

Second Sea Lord – When is a box Not a box? The need to think differently

Two years ago, the Navy stood in this very building, at DSEI 2019 and outlined the need to change, to transform and to modernise in order to perform our role successfully in an ever-changing and more uncertain world. We set out an ambitious plan to address what we recognised was our diminishing operational advantage and to take the necessary leaps forward to deliver into the future. To do nothing would have meant almost inevitable decline in a world of accelerating technological change; expansion in state and non-threat state vectors; growing geopolitical instability; and increased challenge to the international rules-based order and recognised law of the sea.

Royal Navy transformation represents our largest change programme in a generation. And now, two years later, we have made significant progress across our strategic priorities. In the north Atlantic we have deepened our influence and strengthened our posture at maintaining the freedom of manoeuvre for our continuous nuclear deterrent by working ever closer with the RAF, our partners and allies in NATO and further beyond. In carrier strike we have deployed the Strike Group of over 9 platforms, 30 aircraft and 3700 personnel to the other side of the world where they are currently operating in the Indo-Asia Pacific region, alongside assets from NATO and other international partners. With our new Commando Forces, we have formalised this 5th generation warfighting concept as a Programme and we are now trialing new capabilities as demonstrated recently in the Autonomous Advanced Force 4.0 exercise. In Forward Presence we have deployed our Batch 2 Operational Patrol Vessels to West Africa, the Indo Asia Pacific, the Caribbean and our wider Fleet is more actively engaged across the globe than in recent memory.

We have established NavyX – our technology and innovation accelerator – now relocated to Winfrith in the new Innovation Centre in the Defence BattleLab – it is bringing military, industry and academia ever closer in a symbiotic and mutually supporting relationship – a testbed for the very latest in technology and experimentation.

More broadly, we are developing innovative crewing models and are further shifting the workforce balance to sea to maximise use of our platforms. We have developed the MyNavy application to better inform, understand and facilitate the lives of our personnel which proved invaluable during the peak of the Covid pandemic. We have accelerated the delivery of new ships through Type-31 and have established the Future Maritime Air Force as an uncrewed Programmes within the Service. We have launched the Future Maritime Support Programme to improve our ship and submarine availability and sustainability. We have continued to build Navy Digital capability by rethinking analogue processes and putting live data at the core of our decision-making and strategic prioritisation.

In 24 months this is some achievement...but frankly it is not good enough.

It has become increasingly clear that Underwater dominance, Commando Forces and autonomous Air are those areas where we must focus our greatest attention if we are to achieve true operational advantage. Simply, by applying our greatest thinking, resource and effort we will realise the greatest gain and the best Defence outcomes. This will require bold decisions – some of which will be unpopular – but these decisions will be fundamental to unlocking the potential these areas can deliver to our future force. Each is underpinned by the enabling need to modernise our culture – and an acceptance that this is about strategic prioritisation and a realisation that our resource will always be constrained. It is for us to make those decisions in order to deliver a better Service and the outcome of the IR provides us with an opportunity to realise our transformation ambition, and provide us with the road to follow where technology and capabilities are already available. We must take this opportunity.

But we must be honest that which we have delivered reality so far – however successful – has scratched the surface of our ambition. We are modernising but we have not truly transformed.

So the requirement to change remains absolute despite the opportunity that the Integrated Review has presented. We cannot, overnight, simply remedy the decades of under-investment, overcome the burden of maintaining legacy capabilities and bloated systems, or rewrite swathes of policy and processes and misdirected priorities. Nor must we dither.

We are attacking each of these with vigour but we must accelerate if we are to deliver what you all, justly, expect from your Royal Navy.

However, in an institution as old as the Royal Navy trying to effect large, meaningful and lasting change is incredibly difficult. Even as we drive the organisation forward two steps, we are pulled backward one step by the hand of tradition, organisational “sacred cows”, caution and censorship – all, regrettably, part of our culture. We must think differently.

For too long we have maintained the status quo, becoming comfortable with mediocrity, and resting on bygone victories and successes. We point to Trafalgar, to Saint Nazaire, to the Nile yet forget that they were enabled by: innovation, inspirational leadership, mission command, empowerment, diversity, competition and calculated risk taking.

Whilst we may talk of these crucial attributes, we rarely act like this – these very behaviours that catalyse organisational change are no longer a natural part of our DNA. But it once was – underpinning these greatest successes has always been an inherent desire to transform, challenge and not romanticise over the way things have been done in the past. Admiral Jackie Fisher was bold enough to claim over 150 of his ships were ‘too weak to fight’ and bold enough to act to shift the approach to the threat he faced. By utilising his resources and personnel in a smarter way, the Royal Navy became a stronger, more capable and efficient force by breaking an outdated culture...and with less resource. The principles and lessons remain of use

today.

Our current system must not be allowed to reinforce outdated cultural behaviours and constraining modern workplace approaches; diversity of thought; fail-fast behaviours; and challenge that are instinctive amongst world-leading organisations must be erased. We are not SpaceX, Amazon or MercedesF1 but we should learn from what makes them winners and add it to what already makes us successful. We need to refresh our training, our procurement, our doctrine, and our reporting to make organisational progress.

Whilst not decrying hierarchy, orders and direction – it absolutely has a place – the reality is that in the 21st century we must be smarter and more nuanced in our approach to gain the most from all our people – we must adapt. Our people are more talented and diverse than ever before: many have had prior work experiences or untapped skills which we are

unaware of, let alone use. We may not have the resource of the bigger nations, but our ability to think differently, to think smarter and to maximise the value of all of our people will be essential if we are to win, to be more effective, efficient and productive.

