entirely possible to see such a process taking up to a year before it could be completed.

Secondly, there are clear democratic grounds to oppose a second referendum.

This House voted overwhelmingly to hold the referendum – to give the decision on Britain's membership of the European Union to the British people.

A 'People's Vote' has been held already – and it produced a clear, unambiguous instruction from the British electorate for us to leave the European Union. We are honour-bound to respect it.

This House confirmed that it would do so when it voted -again overwhelmingly – to trigger Article 50 and begin the process of negotiations. This was further confirmed by the last General Election, in which the two main parties – comprising over 80% of the total votes cast – promised to respect the referendum result.

Let us imagine, Mr Speaker, that a second referendum were held in which the Remain side won – perhaps with a narrow majority, on a lower turnout.

Leave supporters such as myself could well begin demanding a third referendum – a best-of-three scenario. Where would it end?

This would not settle the issue or heal our divisions – quite the opposite. It would further divide our already fractious country at a time when we need to come together.

There is also the constitutional issue. If we overturn this referendum result, we will be setting a precedent that could be applied to other referenda too.

Furthermore, a second referendum would create prolonged – not diminished – political and economic uncertainty.

Mr Speaker, it is time to consign the divisions of the referendum to the past. This is a time to raise our sights and acknowledge that there is a world beyond Europe and there will be a time beyond Brexit – to build the economic opportunities this country needs to thrive as a truly Global Britain.

This Withdrawal Agreement and Political Declaration is the way forward to achieve this Global Britain. To bring us together, seize the new opportunities out there in the world economy, and lead our country to a more prosperous, stable and secure future.

Whilst the UK is leaving the EU, we are certainly not leaving Europe, and this agreement provides the foundation on which to build our continued cooperation with our European partners on trading, political and security matters.

It will enable us to play a full and active role on the global stage, working closely with friends new and old and building an independent trade policy which caters to the strengths and requirements of the UK economy.

This deal allows the United Kingdom to continue to participate in the EU's existing free trade deals during the implementation period.

But crucially, we will also have the benefit of being able to negotiate, sign and ratify new trade agreements and lay the foundations for future relationships with our trading partners across the world.

We need to take a balanced approach, acknowledging the continued importance of our EU partners, whilst taking advantage of opportunities beyond the borders of our continent in the high-growth economies of Africa, Asia, and South America. I believe these will be key to our economic success as a Global Britain.

This deal will give us the freedom to implement our own trade remedies regime, protecting jobs and livelihoods from unfair trade, set our own tariffs, and take up our independent seat at the World Trade Organisation for the first time in over 40 years.

This will be a key opportunity to further our support for the international rules-based trading system, ensures it delivers free and fair trade, and particularly, to pioneer the liberalisation of trade in services.

As I have outlined, there are fundamental changes in the global economy which simply didn't exist when the Uruguay round concluded, and it is right that we position the British economy to take advantage of them.

Even as the information revolution continues to transform our world at a staggering pace, with the system of free and fair international trade which underpins it lifting millions out of poverty, there is still much to do to reduce existing – and emerging – tariff and non-tariff barriers to trade that pose a serious threat to global growth.

And Britain can play a key role in this.

Mr Speaker, we have an abiding duty to do what is right for our country.

This agreement carries out the democratic will of the British people, to leave the European Union, as expressed by the referendum.

It allows the United Kingdom to take back control of our borders, laws and money – and it delivers a close and cooperative partnership with the EU.

Crucially, it delivers for the British economy. No negotiated agreement is likely to deliver everything that anyone wants. Perhaps no agreement could ever do so.

But for our communities, our prosperity and for future generations, I believe this Agreement is the right thing for the United Kingdom.

I commend this deal and this motion to the House.