

# Speech: The UK's trading partnership with Hungary

It is a great pleasure to be here in Budapest, at the Hotel Aquincum.

I first came to this great city in 1986, as a student at Cambridge University. I remember my visit with great affection: I had spent the previous few weeks in East Berlin and Prague, so arriving in an ever-so-slightly more liberal Budapest was quite a relief.

And I remember the strong feelings against Communism, and against Soviet domination in particular. And I am proud of the role Britain has played since in supporting democracy and free markets in Hungary.

I was one of the first western European business people to come to Hungary – in 1990 – to do business, and remember well the independent and entrepreneurial spirit of the Hungarian people then, as well.

Moving to the present day – before, during and after Brexit, the UK will stand by Hungary.

I would like to extend my thanks to our host, the Széll Kálmán Foundation, for the opportunity to speak to you about trade policy in the context of the UK's exit from the European Union.

## **The UK and Hungary's bilateral relationship**

Today, the UK – Hungary bilateral relationship is stronger than ever. Hungary is a close friend to the UK – culturally, with shared values of trade, science and innovation and defence cooperation. Our bilateral relationship will endure long after we have left the EU.

Many Hungarians have come to study and work in the UK since your country joined the EU. My optician is Hungarian. The wife of one of my best friends in Parliament, David Davies MP, is Hungarian. They are just 2 of the 250,000 Hungarians in the UK, who we greatly value. I have heard London could be Hungary's second biggest city after Budapest! Hungarians have made valuable contributions and we want this to continue.

We also want to continue to deepen bilateral ties, and you may know that our embassy recently moved into a bigger building to accommodate a 30% increase in staff here in Budapest.

We have strong economic ties. The UK is currently the sixth largest foreign investor in Hungary and indeed Tesco is Hungary's largest private sector employer, with 20,000 employees, and sources their products from 1,650 Hungarian small and medium sized suppliers.

Our economic relationship extends across a wide range of sectors including

telecommunications, electrical machinery, pharma and manufactured goods, making Hungary the UK's third largest export market in Central and Eastern Europe. Hungary's exports to the UK have almost trebled since 2000.

With such close bilateral economic ties, there is no appetite for increased market barriers on either side.

I hope that over the next weeks, months and years, we can continue to work closely with our Hungarian friends and allies.

## **The UK's future economic partnership with the EU**

We want an economic partnership with the European Union that delivers the maximum possible benefits for both our economies whilst respecting the integrity of each other's institutions and autonomy.

We start from a unique position – on day one we will have exactly the same rules and regulations. We are looking for a new trading agreement that reflects the reality of this shared starting point.

Many of our sectors are closely interconnected. The complexity and integration of supply chains, across the UK and EU, show the importance of ensuring cross-border trade is as free and frictionless as possible.

Our future economic partnership should cover both goods and services – they are often intertwined. The fewer the restrictions, the greater the benefit to businesses, consumers and services providers, on both sides. This will not add up to Single Market membership – we are looking for something different. We understand you cannot have all the benefits of membership of the Single Market, without its obligations.

Our shared goal should be to find a new balance of rights and obligations that reflect the scale and breadth of our close ties. We will need a common set of standards and principles to underpin our new partnership. This is a requirement for any free trade agreement and our future partnership will be no different. Our proposal is ambitious and creative.

It is in both the EU's and the UK's interests to maximise shared prosperity and minimise disruption, while respecting the integrity of the Single Market.

Overnight, on Brexit day, the UK will become almost the largest external trading partner of the EU, second only to the USA – bigger than China, India or Japan. We will be the largest non-EU partner for Hungary itself.

The EU is currently seeking free trade agreements with Mercosur, Australia and New Zealand – it would be absurd not to seek one with the UK.

The EU has a variety of different relationships. But none of the present ones would be appropriate for the UK's future relationship, or in the mutual interests of each side. Joining the EEA would represent too much of a loss of democratic control for the UK, while a Canadian-style deal would offer too low a level of market access.

We can do so much better. European interlocutors, including Michel Barnier, have recognised we will need a deal that reflects “the specificities” of the UK’s relationship with the EU. We are optimistic about the discussions ahead.

## **The Department for International Trade**

The particular responsibility of the Department for International Trade is to support UK businesses to export and invest in Europe and other regions of the world, to support them with the finance to do so, and to lead on trade policy – through the EU whilst we are still members, and in setting our future trade policy (my particular role).

We are still actively participating in the making of EU trade policy. I represent the UK at EU meetings of trade ministers, the next one being held in Sofia at the start of next week. We are fully supportive of and engaged in the EU’s liberal trade agenda, where particular priorities at the moment are trade agreements with Mexico and Mercosur, and signing the trade agreement with Japan.

I participated in the [11th WTO Ministerial Conference in Buenos Aires](#) in December, and my department is now working hard to maintain ambition at the WTO, advancing discussions on digital trade, domestic regulation in services, investment facilitation, and micro, small and medium sized enterprises (MSMEs).

## **The UK’s future independent trade policy**

My department has also set out this government’s vision for our future independent trade policy last year. The initial thrust of this policy is to provide continuity for business and consumers.

This includes ensuring that UK and EU businesses and consumers can continue to trade freely, as part of a new deep and special partnership. For example, we intend to transition all existing EU free trade agreements, potentially including the EU-Japan Trade Agreement concluded in December. As the UK exits the EU, we will work quickly to establish a new economic partnership between the UK and Japan based on the final terms of the agreement.

To ensure continuity, we are preparing the necessary schedules that replicate as far as possible our current tariff obligations. We will join the [WTO’s Agreement on Government Procurement](#) (GPA) as an independent member, maintaining current guaranteed access to global procurement opportunities and offering value for money.

More broadly, we aim to ensure economic prosperity for our businesses, workers and consumers, who often have ties to the continent, too. We support a fair and proportionate rules-based system, for trade at home and internationally. We will also stand for a trading framework that supports foreign, domestic, sustainability, security, environmental and development goals.

Our future independent trade policy will also seek to boost our trade relationships with old friends and new allies. Here, we will seek to increase access for exports, further liberalise the services sector and digital trade, whilst ensuring a high level of protection for consumers, the environment, employees and public services.

However, free trade does not mean trade without rules. We also prepare for a trade remedies framework to protect domestic industry against unfair practices or surges.

Of course we are developing our future independent trade policy in the context of EU exit. We would not bring into effect arrangements that are not consistent with the terms of an implementation period.

In conclusion, before I open the floor for your questions, let me reiterate how important it is to me to listen to your views, concerns and hear about the opportunities you see.

As I said, our future independent trade policy puts continuity for business and consumers first. Britain and Hungary are great friends. I hope we can count on your support.