I am delighted that we are trying to get after this: we have launched the 1SL Fellowship to deepen our critical thinking across all our workforce; we have established the Percy Hobart Fellowship to promote digital innovation throughout all levels of the Service; we are about to commence the updated junior staff course that promotes critical-thinking and business skills; we have opened recruitment to consider people on the Autistic Spectrum; and we are building a tool to capture the hidden skills of our people – a true digital profile. Small steps in refreshing our approach and harnessing the talent of all our people.

And this really matters. We are at a generational inflexion similar to the shift from sail to steam. We overcame organisational inertia then and the digital, technological and conceptual leaps needed now require similar ambition and action. If we want to be at the vanguard of the transition from analogue to digital and from digital to quantum computing – we will need to think differently, innovate and take some risk, to be prepared to fail-fast and learn quicker if we are to maintain our operational advantage.

We must not forget that we are keen to state that we are in a period of constant (but often hidden) competition – if that is true then there is an imperative to do better to challenge each other routinely to ensure we push beyond our comfort zone, to embrace change, inculcate continuous improvement, accept risk, take a non-linear approach to procurement, doctrine, training and our operations – make that our cultural norm. This is when we are most successful.

In short we need to be serious about this, we must think 'Outside the Box' philosophically if we are to gain the edge. For this reason, I am glad to see that the Royal Navy is beginning to think beyond traditional interoperability between nations and branch out toward interchangeability. Strategically, this is about the way we think, the way we plan, the way we act and the means to

do it. It is about purchasing power, collective Research & Development, an assured supply chain, connected systems, big-data exploitation, and combining operational effect – not only acting alongside our partners but acting as one. This is about using our collective resource (conceptually and physically) to be more productive and deliver better security outcomes. We are on this journey...

Over the past two years, the Royal Navy has been working ever-closer with our US counterparts in developing the methodology building upon our historic and deep maritime relationship. USMC F35s are currently deployed onboard HMS Queen Elizabeth as part of CSG21 and we also have launched the London Tech Bridge which is adding multiple new pathways to accessing UK and US R&D funding through: challenges, Open Calls, Collaboration Events and Hackathons. And there is more. We are building industrial relationships: secondees are now critical to our workforce; we are reaching out to start-ups alongside the primes to access the very best from the breadth of the market; and we are promoting open dialogue and partnering with the market to build trust, certainty and understanding. We have similar ambition for academia and intend to do more including: student work placements, joint project collaboration to provide opportunity; maintain freshness; support Research and Development; and remain at the leading edge across numerous areas: digital and data, technology, media, engineering, and science as examples.

So thinking differently allows us to act differently and deliver physical capability differently. We must think from first principles about outcomes and the best way to deliver, with logic, using the means available – a fresh approach to our physical as well as our conceptual capabilities.

If I was to ask you to characterise a physical naval fleet, you would propose carriers, air defence destroyers, anti-submarine frigates, mine hunters, patrol vessels, and submarines – they will have their historically-defined appearance, they would be employed according to their roles, each would need the other to truly work together as a fleet. Yet in our modern Navy we value adaptability, system commonality, federation, simplicity, interchangeability, sustainability, and utility, not the traditional way we think about such capabilities.

We are already introducing and valuing these themes in some of the emerging classes including: the T26, the T31 brigades and they will be fundamental attributes expected in any future ship procurement. But we do need to go further – this is about a first principles approach to delivering platforms and capability. We have traditionally associated them as one and the same – but why? Because the capability – the missiles, the sensors have always been hard wired, fixed into the ship. The refresh rate for our capability does not support an agile and adaptable response to threat so they have become fixed in their role and used, inconveniently and inefficiently for other roles when needed.

An anti-submarine frigate can't become an air defence destroyer – but why not? This is a prime example of us allowing traditional thinking to dictate, cloud and consequentially restrict our ability to be creative or innovative. The development of the submarine fundamentally changed the maritime

battlespace and added the underwater to warfare – what is the next submarine? What is the next ‘game changer’?

Whilst we can't say for certain, the Royal Navy has a bold lethality ambition and a desire to increase mass and complexity through modularity, digitisation and the exploitation of autonomy. Our vision is to move on from platform-based approaches to provide enhanced: mass; range; flexibility of deployment; quantifiable advancement.

If we are to achieve some of this intent and the technological ambition we set out in the Future Autonomous Fleet 2050 vision, we need to make progress now to deliver towards that goal. To do so, will: inspire the next generation of sailors, scientists and engineers to pursue a career in the maritime domain; to realise our STEM skills ambition; to stimulate creative thinking and novel ideas; to provide a platform for dialogue with other leading maritime nations; to highlight UK investment and to support the UK's prosperity/export agenda; and finally to plot a path to 2050.

So today, we challenge you to think differently, with us, to deliver this ambitious vision. We have always sought modularity as the nirvana of capability flexibility but have never been able to afford it. So, rather than ‘design modularity in’ we have chosen to design it out. Our concept is to simplify the ship: utilitarian, adaptable, common, cheaper. Capability is defined by the modules you add to or remove from that ship, based upon the operational demanded at that time. A series of modules

to deliver a spectrum of systems and capabilities – ‘PODS’ – Persistent Operational Deployment Systems. These PODS will be containers housing existing and emerging capability: precision strike, uncrewed air systems, directed energy, communications, minehunting, survey, communications, medical aid and more. The possibilities for industry are endless.

