

Speech: International Business Festival Speech

It's fantastic to be here at the largest business festival anywhere in the world.

On today's theme, shipping and logistics I can think of no better location than here in Liverpool.

Just over a century ago, the historian W.T. Pike wrote...

In olden times it used to be said that 'all roads lead to Rome'.
Today, all seas lead to Liverpool.

Indeed – at the turn of the 20th century Liverpool was a titan of the global goods trade.

This city conducted one third of the UK's export trade, owning one third of UK shipping, and one seventh of all registered shipping anywhere in the world.

Today – Liverpool is retaking its place as a major player in world trade.

In 2016, the completion of Liverpool's £400 million container terminal meant that instead of accommodating just 5% of the world's container vessels the port can now accept 95%.

But despite its strong history in goods this is also a region which excels in services.

Head to almost any country on earth and examples are right before your eyes.

Just take China.

On Shanghai's historic waterfront, you'll find three buildings modelled on Liverpool's 'Three Graces' which stand just a mile north of here.

Across the country the Chinese are discovering our creative industries; in other words, services.

Harry Potter spin-off Fantastic Beasts and Where to Find Them filmed on the streets of Liverpool took more than £30 million in China on its opening weekend.

And in Beijing as soon as you step off the plane you'll enter a terminal designed by architect Norman Foster.

Who was born in Stockport and studied at the University of Manchester.

Frankly – we've got a services sector that other countries would kill for.

The labels 'designed in Britain', 'filmed in Britain', 'recorded in Britain' are hallmarks of quality.

And our [Industrial Strategy](#) is all about growing strengths just like these.

So today I want to talk about how we can build on our deserved reputation as a go-to destination for quality services to make the UK the very best in the world.

Here in North West England three million jobs are in services sectors.

That's 8 out of 10 of all jobs in the region.

When we think about those people who work in 'services' across the UK, we think of bankers, lawyers, and accountants. They make a big contribution to our economy.

In Liverpool, Manchester and Leeds – legal and financial services have had a long history.

But, that's not the whole story. Services cover many other sectors you might not immediately think of.

Lots of the people I grew up with on Teesside have enjoyed good careers, earning good money for themselves, their family and the country servicing offshore oil rigs in the North Sea. Learning a set of skills which they could then take with them and use around the world.

On top of this, the contribution services make to our manufacturing sector is not always fully appreciated.

More than a third of the value of UK manufacturing exports reflects service sector value added.

While half of the jobs in UK manufacturing are actually in services occupations.

In a world of cutting-edge, hi-tech goods, a product and the services needed to keep it running smoothly are often inseparable.

In this sense, exporting a product abroad isn't just the 'end of a deal' but also the 'beginning of a relationship'.

For example, when Rolls-Royce sells an engine the business value often comes from the long term in-service support and partnership with the customer rather than the initial sale itself.

From film, to healthtech, to services roles linked to advanced manufacturing. So many jobs rest on our ability to export beyond our shores.

British services have a deserved reputation for quality, which has reached all four corners of the earth.

But right now, we need to recognise that, the EU is by far and away the single biggest consumer of our services exports.

£90 billion of services exports went to the EU in 2016.

That's more than to our next eight largest partners: the United States, Switzerland, Japan, Australia, Canada, China, Singapore and Norway – combined.

And if you needed more proof of our strength in services, we export far more services to the EU than we import from them.

With a surplus of over £14 billion in 2016.

This extraordinary performance has been built on the back of established trading relationships with the EU. And in particular by being able to be confident in the right to sell services as well as goods.

This arrangement has made sure UK firms are treated the same way as EU ones.

Ensured others recognise our professional qualifications.

Made it easier to set up a subsidiary in the EU. Allowed profits to be returned to the UK without restriction.

And set out rules that made it easy for companies providing services to send workers to wherever they were needed.

Over the years, we've become used to these things.

But they don't happen without agreement.

So, as we leave the European Union, we must deliberately set out to maintain these rights and introduce as few new barriers to trade in services as possible.

This is every bit as important as avoiding barriers in manufactured goods.

So far, however, the debate has focused mainly on goods.

About how our new customs arrangements with the EU need to keep the borders flowing and avoid costly delays and paperwork.

That's entirely right. But in order to provide services, it is people who must not be held up.

