

Speech: Britain is open for business: a commitment to open trade

Good morning.

It is a pleasure to be here today to address the SuperReturn Conference, and so many leading representatives of the Private Equity Industry.

We meet in a climate of growing adversity for global trade and commerce, yet it is a subject that seldom gets the attention it deserves.

I hope today to offer plenty of hope and optimism but it would not be responsible to paint only a partial picture.

The fact remains, that for the first time in decades, the established order of fair, free and open global trade, which has done so much to enrich and empower the world's nations, is under threat.

Between 1985 and 2007, global trade volumes increased dramatically, growing at around twice the rate of GDP.

Since 2012 they have barely kept pace.

Perhaps most significantly, in September last year, the World Trade Organisation downgraded their forecast for global growth in the trade in goods from 2.8% in 2016 to just 1.7% this year.

This is an implicit prediction that, for the first time this century, trade will grow more slowly than GDP.

These predictions would be concerning on their own, but they come at a time when an undercurrent of protectionism is once again beginning to tug at global commerce.

Across the world, barriers to trade are going up and the G7 and G20 are some of the worst culprits when it comes to non-tariff barriers and market access restriction.

Each day, the challenges facing businesses – like yours – who wish to buy, sell and invest freely across the world – are rising.

The WTO, in response, has issued a call to its member states to resist protectionism and 'get trade moving again'.

It may seem amazing to us that free trade as a concept should face so much opposition.

In recent decades, the liberalisation of Asia's major economies in particular, has seen millions lifted from poverty.

We have taken more people out of abject poverty in the last 25 years than in all of human history combined.

In western countries, imports and technological advances driven by global competition have seen living standards climb higher than ever before.

And yet, we find the rhetoric of protectionism creeping once more into political and economic debate across the world.

In 1824, the British statesman Thomas Babington Macaulay said that:

“Free trade, one of the greatest blessings which a government can confer on its people, is in almost every country unpopular.”

2 centuries on, his observation is as pertinent as it was then.

It is clear that now, more than ever, free trade needs a champion.

And that is exactly what Britain intends to be.

As one of the world’s largest economies, we have the commercial clout and the political will to make the case not just for free trade but for further trade liberalisation, working with our partners across the world, including here in Germany, to dismantle tariffs and remove barriers to trade wherever they are found.

For the first time in more than 4 decades, trade is back at the heart of British policymaking.

Yet if trade is to shape Britain’s global future, then it must also shape the future of our relationship with the EU.

At the heart of that relationship will be our partnership with Germany.

The United Kingdom is Germany’s largest export market in Europe – and second only to the United States globally.

Germany’s trade surplus with the UK is also its second largest worldwide, encompassing almost all sectors from textiles to pharmaceuticals, and insurance to R&D services.

In turn, Germany is the destination of over 10% of British exports – our 2 countries have developed a deep and productive economic interdependence.

Yet, as the 2 greatest free trading nations in Europe, we not only share the bonds of commerce and industry, but work closely together to make the case for free and open trade both inside and outside the European Union.

Chancellor Merkel in particular has been a strong advocate of free trade, and her tireless work on European FTAs and staunch defence of commercial liberalisation has been much admired in the UK.

The United Kingdom may have voted to leave the European Union, but we will never leave Europe.

Our partners across the continent will remain among our closest friends and allies in commerce and in security .

We want to realise a new relationship with Europe based upon open trade and mutual prosperity.

Given the challenges facing commercial interests across the globe, we should all consider whether we really want to create barriers where none currently exist.

The OECD has recently published a paper documenting the ever-increasing interdependence of the global economy, highlighting the number of countries whose exports contain a high proportion of imports, all competing in the market place.

Indeed, so much of world trade relies on the existence of complex global value chains.

So let me be very frank, any new impediments to trade and investment in Europe would not only be politically irresponsible, but economically dangerous – and not just for Europe but for the wider global economy too.

We do not act in a political vacuum and our economic action will have global implications.

I must, at this point, be unequivocal – Britain wants the EU to succeed, and to succeed in a competitive and open trading environment.

Our referendum result was in no way a desire to see the EU broken or diminished.

The United Kingdom may have chosen a different path, but we will not reject those values that still bind us to our European neighbours.

Freedom, equality, democracy, the rule of law – these have always formed the basis of our relationship with our European neighbours, and will continue to do so far into the future.

From a purely practical standpoint, too, it is in the interests of the British government to have a strong, stable and prosperous European Union as our immediate neighbour.

Our co-operation on defence, intelligence and security has been one of the most successful such projects in history working alongside our key allies in North America.

Every day, Britain, Germany, France and our other partners work tirelessly to protect the citizens of Europe, tackling every threat from crime to terrorism to foreign military powers.

Economically, too, the benefits of continued partnership are clear to see.

Commercial and economic interdependence is the future – protectionism is no

longer simply import tariffs and border checks by uniformed customs men, but anything that jeopardises the free flow of resources and capabilities between companies located in different countries.