By placing the capability in the POD, the fleet is fully flexible, adaptable to mission, easily upgradeable and maintainable. Exploiting the standardisation of components through a podular design and utilising modern digital and open architecture networks affords the opportunities to develop a new mindset and approach to capabilities. Fundamentally, the deployment of platforms with podular connected capabilities will offer enhanced lethality, sustainability and availability and drive a new prosperity of possibility for the United Kingdom.

Royal Navy PODS will promote a sustainable system built to accommodate new and next generation capabilities whilst complementing our ambitious Shipbuilding pipeline. They will: represent a value for money investment; accelerate capability insertion periods to hours not months; facilitate upgrades; be interchangeable with allies; enable short-notice repurposing; be a physical representation of multi domain integration. The opportunities are endless and offer an opportunity to regain the operational ‘edge’ in an era of constant competition.

The principle is simple – ‘Pioneer, Prove, Procure, Plug and Play’.

Development is already underway and we are working at pace – you will see further details under your chair for those of you in the room and a POD is at the RN stand for you to visit and find out more. We want this to be a partnership: with industry, academia and our international partners. Join us in not only thinking outside the box but in helping us to think inside the box – there are endless possibilities here which we can all share.

Exports support for farmers and the food and drink industry

Plans to help the UK's farmers and food and drink businesses boost exports have been announced today to mark Back British Farming Day 2021.

The UK agri-food sector contributes around £20bn in exports each year, yet only 20% of companies sell their goods overseas. The exports initiative announced today will help farmers access the UK's considerable export potential.

It includes:

- appointing more dedicated 'agri-food attaches' to act as representatives on the ground to unlock key markets across the world. This will build on the excellent teams already working in our Embassies around the world;
- establishing a Food and Drink Exports Council to work collaboratively to expand our food and drink exports strategy. We will engage closely with Devolved Administrations and others on the design and implementation of the Export Council;
- strengthening our technical expertise as well as our farmers and producers' understanding of export markets to ensure that food and drink exporters are able to benefit from market opportunities.

The exports initiative will launch later in the year.

Environment Secretary George Eustice said:

Our farmers are the lifeblood of our nation – producing home grown food and acting as stewards of our natural environment.

We want people at home and abroad to be lining up to buy British. The support that we have announced today, to mark Back British Farming Day, will enable our farmers and producers to take advantage of new opportunities and fly the flag for UK produce around the world.

International Trade Secretary Liz Truss said:

British farming is at the heart of our trade policy. Today's new measures will build the capability of our excellent international teams and having farming experts in post across the world will help our food and drink producers seize the massive new opportunities in the biggest and fastest-growing markets in the world.

Our food and drink is among the best in the world and an independent trading nation we're seizing new opportunities that were previously denied to us.

We have already secured better access to lucrative Asian markets, including for UK beef in Hong Kong, Japan and the Philippines.

NFU President Minette Batters said:

The NFU has long called for significant government investment which enables a partnership approach to international trade opportunities for British farmers. This is a positive step in the right direction and I welcome this new commitment to put people on the ground with the technical expertise to open up new markets. I look forward to seeing more detail on this proposal and working with government to boost our agri-food exports abroad.

This package further builds upon our plans to refresh the [International Action Plan for food and drink \(2016 – 2020\)](#) which we are already working with the sector on developing, and strong promotional footprint, including international promotion of the best of British food and drink through the GREAT campaign.

New trade deals are opening doors for British agriculture and food and drink businesses around the world, and the Department for International Trade offers free advice and support to help businesses take advantage of new global opportunities.

Outside of the European Union, Defra continues to work with English farmers on developing landmark plans for a renewed agricultural sector. [The Agricultural Transition](#) will transform the way farmers are supported to reward them properly for the work that they do over a transition period of seven years. This will be centred around incentivising sustainable farming practices alongside profitable food production and rewarding farmers for contributing towards better air and water quality, protecting wildlife and soil health.

In June, the Environment Secretary confirmed the early roll-out of the Sustainable Farming Incentive from spring 2022, the first of three environmental land management schemes to be rolled out. The scheme, which will eventually be open to every farmer in England, will support approaches to farming that deliver for the environment, such as actions to improve soil health, hedgerows and integrated pest management.

Today's proposals reflect recommendations in the independent report by Trade and Agriculture Commission, published earlier this year, which made 22 proposals to advance the interests of British farmers, food producers and consumers through international trade. The Government's full response will be published shortly.

Special feature: GAD's work with universities

The Government Actuary's Department (GAD) has been working closely with universities in various capacities. This has enabled future actuaries, analysts and data scientists to gain an understanding of what GAD does while providing valuable input into the department's work. GAD's collaboration with universities has included:

- careers fairs, talks and work placements
- joint projects with university students and lecturers
- sharing or co-hosting events with universities

As a learning organisation GAD is committed to expanding areas of expertise to keep up with current needs, and universities have valuable and fresh research in these fields.

Careers fairs, talks and work placements

People in GAD have attended careers fairs and given talks to university students on our general work and specific projects. This has helped students understand more about the wide variety of projects and work GAD are involved with and offered a commercial awareness of the working world. It has given students an insight into what it's like to work for the Civil Service. Work placements have provided them with work experience while providing valuable input into GAD's work.

Joint projects

The sections below outline some of the bigger projects carried out by university students and researchers in collaboration with GAD. These projects have provided participants with valuable experience in data analytics and actuarial skills with an industry expert from GAD providing guidance and project management.

