

Speech: Trade policy townhall

Thank you.

We're on the cusp of a profound moment for British trade. It's almost exactly 13 months since Article 50, so it's now 11 months until we leave the European Union.

As has often been said, nothing is agreed until everything is agreed. But based on that text that was agreed last month, that means we're 11 months from being able to negotiate and sign trade agreements – a power we haven't had for 45 years.

That really does matter: it's a time of great opportunity, but also great responsibility.

The vitalness of stakeholder engagement

And if nothing else that reminds us – especially sitting here, in the world's greatest scientific society – of the need for a good evidence base.

Trade policy can be complex, after all. So I'd like to thank you all for coming – it really is important for us to hear what you have to say, and for you to contribute your expertise.

That's why we genuinely put a lot of stock on stakeholder engagement – and thank you to everyone who responded to the Trade White Paper.

Many of you here are from business, or representing businesses. As I often say: businesses trade, not the government – we're just here to help them trade.

Trade agreements are important, but ultimately they are simply there to facilitate you to do the actual trading.

They only have value insofar as they're of value to individuals and to businesses.

The first thing that businesses normally raise with me is their need for certainty, so that's the first thing I'm going to address: how our trade policy is designed to deliver certainty and continuity, whilst also taking advantage of the opportunities that lie outside the Customs Union.

Business after Brexit: certainty and continuity

The agreed text provides for an implementation period until the end of 2020, during which business will have access to the single market on the same terms they do now, giving more certainty for the near future and more time for firms to adjust.

And for 2021 onwards, the Prime Minister has said that she wants a deep, comprehensive and unique free trade agreement with the EU, so our businesses can have the best possible market access.

And, turning to my area of responsibility as Minister for Trade Policy, we are looking to transition the EU's 40-or-so existing third-party free trade agreements, to give our businesses continued access to those markets on current terms.

We're also supporting the EU in its ongoing negotiations elsewhere. The Commission is currently prioritising new agreements with Singapore and Vietnam and we are strong supporters of these: we're full members of the EU until we leave, and we're going to play a constructive role in the meantime.

And we're working to take up our independent position at the World Trade Organization, too. We're already a member in our own right, but we're currently covered by the EU's commitments, so we need to negotiate schedules in our own right.

This is not a cliff edge – the EU's schedules haven't been up to date in years.

Nonetheless, it is important that we do update them. In order to deliver maximum certainty and continuity for businesses, we will be replicating the EU's existing schedules.

Together, these will give a great deal of certainty: certainty of continued access to the EU market in the near-term; certainty of deep and comprehensive access in the long-term; certainty of continued access to the EU's free trade agreements; and the certainty of the WTO's global rules.

And that certainty is certainly achievable.

Achieving continuity: trade bill, FTAs, the WTO

On the free trade agreement, it's in the strong interests of both sides to agree thoroughgoing access to each other's markets.

The EU27's exports to the UK were nearly £320 billion last year, making us their second-largest trading partner after the US. This trade is worth more to the UK in relative terms, true, but it's not a zero-sum game.

And this is the only agreement in history where both sides start from a position of regulatory alignment.

Domestically, as Minister for Trade Policy I'm currently taking the [Trade Bill](#) through the House of Commons.

That will give the government the domestic powers we need to roll over existing EU free trade agreements, and to sign up the World Trade Organization's [Government Procurement Agreement](#), so that UK companies can maintain their access to a global public procurement market £1.3 trillion –

and so our public services get the best value possible, on passports or anything else.

The opportunities from Brexit

So that's our approach for the near term, for continuity, for certainty. But what of the opportunities?

The first thing to say is that this isn't all about trade agreements: the government is not solely concentrating on Brexit. To give one example, DIT is currently designing a new Export Strategy.

That will boost our exports – whether they're going to the EU or the rest of the world.

As for our future trade regime – any future trade regime must benefit the poorest among us. That's really important.

The [Taxation \(Cross-Border Trade\) Bill](#) will let us set up our own trade preferences regime, to give developing countries preferential access to the UK market – again, we will deliver maximum certainty.

As a minimum, we will provide the same access as the EU, whilst leaving ourselves room to explore options to make our preferences even more generous and easy to use in the future.

And any future regime must work for consumers, as well as businesses.

We're absolutely committed to upholding and strengthening our already high standards – so that consumers know they're getting products that are safe to use, of good quality, and friendly to the environment.

As a country, our comparative advantage is in quality, not price: we want to see a global race to the top, not a race to the bottom.

Why we should leave the Customs Union

As for the Customs Union. The Prime Minister has been very clear that leaving the EU means leaving the Customs Union, and the UK will be leaving the Customs Union. That position was restated only this week.

Recently there's been a lot of talk about this, and whether the UK would be better off leaving the EU but staying in a Customs Union.

So I'd like to talk through the reasoning behind this decision, and why it's the right one.

If we are in a Customs Union, we would be unable to negotiate new agreements with countries outside the EU. And that's where the real opportunities will lie: according to the IMF, 90% of global growth will be outside the EU over the next decade or so.

While Europe quibbles over tenths of percents, China, for example, is adding an economy the size of Norway to its GDP every 7 months – and that's not even at purchasing power parity.

A Customs Union would leave us with the worst of both worlds. Remember that we cannot stay in the Customs Union, as we will not be a member state – legally it would only ever be a Customs Union.

If you look at Turkey's Customs Union, whenever the EU signs a trade agreement with a third country, Turkey has to open up its markets to imports from that country. But Turkey's exporters don't get access to the third country's markets in return – that's reserved for EU exporters.

Turkey has to sign its own trade agreements with the third countries. But that's very difficult, because Turkey isn't allowed to offer those third countries anything in return, because it's in a Customs Union.

So we should not be staying in the Customs Union. We should aim for an agreement that gives us the best of both worlds and there's no reason why we can't achieve that.

Trade with the EU and trade with the rest of the world – it doesn't need to be an either/or choice.

For the reasons I set out earlier, it's in both sides strong interests to sign a good EU-UK free trade agreement.

And we are also looking to sign new trade agreements abroad. Whilst in the EU we are still bound by the duty of sincere cooperation, so cannot sign or negotiate new agreements.

But we are preparing the ground. We have set up trade working groups covering 21 countries, including the world's largest economies. Myself and other DIT ministers have made over 160 overseas visits.

Only last week I was in Singapore, talking to representatives of the ASEAN nations – it was fascinating to see the dynamism and optimism on show, and that's something we should be taking advantage of.

But we can only fully take advantage with your expertise, so thank you all again for coming today.

Thank you.