These networks cross every country in Europe, economic ties that bind us together.

And standing here in Berlin, I must say that few nations on Earth understand this as well as Germany.

The simple reality is that for Britain to wish failure upon the EU would be to wish failure upon ourselves, and vice versa.

The economic destinies of Britain and Europe, and the prosperity of our people, are too closely enmeshed.

To have a future that does not involve friendship and co-operation is simply inconceivable but the British people have made it clear that they want a different structural relationship with our European partners – a decision the British government will fully respect.

As Britain's first-ever Secretary of State for International Trade, it is my department's responsibility to attract investors to the UK, and to protect our international reputation as one of the most business-friendly nations on earth.

The Prime Minister talked about her ambitions for 'Global Britain' and I, and my Ministers, have travelled extensively with this same message.

We repeat the message that Britain is open for business.

It may be a well-used mantra, but that does not make it any less true.

The simple fact is that Britain remains one of the best places on Earth to do business.

I have no need to espouse to you the sheer capability of the City of London as a financial centre – the greatest concentration of capability and expertise in the world.

This capability and expertise doesn't solely benefit the UK. London is one of the global cities: its success is an enormous benefit to businesses across Europe. We all have a shared interest in supporting the role London plays.

The underlying strengths that have allowed the City to become such a dominant player are still very much apparent.

Our regulations are clear, our legal system fair and open, and our tax rates comparatively light.

We have a skilled workforce, access to some of the world's best universities and an increasingly strong and world-leading research base.

Our mother tongue is the natural language of international business.

The UK lies in the right time zone to trade with Asia in the morning and the United States at night.

Many European countries boast some of these advantages, but I would argue that only in the United Kingdom are investors guaranteed them all.

It is small wonder that the London Stock Exchange remains Europe's choice from which to launch an IPO or manage an investment fund.

Financial services will have to play a central role in establishing, and supporting, the post-Brexit commercial environment across Europe.

It will be driven, of course, by Britain and Germany, the twin hearts of European commerce – it is a relationship that British businesses and British politicians alike hold particularly dear.

I am only too aware that business can manage risk but dislikes uncertainty. Politicians, both in the UK and across the continent, therefore have a role to play to avoid brinkmanship and embrace pragmatism.

It should be the interests of business and consumers that underpin future negotiations, not wrangling at the political level.

If we are to maintain the confidence of our investors and businesses, then we must strive to minimise disruption at every point of the process.

The most important thing to remember, though, is that we are starting from a point of maximal convergence.

The greatest barrier for those nations wishing to trade into the single market, particularly when it comes to financial services, is regulatory equivalence.

Going forward, then, Britain is in a historically unique position.

This is not an accession negotiation.

In the past, many of those countries seeking access to the Single Market were those newly liberated from the Soviet bloc, striving to bring a sense of order to their economies and regulatory systems.

Clearly, Britain does not fall into this category.

Instead, we will be looking to sell our services into the single market from an equal position, abiding by regulations that Britain helped to design and still implements.

We are already at the point of maximum equivalence – so disruption is not inevitable.

If the UK works with Germany and our other European partners, recognising that we are starting from a position of unity, not division, then there is no

need to disrupt trade, no need to erect barriers, and no need for any investor or business to feel anything but optimism for the future.

Above all else, we must make the prosperity and security of our people the guiding principle of any negotiation.

If we willingly forgo this prosperity, then the burden will fall most heavily on the shoulders of the poorest.

For free and open trade is progressive, creating choice for consumers and helping incomes go further.

Protectionism on the other hand, is regressive, hitting those with the lowest incomes hardest.

The economic wellbeing of our citizens should be paramount, the driver of our public policy.

Prosperity is the British government's guiding principle – yet we recognise that mere policy cannot provide jobs, pay wages, or raise taxes.

It is you – the wealth creators – who are the key to the future.

That is why my department, and the British government, will strive to make the UK the most attractive place to do business – strengthening our economic fundamentals to ensure that we remain at the forefront of global competition.

We will ensure that Britain is a hub of global commerce, a link to an increasingly interconnected world and all the opportunities that entails.

Out of Brexit, a Global Britain will be born: the most ardent advocate for free trade anywhere in the world.

In Germany, we know that we have a longstanding ally in this endeavour.

If we all work for the benefits of our people there is so much that we can achieve together.

Thank you.

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1 Mar 2017



The Scottish Conservatives have today written to First Minister Nicola Sturgeon urging her to clarify her comments on devolution at last night's David Hume Institute event.

In a pre-released excerpt from her speech, the First Minister was due to say that the UK's decision to leave the EU amounted to "an attack on the very foundations of the devolved parliament".

However, amid criticism from opposition parties over her comments, she then failed to deliver the line itself.

Scottish Conservative constitution spokesman Adam Tomkins has written to the First Minister this morning urging her to say whether she stands by the claim, or has retracted her stance.

In his letter, he said:

"Yesterday, your official Scottish Government spokesman briefed excerpts of your speech to the media prior to your speech at the David Hume Institute.