Working with universities has enabled GAD to gain insights into the latest analytical techniques which will allow us to deliver value to clients in a cost-effective way. It has also enabled GAD to tap into expertise and software which is not available in-house.

“Working on a university project with GAD was an enriching academic and professional experience. As a team of MSc students, we were able to meaningfully engage with a project to combine our academic backgrounds with the actuarial role of our project lead.

“We received constant support, where over a period of 4 months we were encouraged to learn about the work of GAD and how our data science backgrounds can contribute to such projects in our careers moving forward.”
MSc student at the University of Manchester

“It was interesting to apply myself to a completely new area which pushed us to be innovative and come up with a novel solution. This experience allowed me to develop some vital skills that will be invaluable to my future career.”
MSc student at the University of Manchester

“This is an open-ended project giving us time to bring information and data together. My research colleagues helped me throughout. We applied different skills to the project, learned to collaborate and gained insights into practical issues.” MSc student at Bayes Business School

Mortality predictors – Students worked on a project to analyse the correlation between mortality and factors which could be impacting mortality. Factors analysed included climate change and spending on the NHS. The students used regression models with time lags built in to determine whether there was a link.

Although the findings were inconclusive it was still useful to explore something the industry has been considering for several years. The students produced insightful analysis and used innovative illustrations to communicate the outputs.

Local government risks – Data science students gathered information on what risks the local authorities and blue light services are insuring.

They looked at how the risks differ between authorities and how, if commercial insurance is not being obtained, risks are being mitigated through self-funding.

The students gained experience in sourcing data and presenting it. They also learned about the commercial insurance market with a GAD industry expert on hand to answer questions. The project looked at the value of commercial insurance and other alternatives.

Academies’ flood claims – Students undertook a project to analyse flood related claims in academies across England.

They analysed historic, average temperatures to determine what could happen to the frequency and severity of flooding claims in the future.

Students at the University of Manchester used geospatial software to produce flood maps to determine the impact by region. They then produced an interactive dashboard to present the findings.

Impact of COVID-19

COVID-19 has had a profound impact on our lives since the beginning of the pandemic. GAD is taking forward several projects aimed at better understanding these impacts and considering how they may affect future government decision making.

NHS services – One current project is looking at the impact that COVID-19 has on NHS services. Students have been assigned to collate and understand various sources of public information and then to analyse the changes in activity over time, and specifically during 2020. This will feed into future work analysing NHS activity, such as waiting times, maternity services, staff absences and NHS staffing levels.

Mortality impact – Another project will analyse the mortality experience of pensioners in public service pension schemes over the pandemic, to better understand the impact of COVID-19. Students will analyse excess deaths in the scheme, and then compare this with wider UK population statistics. Subgroups will also be analysed to identify how excess deaths have been distributed across the membership. This will feed into various GAD projects, such as our valuation of the expected future costs of the public service pension schemes.

Pandemic insurance – GAD has been supporting [the Bayes Business School work on pandemic insurance](#). COVID-19 has illustrated the devastating impact that pandemics can have on businesses with widespread interruption of activities.

While business interruption insurance covers some losses in the event of disruptions, the gap in business interruption cover for pandemics is enormous. Members of the Association of British Insurers expect to pay £2 billion for COVID-19 business interruption insurance. However, this represents only a small fraction of the costs.

The Office for Budget Responsibility estimates the government will spend £75 billion on supporting businesses, with additional losses falling on businesses themselves. While some of this gap can be addressed through more business interruption insurance cover, comprehensive pandemic business interruption is unlikely to be available and affordable.

The Bayes Business School is reviewing and developing novel risk-sharing mechanisms to effectively share pandemic risk between businesses, insurers, and government.

Given our experience in this area, GAD has been supporting this work by participating in focus groups and workshops. We hope our insights can help further thinking about the appropriate framework for future responses in this area.

The Bayes Business School Report is due to be published later in the year.

Sharing and co-hosting events

GAD has a reciprocal relationship with universities, where invitations are sent out to students and lecturers on any relevant webinars or internal knowledge shares, and vice versa.

GAD and academia hosted joint events about actuarial work in the data science field and actuarial work coming out of the pandemic. We have also shared knowledge about machine learning to enhance one another's understanding of how it can be used.

Collaborating on these events has allowed GAD and academics to work together to create models that are fit to support clients consider emerging areas of concern.

Working with universities reflects GAD's strategy

"The public sector is facing new and growing challenges which require greater actuarial support, including the COVID-19 pandemic, climate change risks, cyber risks, social care needs and a rapidly evolving economy.

"Central to our strategy is being a learning organisation, challenging ourselves to keep our skills up-to-date and to apply the full range of tools available to us, particularly in the field of data analytics." Martin Clarke, Government Actuary, taken from GAD's Strategic Plan 2020-25

The students of today are our employees of tomorrow. The projects undertaken with universities provide valuable insight into public services and demonstrate the value of these types of partnerships.

We will continue to welcome the opportunities to:

- be an industry partner for research projects
- provide placement opportunities for students through their courses
- learn about how the university research can be applied to the public sector work GAD undertakes

Collaborating with university students and academia is important to GAD's work. As a learning organisation GAD is committed to expanding areas of expertise to keep up with current needs, and universities have valuable and fresh research in these fields.