'Mobility is to services what customs is to goods'.

According to the Engineering Employers Federation, three quarters of manufacturers are posting workers.

Sending their UK employees to undertake activities in other EU member states.

Doing everything from attending trade fairs to selling and marketing their

products.

From undertaking training courses, to installing, servicing and repairing their products.

And when I talk to UK companies who offer services, many of them stress the importance of this business mobility. The temporary cross-border service provision which underpins their business-as-usual.

From creatives, to engineers, to global aerospace firms, every single day, fly-in, fly-out trips keep the wheels of business turning.

Let me give you some examples.

Just this morning, I was at Prinovis, a printing company just up the road from here, hearing how they regularly send their UK employees to sites across Germany on business.

I've also heard from Colchester Machine Tool Solutions.

In their words:

Going to Germany is like going to Aberdeen.

With 40% of their exports going to the EU, they often need to deploy service engineers to member states within 24 hours for urgent site visits to service the manufacturer's warranty, for example.

Or take Airbus in the UK.

Their employees made 18,000 trips to France alone in 2017.

Because they need to move employees in such numbers at such high frequency they operate their own internal shuttle between their site at Broughton, not far from here in North Wales, and their Bristol and Toulouse sites, in addition to commercial flights.

This ferries around 50 employees a day to undertake business critical work.

If we were to include all movements both ways, including commercial flights, then it's around 30,000 trips!

So I completely understand when companies say that they rely on efficient mobility as it currently stands, raising concerns that restricting people's ability to travel at short notice would be as damaging to our economy as frictions and disruption at our borders.

The issue of mobility is an important one.

The Prime Minister touched upon it in her Mansion House speech, saying that we want to:

Agree an appropriate labour mobility framework that enables UK businesses and self-employed professionals to travel to the EU to provide services to clients in person.

So I hear, loud and clear:

5 requirements that business has to ensure that our services trade with the EU, and the manufacturing that is inextricably linked to it can continue to flourish:

- the mutual recognition of professional qualifications
- the clear right to continue to be able to send people to provide services across Europe
- simple intra-company transfers of people
- the right to establish operating bases or offices on the same basis as a local firm
- the ability to remit the profits of those activities

Let me clearly say that I, and the Prime Minister value the contribution of businesses, including the ones we're celebrating at today's festival.

Because the business view puts evidence before ideology.

You all know the reality of employing people and exporting across the world.

And that is something we need to listen to.

Beyond Brexit, our modern Industrial Strategy is helping Britain seize the vast opportunities of new innovations and technologies, which could transform our services sector.

On Monday, the £12 million 'Next Generation Services Challenge' opened for applications.

As part of our Industrial Strategy Challenge Fund, it will Invest in projects using AI and data technologies to transform accountancy, insurance and legal services.

And when the next generation of researchers and innovators look at where to develop their next big idea we want the UK to be top of their list.

So today we're announcing £1.3 billion of investment, to grow our research and innovation talent.

Helping to create the tech CEOs, research pioneers and Nobel Prize winners of the future.

The inaugural Future Leaders Fellowship Programme will provide funding for 550 rising stars of science and innovation.

These new fellowships, awarded in the next three years, will have a lifetime value of nearly £900 million.

They will be open to people from all over the world.

On top of this we are investing £350 million in prestigious National Academy fellowships and allocating £50 million for additional PhDs.

The money will help ensure the UK invests 2.4% of GDP in R&D by 2027.

And help us become the world's most innovative economy by 2030.

So ladies and gentlemen,

Just as in the past, 'all seas led to Liverpool', I know that, in the future, we must make sure that roads, railways, searoutes and runways will take not only British goods, but British people to, and from, Britain as they continue to ply a prospering trade in goods and services.

And at this – a festival of business it's only right that we celebrate our prowess in goods and services.

Across the world, and across Europe, customers opt for our apps, our films, our healthtech and other services pioneered right here in the UK.

In the years to come I know that we will build upon this position of strength.

The great city of Liverpool stands as an example.

Founded on trade in physical goods, it is even more renowned for its cultural strength – in other words, the services it trades on.

So, let's keep looking outwards, let's keep being open, and let's keep sending British people, as well as British goods to serve us well in markets across Europe and around the world.

Thank you very much.