"In a passage about the impact of Brexit, it included this, rather bizarre, sentence: 'So what we have is in effect an attack on the very foundations of the devolved parliament we voted for 20 years ago.'

"Given the fact that the UK Government has made it clear that 'no decisions currently taken by the devolved administrations will be removed from them' and that it intends to 'use the opportunity of bringing decision making back to the UK to ensure that more decisions are devolved', this claim appears to be utterly without foundation.

"This is something you appeared to recognise yourself, given that you did not then actually repeat the words, despite it having been reported widely in the media.

"Given the confusion created by your briefing note, I would therefore be grateful if you could clarify your position.

"Do you believe that our departure from the European Union is 'an attack on the very foundations of devolved parliament', or do you now accept, in hindsight, that this suggestion was simply scaremongering on the part?"

A copy of the letter is here:

<http://www.scottishconservatives.com/wordpress/wp-content/uploads/2017/03/Tomkinsletter.pdf>

In last night's speech Nicola Sturgeon was supposed to say the Brexit vote was "an attack on the very foundations of the devolved parliament".

However, she failed to deliver the line during the speech itself:

<https://twitter.com/kathsamsonitv/status/836666813895360517>

An audio clip is here. She omits the key part at 27 mins 30 secs:

<http://www.davidhumeinstitute.com/nicola-sturgeon-tory-brexite-actions-attack-foundations-devolution/>

Year End review: Ministry of Home Affairs

Following are the highlights of the activities of Ministry of Home Affairs (MHA) during the year 2016:

New expert healthy relationships group to advise on curriculum

The panel will provide advice and support on issues relating to the delivery of healthy relationships education within the curriculum. This includes a range of areas including improving understanding of lesbian, gay, bisexual, and transgender issues, violence against women, domestic abuse and sexual violence, respect and consent, sexism and bullying.

Emma Renold, Professor of childhood studies at Cardiff University's School of Social Sciences has agreed to chair the Group.

As well as teaching on undergraduate and postgraduate programmes in the field of childhood studies, Professor Renold has recently collaborated with Welsh Women's Aid, NSPCC Cymru and the Children's Commissioner to develop the online resource AGENDA: A Young People's Guide to Making Positive Relationships Matter.

Kirsty Williams said:

"Providing good quality learning for children and young people on healthy relationships is essential to tackling a range of important issues and I want to have the best expert advice to help us achieve this.

"I am delighted such an experienced figure such as Professor Emma

Renold has agreed to chair the group as she brings a wealth of knowledge and experience to this new role.

“She is internationally recognised for her work on gender and sexuality in childhood and youth across a wide range of areas including bullying, violence and sexualisation and I look forward to working with her.”

Professor Renold said:

“It is both a privilege and an honour to help support the effective delivery of sex and relationships education within the curriculum in Wales.

“Chairing this panel is an incredible opportunity to draw upon research evidence, and collaborate with experts, including young people, to identify the most effective resources and practices that will address and enhance children and young people’s gender and sexual well-being.”

The panel will be made up of individuals and organisations with relevant experience and expertise.

One month to go until new vehicle tax rates come into force

There’s only one month to go until the way [vehicle tax is calculated](#) will change.

As the changes will only affect new cars and some motorhomes, we thought we’d have a look to see which areas registered the highest number of new vehicles last year.



Driver & Vehicle
Licensing
Agency

Top ten postcodes for new vehicle registrations in 2016

1. Birmingham (B) – 205,156
2. Milton Keynes (MK) – 121,896
3. Guildford (GU) – 90,886
4. Peterborough (PE) – 83,756
5. Leicester (LE) – 79,376
6. Bristol (BS) – 69,763
7. Swindon (SN) – 69,240
8. Slough (SL) – 69,186
9. Reading (RG) – 68,996
10. Northern Ireland (BT) – 68,859

(Source: DVLA)

Get the facts: gov.uk/newvehicletaxrates

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The Birmingham postcode area was busiest buying new vehicles, with over 200,000 being registered.

Birmingham was followed by Milton Keynes and Guildford.

It's no great surprise that postcodes in densely populated areas made the top 10, but it's interesting that Glasgow (67,780), Manchester (32,177) and Liverpool (26,756) were just outside.

Not everybody will be affected by the changes immediately. The changes only apply to brand new cars and some motorhomes registered with DVLA on or after 1 April 2017. But we still wanted to make sure that everyone is aware at the same time, so we've been [blogging regularly](#) to let you know what DVLA's been doing to get ready for the changes. We've been busy in other ways too, including:

- working very closely with stakeholders to make sure that they're aware of the changes, including several webinars, such as for the fleet industry
- [developing a new service](#) to register new vehicles which will launch later this year.
- launching a publicity campaign that's being run across social media, blogs and messages on DVLA literature
- getting our contact centre ready, who have an automated telephone service to quickly answer your questions

The changes take effect from 1 April 2017, so make sure you have a look at the [new vehicle tax rates](#) to see if they affect you.

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