[UK-ASEAN Joint media statement](#)

1. The First ASEAN Economic Ministers (AEM) – United Kingdom (UK) Consultation was held on the 15th September 2021. The Consultation was co-chaired by H.E. Dato Dr. Amin Liew Abdullah, Minister at the Prime Minister's Office and

Minister of Finance and Economy II, Brunei Darussalam, and the Rt Hon Elizabeth Truss MP, Secretary of State for International Trade, United Kingdom of Great Britain and Northern Ireland.

2. The Meeting welcomed the establishment of the ASEAN-UK Dialogue Partnership. Two-way trade between ASEAN and the UK was worth £33.8 billion in 2020, representing a decrease of 16.5% since 2019, before the Covid-19 pandemic. The Meeting expressed its commitment to grow bilateral trade even further. The Meeting recognised that an open, free, inclusive, transparent, rules-based, and non-discriminatory multilateral trading system, is fundamental to a resilient, inclusive and sustainable recovery from COVID-19.
3. The Meeting acknowledged the adverse impacts of the COVID-19 pandemic that contributed to the economic downturn in the global economy. The Meeting also shared deep concerns regarding the impact of COVID-19 on the lives and livelihoods of their people and expressed appreciation to the continued hard work and resilience of all medical professionals, healthcare workers and frontline workers. In this regard, the Meeting endorsed the Joint Ministerial Declaration on Future Economic Cooperation between the Association of Southeast Asian Nations (ASEAN) and the United Kingdom of Great Britain and Northern Ireland (UK) to demonstrate the joint resolve of ASEAN and UK to work together to mitigate the economic impact of COVID-19 and deliver resilient, sustainable and inclusive economic growth.
4. The Meeting also acknowledged the role of extensive COVID-19 vaccination as a global public good and urged for the acceleration of the production and distribution of safe, effective, quality-assured, and affordable COVID-19 vaccines.
5. The Meeting expressed appreciation for the various global and regional initiatives to mitigate the impact of the pandemic and expedite a more sustainable economic recovery and increased resilience. To this end, the Meeting expressed their strong support to the ASEAN Comprehensive Recovery Framework (ACRF), which ASEAN Leaders adopted at the 37th ASEAN Summit, as the collective and long-term socio-economic recovery strategy in addressing the COVID-19 crisis in the ASEAN region. The Meeting also welcomed the establishment of the ASEAN COVID-19 Response Fund, the ASEAN Regional Reserve of Medical Supplies, and the Standard Operating Procedures for Public Health Emergencies Response. In support of this initiative, the Meeting welcomed the UK-funded report titled 'UK-ASEAN Trade: Strengthening the Supply Chain Linkages', produced by the Economic Research Institute for ASEAN and East Asia (ERIA), including the insights presented in the report. The Meeting also noted the findings and digital tool shared with ASEAN through the successful first phase of the UK funded Accelerated COVID-19 Economic Support (ACES) programme. The Meeting looks forward to phase two commencing in the coming months.
6. The Meeting recognised the critical role the of the multilateral trading

system centred on the World Trade Organization (WTO) in driving economic recovery in the post-pandemic period and agreed to work together for a stronger multilateral trading system which includes an open, free, non-discriminatory, transparent, predictable, and stable trade and investment environment. The Meeting expressed the need to refrain from introducing any unnecessary measures which may adversely affect the exchange of goods, services and/or investment. We will ensure transparency of all trade related measures. This is in line with our WTO commitments and obligations. The Meeting noted the challenges faced by the WTO to strengthen and reform the organisation and looked ahead to the 12th WTO Ministerial Conference (MC12).

7. The Meeting welcomed the joint work over the last year through the £19m Economic Reform Programme. The Programme addressed the intellectual property (IP) needs of businesses, especially MSMEs, individual inventors and creators to develop an inclusive and conducive environment in ASEAN where IP rights are protected, valued, and monetised effectively. The Meeting noted the impactful UK funded OECD research to help fulfil the competition related vision of the ASEAN Economic Community Blueprint 2025 and ultimately contribute to the ASEAN Secretariat's mission to attain a level playing field for all firms through effective competition policy. The Meeting reaffirmed the need to build a greener and more sustainable global economy, in line with the objectives of the Paris Agreement and leading up to, and beyond, COP26, which the UK will host in November 2021. The Meeting welcomed joint action to increase momentum towards a net zero future. This included the ASEAN-COP26 Climate Dialogue on Nationally Determined Contributions (NDCs) and Long-Term Strategies (LTS) (September 2020), which aimed to promote discussion on driving and building momentum for climate action towards COP26 through enhanced NDCs and developing LTS; the ASEAN-UK Race to Zero Dialogue (May 2021), focused on non-state actors becoming net zero by 2050; and the ASEAN-UK COP26: Framing the Future for Nature and Climate event (June 2021), increasing ambition on nature-based solutions for climate change and biodiversity threats. The Meeting recognised the work of the £15m ASEAN Low Carbon Energy Programme, noting how it has improved sustainable finance and energy efficiency in ASEAN. The Meeting expressed commitment to furthering our engagement on sustainable infrastructure, particularly in support of the Masterplan on ASEAN Connectivity 2025. We recognise the success of the ASEAN-UK Sustainable Infrastructure course (March 2021).
8. The Meeting welcomed the launch of the ASEAN-UK Digital Innovation Partnership, channelling UK expertise into improving trade facilitation in ASEAN through cooperating on digital transformation, digital technical standards, digital inclusion and the adoption of digital tools in areas such as regulation, e-payments, and the digitisation of supply chains. Following the success of the ASEAN-UK Digital Innovation Symposium in September 2021, the Meeting looked forward to deepening our technology partnership, including through the expanded ASEAN-UK Digital Business Challenge.
9. The Meeting was also pleased with the UK's support for the Priority Economic Deliverable to enhance financial literacy in ASEAN. The Meeting recognised

the importance of the UK and ASEAN working together to provide valuable opportunities for meaningful and productive knowledge exchange on how to ensure a truly inclusive recovery from the global pandemic.

