

Speech: Liechtenstein Farewell Speech

Ladies and Gentlemen,

Thank you. I really appreciate the chance to deliver some reflections on what has been a fascinating time to be Britain's ambassador to Liechtenstein. Four years have gone by very quickly, which is usually a very good sign!

I have very positive memories of my first visit in early 2014 to present my credentials to His Serene Highness Prince Alois. The weather was crisp and snowy, but the welcome was warm. My first official dealings with Liechtenstein were 17 years earlier when I was responsible for our bilateral relations in London. The British Embassy organised a visit to Vaduz by our Foreign Secretary. Not only was it on a Sunday, but also you were holding your elections at the time! So, this may be a little late – but thank you for looking after us when you were so busy!

Being a non-resident ambassador presents a challenge of how to engage effectively with your host government. Liechtenstein makes this easy, with generous access to policy makers and tailor-made events such as the excellent annual tradition of Information Days for Ambassadors. These, together with the excellent New Year's Reception hosted by His Serene Highness and your very enjoyable 15 August National Day celebrations, provide regular opportunities for engage with the diplomatic community.

Of course, every ambassador wants to supplement these with bilateral occasions. I am no exception. I was very impressed by the Princely Liechtenstein Tattoo last year. Another particular highlight was the visit of our world-famous Globe Theatre to perform Hamlet in Schaan. It was a wonderful performance in an impressive theatre. Before the play, I threw a diplomatic tea party for our 400 guests, and even played the piano in the background! Both events gave me an insight into Liechtenstein life beyond the workplace.

Ours is a healthy, positive and growing bilateral relationship. Our two-way bilateral trade was worth £107 million in 2015 – 600% up on 2005 levels. Even more impressively, Liechtenstein's foreign direct investment into the UK is worth £4.5 billion. Per capita, that makes you our second largest investor per capita, comparing very well with Switzerland's (also impressive) FDI total stock value of £39 billion in the UK. Liechtenstein is certainly playing its part as a "job motor" in Britain with your manufacturing companies responsible for over 1,000 UK jobs, and I have been grateful for the chance to visit their headquarters.

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The prosperity of both our countries depends on maintaining modern, well-run, financial services sectors. Our respective governments have developed strategies for the introduction and expansion of best practice. The UK is deeply committed to better international governance on tax and transparency,

and we continue to play a global leadership role in the G7, OECD and EU.

I have spoken before in Liechtenstein about some of your more recent reforms. I am very aware that this work is not new. The Liechtenstein Declaration is nearly a decade old. Britain represents an important market for your financial centre, and it is safe to say that our two governments have done a great deal of work together on the tax and transparency agenda, and I hope that they will continue to drive forward the international transparency agenda in the future.

Liechtenstein has come a long way. Your participation in the Automatic Exchange of Information on tax as an 'early adopter' of the Common Reporting Standard exchanging information from September 2017 is a very welcome contribution to the huge global changes in tax transparency over the last five years or so which the UK has so actively supported and helped to lead. Our respective officials are in touch about ways to raise awareness of evolving legal and regulatory requirements. Indeed, a delegation from Her Majesty's Revenue and Customs will visit Liechtenstein in December to meet with representatives from your administration and the Financial Centre.

It is against this backdrop of constructive collaboration that I was interested to learn of your most recent set of innovations developed jointly by the government and financial centre. Earlier this year you launched new procedures and products with the aim of helping existing and future UK taxpayers to ensure that they are UK tax compliant when investing in banking, insurance and trust markets in Liechtenstein. While, as you have said, it is ultimately the client who has the responsibility for filing a correct and accurate return, arrangements such as the ones you recently introduced which are designed to promote tax compliance deserve recognition. One of the main reasons why I am here today is to offer that encouragement. I am pleased that Liechtenstein has seen the opportunities brought about by automatic exchange of tax information and has taken the initiative to cultivate an even higher compliance culture. This is the kind of progress the UK's global tax governance initiatives are designed to foster. I look forward to seeing the full fruits of Liechtenstein's reforms as they go forward.

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In the field of foreign affairs, our two countries find ourselves on the same side of the table on many issues. There is much that we agree with on commitments to human rights protection, fighting corruption and promoting climate protection. This is not surprising for two progressive nations with very similar values. And this feeling of political kinship goes back quite a long way. The British delegation to the CSCE talks in the early 1970s described their Liechtenstein counterparts as "admirably robust on questions of freedom".

We share Foreign Minister Frick's passion for issues surrounding women, peace and security and are keen to explore further areas for collaboration. Fighting modern slavery is very much a common priority, as was clear from your Foreign Minister's recent visit to London on 30 October. British Ministers were keen to discuss a range of UN and other global issues – it remains extremely important to work together to protect rules-based

international governance against growing threats. The arrangements for a smooth transition in our political and economic relations following Brexit were also on the agenda.

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The UK wants a deep and special partnership with the European Union that covers trade, security, law enforcement and criminal justice cooperation.

