

Speech: The 'firm friendship' between the UK and Spain

Your Excellency Ambassador Bastarreche, Mr President San Basilio; distinguished and honourable friends; please allow me to thank the Spanish Chamber of Commerce for their kind invitation to attend this annual gala.

It's an honour and privilege to be here and to address you all.

I was invited to give a speech on a topic of my choosing; which was fantastically exciting. But my office insisted that, given I am a Minister for International Trade and, given I would be speaking to such an esteemed audience, I should perhaps narrow my focus a little.

So my speech on the Great Fire of London which started just a stone's throw from here and ravaged the original version of this beautiful building, the Skinners Hall, will have to wait for another day...

Nevertheless, the commercial relationship between the UK and Spain is something I am more than happy to discuss. And today is an opportune moment to do so.

Today we can look back on a year when the historic visit of King Felipe and Queen Letizia demonstrated the strength of our longstanding bilateral relationship.

Indeed, the UK and Spain share diplomatic ties going back 500 years, and commercial ties which go back even further. Even Shakespeare made reference to the joys of Spanish sherry and Canary wine. It is certainly a proud history on which to build.

Even more tantalising than sherry or wine is the vitality of our trading relationship today, and the opportunities we can see for tomorrow.

That is why as well as being able to celebrate the past, tonight is an opportunity to look to the future, and the chance we have not just to sustain, but strengthen our bonds of friendship.

Spain is the UK's seventh largest trading partner, with UK exports to Spain in 2016 amounting to an impressive £14.6 billion. Furthermore, figures show that UK exports of goods to Spain increased by more than 15% in the year to November 2017, compared to the same period a year ago.

The statistics on our investment in one another's economies are even more impressive.

Spanish investment in the UK was £30.3 billion in 2016, with Spanish firms investing in our transport infrastructure, in clean energy, telecoms, automotive manufacturing and financial services. Spanish banks have the largest presence of all foreign banks in the UK, larger than Germany or the

USA; indeed Santander alone employs around 20,000 people in Britain.

Meanwhile, UK investment in Spain was £56 billion in 2016, 24% higher than in 2015. Globally renowned British brands are flourishing with the likes of Rolls Royce, GSK, Diageo, BUPA and BP, helping to generate many jobs in Spain.

And yet, there is potential to do much more.

When Prime Minister Rajoy visited the UK in December he wrote of his ambitions for our relationship, stating:

The aim will be to build a strategic alliance to respond to the common challenges and goals of the 21st century. Britain can count on Spain's loyal and sincere friendship. We want the best for the UK because it is simply another way of wishing the same for Spain.

I believe that fulfilling that potential should be the ambition of all of us here this evening.

This will not be without challenges. I appreciate that many of you will likely have concerns about the UK's exit from the European Union and our future relationship with our European partners.

But I can stress to you this evening, as I have done on many occasions, the UK's vote to leave the EU was not a decision to turn our back on our friends in Europe, it was a vote to build a more global Britain alongside, and in partnership with, a strong Europe.

The referendum was not driven by isolationism, nor is it an excuse for Britain to abdicate from its international responsibilities.

We are not rejecting our European friends and allies or disowning any of the good that the European Union has done. Rather, we are looking to strengthen our ties with those nations, which will drive economic growth in the 21st Century.

There can be no doubt that the UK and Spain are united in our ambition for a brighter, more prosperous world for both our peoples. Through our common outlook and shared values, we share a firm friendship that will only grow as we redefine our relationship with the European Union in the coming years.

We will approach our future discussions with the EU with determination and creativity. We are working to secure the best and most ambitious agreement that will benefit us, but also, importantly, that will benefit our European partners.

As the Prime Minister has said, to hope for anything but success for our neighbours would be truly perverse. It would be an inconceivable act of self-harm.

And of course, we cannot overlook the continued importance of the UK to the European Union.

Overnight, on 29th March 2019, the United Kingdom will immediately become the EU's second-largest and most important external trading partner; a vast, £600 billion export market, rivalled only by the United States in the depth and breadth of our commercial connections to the continent.

The EU is rightly seeking free trade agreements with the likes of the Mercosur nations, Australia and New Zealand (which we, like Spain, overwhelmingly support). But it would be absurd for the EU not to seek a comprehensive free trade agreement with almost its largest trading partner, only 30 kilometres from the coast of France – the United Kingdom.

As we look to develop this new partnership, we start from the unique position of regulatory alignment, trust in one another's institutions and a shared spirit of cooperation. We should, therefore, be optimistic, and ambitious, about what we can achieve.

That is why the UK government is listening to business. We are keen to understand commercial concerns and make sure we address them where we can, giving them the certainty they need to invest and grow.

For example just this week the Secretaries of State in HM Treasury, BEIS and DExEU issued a joint letter to businesses setting out our ambitions for an implementation period, to help businesses adapt and prepare for the UK's exit from the EU.

Equally, I am sure my Spanish counterparts and governments throughout the EU27 are keen to understand business concerns and how the EU's future trading relationship with the UK will affect commercial interests.

I would urge all businesses to use this opportunity to advocate an open, frictionless trading relationship; building on our firm partnership to prioritise investment, growth and job creation.

We are setting out to build this new relationship at a time when we are facing the voices of economic nationalism and anti-globalisation. Growing protectionism in the world is of great concern to us all.

Free trade has transformed the world for the better; opening up new markets, providing access to millions of potential new customers, and allowing businesses to benefit from the exchange of ideas, expertise, talent and technology, across borders.

It is critical that the UK and Spain continue to collaborate as global advocates of free trade, for example in our shared support for the EU-Mercosur Free Trade Agreement.

I sincerely hope that we continue to work together, to champion the cause of free trade, both while the UK remains a member of the EU and after our departure.

I would like to close this evening, firstly, with a commitment.

A commitment that this government will forge ahead, creating the conditions for your businesses to grow and succeed, confident that your investment is underpinned by sound institutions, the rule of law, proportionate regulation and open markets.

And secondly, with an ask. An ask that you continue to innovate; to invest; to identify and capitalise on opportunities, and to create jobs and prosperity for all of our citizens.

I look forward to working with you all, to build on the solid foundation of our unique and historic relationship and to realise our mutual aspirations for a more prosperous future in both of our great nations.

Muchos gracias.