10. The Meeting also welcomed the continuation of the UK and ASEAN's close relationship in skills-based education and welcomed the Brunei-led Harnessing Impact with Resilient Employability Digitally (HIRED) programme, which will bring together employers from the UK and ASEAN to trial virtual learning and internships.
11. The Meeting underlined the significant contribution of public-private sector partnerships, both in responding to COVID-19 and driving future growth. The Meeting recognised the important work of the ASEAN Business Advisory Council (ABAC), supported by the Joint Business Councils, especially the UK-ASEAN Business Council (UKABC).
12. The Meeting thanked and welcomed the Philippines as the UK's country coordinator for ASEAN-UK economic relations.

[UK-ASEAN Joint declaration](#)

News story

Joint Ministerial Declaration on Future Economic Cooperation between the Association of Southeast Asian Nations (ASEAN) and the United Kingdom of Great Britain and Northern Ireland (UK).



1. The Association of Southeast Asian Nations (ASEAN) Member States and the United Kingdom of Great Britain and Northern Ireland (UK) reaffirm our shared commitment to the principles of an open, free, non-discriminatory, transparent, predictable, and stable multilateral trading system and anti-corruption. We embrace digital innovation and

human capital development.

2. ASEAN and the UK share a diverse economic and commercial relationship that continues to flourish. Brunei's theme as ASEAN Chair 2021 'We Care, We Prepare, We Prosper' resonates with the UK.
3. ASEAN and the UK also recognise that the overall vision in the ASEAN Economic Community (AEC) Blueprint 2025 consisting of five interrelated and mutually reinforcing characteristics, namely: (i) A Highly Integrated and Cohesive Economy; (ii) A Competitive, Innovative, and Dynamic ASEAN; (iii) Enhanced Connectivity and Sectoral Cooperation; (iv) A Resilient, Inclusive, People-Oriented, and People-Centred ASEAN; and (v) A Global ASEAN, remains relevant and will serve as a building block in developing ASEAN and UK economic relations.

Economic Recovery from COVID-19

1. ASEAN and the UK recognise that the COVID-19 pandemic continues to impact the lives and livelihoods of our people. Our thoughts are with those who have lost loved ones. We recognise the heroic efforts of healthcare and essential workers around the world. We are optimistic that, through working together, we will see our economies recover, strengthen, and flourish.
2. ASEAN and the UK will continue to work together to control and contain the spread of the COVID-19 virus. Along with the international community, we will secure a resilient, sustainable and inclusive global economic recovery. We encourage all nations to work together to address the linked challenges of public health, climate change and biodiversity, and to support the initiatives under the ASEAN Comprehensive Recovery Framework (ACRF) and its Implementation Plan.
3. ASEAN and the UK welcome knowledge sharing and exchanging best practice on policies and programmes to mitigate the economic impact of the pandemic. We look forward to regular engagement, including at Ministerial and Senior Economic Official levels, thereby securing a swift and sustainable economic recovery for our nations.
4. The COVID-19 ASEAN Response Fund continues to support ASEAN in the detection, control and prevention of COVID-19 transmission. ASEAN Member States appreciate the UK's £1 million commitment to the COVID-19 ASEAN Response Fund, and its £4.8 million commitment to support the COVID-19 response in Cambodia, Laos, Myanmar, and Vietnam.
5. ASEAN and the UK recognise the need to optimise the economic, social, environmental and cultural benefits stemming from the creative economy

by creating an enabling environment for the promotion of the creative economy.

UK-ASEAN Supply Chains and Maintaining Open Markets

1. Two-way trade between ASEAN and the UK was worth £33.8 billion in 2020, representing a decrease of 16.5% since 2019, before the Covid-19 pandemic. Whilst our two-way trade has been impacted by COVID-19 in 2020, the historic growth trend in the preceding years provides a strong foundation to drive prosperity and support job creation, especially for the Micro, Small and Medium-sized Enterprises (MSMEs) that form the backbone of our economies. ASEAN and the UK look forward to maintaining and strengthening trade links through the opening of our markets and facilitating the smooth flow of goods and services, including through the removal of market access barriers that are inconsistent with World Trade Organization (WTO) rules.
2. The COVID-19 pandemic has underlined the importance of diverse, resilient, and sustainable supply chains to ensure the continued flow of goods and services, especially in essential goods such as food, commodities, medicines and medical supplies. As President of the G7 this year, the UK established an Economic Resilience Panel, working with the Organization for Economic Co-operation and Development (OECD) to formulate recommendations on how the international community can address and overcome economic crises. These recommendations include areas of mutual interest between ASEAN and the UK, such as supply chain resilience for global public goods and championing an investment-focused recovery to build trust in open markets. The UK is eager to share this work with ASEAN through a dialogue.
3. ASEAN and the UK recognise the critical role of the multilateral trading system centred on the WTO in driving economic recovery in the post-pandemic period. We will work together for a stronger multilateral trading system which includes an open, free, non-discriminatory, transparent, predictable, and stable trade and investment environment. We will refrain from introducing any unnecessary measures which may adversely affect the exchange of goods, services and/or investment. We will ensure the transparency of all trade-related measures. This is in line with our WTO commitments and obligations, and for ASEAN Member States, in line with the Memorandum of Understanding on the Implementation of Non-Tariff Measures on Essential Goods Under the Hanoi Plan of Action on Strengthening ASEAN Economic Cooperation and Supply Chain Connectivity in Response to the COVID-19 Pandemic. We will also work together to address the challenges faced by the WTO to strengthen and reform the organisation ahead of the 12th WTO Ministerial Conference (MC12) so it can deliver for businesses and consumers around the world.
4. This year, ASEAN and the UK worked together to better understand supply