We do not want to adopt an existing model. Some of our EU friends favour a stark choice between something based on European Economic Area membership, or a traditional Free Trade Agreement, such as that the EU has recently negotiated with Canada. Neither of these options would be best for the UK or for the EU. We want to find a creative solution to what will be a new economic relationship.

The UK and the EU start from the unique position of regulatory alignment, trust in one another's institutions and a shared spirit of cooperation. We recognise that membership of the Single Market is built on a balance of rights and obligations and we do not pretend that you can have all the benefits of membership without its obligations. Our task is to find a new framework that allows for a close economic partnership but holds those rights and obligations in a new and different balance. We want to deliver the greatest possible tariff and barrier free trade, including by reaching a new customs agreement.

The UK will remain unconditionally committed to maintaining Europe's security. We want a bold, new strategic security partnership with the EU, taking in cooperation on diplomacy, defence and security, and development.

We have made significant progress since negotiations began. Theresa May's speech in Florence added new momentum by making a firm commitment on the financial settlement; and proposing a time-limited implementation period that is in the interests of both the UK and the EU.

We have offered reassurance to EU citizens living in the UK. We want people to stay and families to stay together. We are now in touching distance of an agreement and have committed to incorporating our agreement fully into UK law.

This will ensure that EU citizens in the UK can directly enforce their rights in UK courts – providing certainty and clarity in the long term. Over time, our courts can take account of the rulings of the European Court of Justice in this area, to help ensure consistent interpretation. But our priority remains to preserve the sovereignty of our courts.

We have reassured EU member states that they will not need to pay more, or receive less, money over the remainder of the current budget plan. We have also been clear that we will honour the commitments we have made during the period of our membership. We have also made good progress on Northern Ireland. We have set out a model for our future economic partnership and security relationship with the EU – which will be to our mutual benefit.

Many withdrawal issues are of course linked to the future relationship. In areas that range from agreeing judicial cooperation on criminal matters to deciding what happens to imported goods on UK and EU shelves on exit day, we need to discuss withdrawal issues and our future partnership at the same time.

We now need to look forward to the December European Council and to the framework for our future relationship, as well as transitional arrangements.

Now is the time for both sides to step forward together and start discussing our future relationship. People and businesses across the UK and the EU deserve clarity and certainty for the future.

The UK continues to engage in discussions in a pragmatic and constructive way to make the progress needed. We now need to see flexibility, imagination and a willingness to make progress on both sides.

We want to make a success of the December European Council and to achieve this we have to move together. We remain ready to engage as often and as quickly as needed.

The United Kingdom will cease to be a member of the European Union on 29th March 2019. At that point, neither the UK – nor the EU and its Member States – will be in a position to implement smoothly many of the detailed arrangements that will underpin our new relationship.

We have proposed a time-limited period for implementation. The framework for this period, which can be agreed under Article 50, would be the existing structure of EU rules and regulations. We want our departure from the EU to be as smooth as possible – it would not make sense to make people and businesses plan for two sets of changes in the relationship between the UK and the EU.

We will have to negotiate the detail of how the implementation period will work. This may mean that we start off with the ECJ still governing the rules we are part of for that period. If we can agree to bring forward the implementation of new dispute resolution mechanisms more quickly, we would wish to do so.

An implementation period would ensure that businesses do not have to make major decisions before they know the shape of the final deal between the UK and EU. It will also provide both sides with the time they need to set up any new infrastructure and systems required by our future partnership.

We should concentrate our negotiating time and capital on what really matters – the future long-term relationship we will have with the EU after this temporary period ends.

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Liechtenstein's importance as a bilateral commercial partner and member of EEA and the Swiss customs union makes engagement a priority. We have been preparing the ground for some time and have launched a dialogue between

senior Liechtenstein experts and their British counterparts. In my own discussions in Vaduz and elsewhere I have stressed that we are committed to seeking continuity in our current trade and investment relationships.

It is also worth underlining that we want to treat EFTA state nationals in the same way as EU citizens and hope to see the same treatment for our own nationals on a reciprocal basis. We want to continue to be a magnet for international talent and a home to the pioneers and innovators who will shape the world ahead.

Our first priority has to be to agree new arrangements with our EU partners. But we have the same level of ambitions for our EEA partners and took the opportunity of the Foreign Minister's visit to reaffirm our desire to liaise closely. It is clear that Liechtenstein will play an increasingly prominent role in our economic future and there is some work to do to make sure that the necessary arrangements are in place.

In due course, we should also start to explore new opportunities, in areas such as financial services, high-end manufacturing; and research and development. We have a positive agenda for a secure and prosperous Europe. And we will want the closest possible links with our European neighbours.

I have been very lucky to have been Ambassador to Liechtenstein at such an interesting time. The bilateral relationship has never been so good, with rapidly growing contacts between Ministerial and officials. I have enjoyed immensely the experience of seeing our relations deepen and broaden and will continue to take a close and active interest in Liechtenstein when I return to London.

Thank you very much for your attention.