chains between our respective economies through the Economic Research Institute for ASEAN and East Asia (ERIA) report titled 'UK-ASEAN Trade: Strengthening the Supply Chain Linkages' and the Accelerated COVID-19 Economic Support (ACES) programme, both funded by the UK.

5. Looking ahead, ASEAN and the UK will continue to work together to strengthen supply chains in sectors of mutual interest, through, but not limited to, the implementation of regulations on competition, consumer protection, intellectual property, trade facilitation, and standards on testing, inspections and certifications. We look forward to working together to share expertise and think innovatively to further encourage and increase the adoption of digital solutions to address these shared challenges.

Regulatory Excellence

1. ASEAN and the UK recognise the importance of using international standards within our regulatory frameworks to facilitate trade, improve product safety and quality, and meet consumer needs. We encourage the use of relevant international standards as the basis for regulation in accordance with WTO rules.
2. In support of the Master Plan on ASEAN Connectivity (MPAC) 2025, the UK funded a range of activities this year, including through the £19 million Economic Reform Programme. Using this UK funding, ASEAN and the OECD delivered competition assessments and competitive neutrality reports on the logistics sector, presenting its findings at the ASEAN Economic Ministers Meeting in September 2021. We express our interest to explore potential cooperation between ASEAN and the UK to achieve a connected and integrated ASEAN in line with the objectives of the MPAC 2025.
3. The UK will continue to support ASEAN in its efforts to improve regulatory efficiency, transparency, predictability and harmonisation, strengthening the business environment for domestic and foreign firms. The UK also looks forward to working with ASEAN to develop its regulatory standards and systems development. Both sides welcome the participation of each other's businesses and interested parties in standardisation activities in ASEAN and the UK.

Digital Innovation

1. This year marked a step-change in ASEAN-UK collaboration on digital innovation and technology, with the UK's Asia Pacific Digital Trade Network now fully operational and the launch of the ASEAN-UK Digital Innovation Partnership. This Partnership will help us to achieve our

shared economic and technological ambitions. Running until 2025, in line with the ASEAN Digital Masterplan 2025, Master Plan on ASEAN Connectivity 2025, ASEAN Digital Integration Framework and ASEAN Agreement on E-Commerce the collaboration under this Partnership will fall into the following three thematic categories: Digital Government; Digital Economy; and Trusted Digital Services. The UK-ASEAN Digital Innovation Symposium brought together the public and private sectors to share learning, which spanned digital technical standards, digital transformation, data governance, and e-commerce.

2. ASEAN and the UK believe in harnessing digital tools to improve access to information for our business community. Recognising the importance of engaging the private sector, ASEAN and the UK will expand the ASEAN-UK Digital Business Challenge and will explore the possibility of designing a Digital Marketplace to enable more inclusive public procurement for MSMEs. This activity will help to broaden the reach of ASEAN entities, especially MSMEs, looking to collaborate with UK partners on solving organisational challenges through digital solutions. In doing so, this activity will deepen ASEAN-UK economic ties whilst growing a network of rich international partnerships.
3. ASEAN and the UK will look to build on existing cyber-security cooperation, pursuing secure and resilient digital services and infrastructure through capacity building and other development activities and knowledge exchanges.

Financial Services

1. ASEAN and the UK recognise the importance of an innovative approach to financial services, including, but not limited to, Financial Technology (FinTech), to further facilitate financial inclusion of all people. The UK has both regulatory and commercial expertise across the FinTech ecosystem and is committed to sharing best practice with ASEAN.
2. In coordination with the private sector, ASEAN and the UK will share information on the development of FinTech in the ASEAN region, which includes hosting masterclasses across the region to support trade and investment. Recognising this, we look forward to pursuing capacity building initiatives in FinTech for ASEAN officials and stakeholders, particularly MSMEs, focusing on priority areas for ASEAN.
3. ASEAN and the UK wish to highlight the importance of green finance, and the UK will conduct research and present findings to ASEAN to explore how to best scale the availability of green finance in ASEAN. We will also explore the opportunities for financing transition activities in ASEAN.

Sustainable Growth

1. ASEAN and the UK reaffirm our commitment to tackling climate change, one of the most serious threats facing our world. There is a clear need and urgency for all countries to take climate action in support of the Paris Agreement's goals. We look forward to closer cooperation to address our climate change and sustainability challenges, including enhancing capacity building initiatives for member states under the framework of the ASEAN-UK Cooperation on COP26 and longer-term dialogue cooperation. Sustainable development will continue to be a key focus for ASEAN and the UK under our economic cooperation efforts.
2. The current economic climate presents an opportunity to build a greener and more sustainable global economy, in line with the objectives of the 2030 Agenda for Sustainable Development, the United Nations Framework Convention on Climate Change (UNFCCC) and its Paris Agreement. ASEAN and the UK reaffirm our strong and steadfast commitment to strengthening implementation of the Paris Agreement, unleashing its full potential.
3. ASEAN and the UK look forward to using this opportunity to focus on short, medium and long-term spending on infrastructure and wider recovery plans on sustainable and resilient growth. ASEAN and the UK reaffirm our commitment to working together towards sustainable development that will create employment in the industries of the future while addressing public health challenges.
4. ASEAN and the UK look forward to accelerating the energy transition efforts towards ensuring sustainable and low carbon supply chains, mainstreaming nature, biodiversity and climate into economic decision-making, and improving resource efficiency and promotion of a circular economic approach. We will explore opportunities for cooperation and support to further promote and develop relevant international standards, which will help facilitate the attainment of the said commitments.

Infrastructure

1. ASEAN and the UK recognise the importance of developing and investing in sustainable and resilient infrastructure to support post-pandemic recovery and to meet the needs of future generations.
2. To this end, ASEAN and the UK commit to deepening our collaboration on sustainable infrastructure, innovation, research and development of technologies under MPAC 2025. We look forward to pursuing cooperation initiatives on sustainable green infrastructure development as a physical component that forms part of the backbone of Smart Cities' development across the ASEAN region.

3. ASEAN and the UK welcome the ASEAN-UK Sustainable Infrastructure Course delivered in April 2021. Looking ahead, we commit to sharing best practice through information and experience exchanges through harnessing our public and private sector expertise. To this end, we welcome the recent progress in designing a capacity building course for our officials together, which will work towards strengthening our infrastructure planning, preparation, delivery and operations, as well as establishing sustainability as a key part of infrastructure project lifecycle.

Skills and Education

1. ASEAN and the UK recognise the challenges the pandemic has introduced for young people and the wide-scale disruption to education it has caused. Improving the use of, and access to, digital education platforms to develop the necessary skills for our people is critical to our long-term recovery from COVID-19. Equitable access to, and mutual recognition of, quality education is crucial for students and professionals to develop their careers, gain qualifications, and realise their potential.
2. ASEAN and the UK will continue our close relationship in skills-based education and welcome the UK support to ASEAN as an advisor on the Southeast Asian Ministers of Education Organisation (SEAMEO), which has established the SEAMEO Technical and Vocational Education and Training Council. The UK will contribute to the ASEAN Business Advisory Council 2021 legacy programme, the Harnessing Impact with Resilient Employability Digitally (HIRED) programme, bringing together employers from the UK and ASEAN to trial virtual learning and internships. The UK will also chair a Wilton Park dialogue in March 2022 focused on green skills and entrepreneurship.
3. ASEAN and the UK will also explore possible cooperation activities between the ASEAN Technical and Vocational Education Council (ATC) and the UK to support the advancement of TVET in the region.

MSME Development

1. ASEAN and the UK acknowledge that MSMEs are the backbone to economic development and growth. They constitute the largest number of establishments and contribute significantly to the labour force of ASEAN and the UK. These enterprises are important in terms of income and employment generation, gender and youth empowerment through their diverse business participation, and their widespread presence in the non-urban and rural areas. Supporting MSMEs plays a fundamental role in achieving long-term, sustainable economic growth and narrowing the development gap. We recognise the importance that leveraging technology and digital trade has played, and can continue to play, in allowing

MSMEs to continue operations during the COVID-19 pandemic.

2. ASEAN and the UK look forward to working together to support MSME development. We support the implementation of actions identified in the ASEAN Strategic Action Plan for SME Development 2016-2025, in order to create more globally competitive and resilient MSMEs. We look forward to encouraging participation and growth of MSMEs in international, regional, and national markets.

Women's Economic Empowerment

1. ASEAN and the UK recognise the need to ensure our economic and trade policies are inclusive and do not leave anyone behind, especially women and girls. We note the existing attitudes and social norms which mean women and girls carry out disproportionately more unpaid care work which reduces time for paid work and education.
2. To address this, we look to work together to address the systemic barriers that may exist for women in trade, with an aim to increasing women's access to technology, markets, skills, financing and business networks. We will collaborate to support women to benefit equitably from global supply chains to improve their job opportunities and working conditions and will encourage gender-responsive investment by the public and private sector, as well as to support existing ASEAN initiatives and mechanisms to enhance women's empowerment and strengthen entrepreneurship capacities and skills for women in ASEAN, including but not limited to, the ASEAN-Business Advisory Council (ASEAN-BAC) and the ASEAN Women Entrepreneurs Network (AWEN).
3. As members of the WTO, ASEAN and the UK support the wider WTO membership to deliver an ambitious outcome at the MC12 to bolster women's participation in trade and their economic empowerment.
4. ASEAN and the UK will share identified best practice and mechanisms to expand women's choices and opportunities, as workers, business owners, and consumers, so they can participate in and benefit from trade.
5. It is important to have a strong evidence base on women's economic empowerment and trade. ASEAN and the UK welcome the collection and analysis of gender-disaggregated data and the development of tools, such as, for instance, the SheTrades Outlook.

Public-Private Sector Partnership

1. ASEAN and the UK underscore the significant contribution of public-private sector partnership, both in responding to COVID-19 and driving

future growth. We further recognise the important work of the ASEAN Business Advisory Council (ABAC), supported by the Joint Business Councils, especially the UK-ASEAN Business Council (UKABC) in advancing economic integration in our region.

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