

# Speech: Mansion House 2018: Speech by the Chancellor of the Exchequer

My Lord Mayor, Ladies and Gentlemen.

Last year this Dinner was cancelled out of respect to the tragedy that was unfolding at Grenfell Tower.

Tonight, our thoughts are with the victims and their families, and I underline again this government's twin commitments to justice for the victims; and regulatory change to ensure that such a tragedy can never happen again.

And of course, we remember Jo Cox, whose death cast a long shadow over this event two years ago.

My Lord Mayor – it's a pleasure to be here this evening. The only event of the year at which I get slow hand-clapped before I've opened my mouth!

I know that some in the room will be distracted this evening, their thoughts elsewhere.

Nervous about the challenge to our nation's survival from Belgium.

About the aggressiveness of France and Germany.

About the threat from a resurgent Russia.

But enough of England's chances in the World Cup.

And apologies that you are here listening to me rather than watching Messi take on Croatia.

At least the Governor won't be missing any Canada games.

Just as the world is embarking on a technological revolution that will transform the way we live and work, and the organisation of our society and our economy.

We are seeing a rising tide of sentiment, here in the UK, in Europe, and around the world, against the conventional wisdom that free trade and open market economies are the best way to deliver prosperity for our people.

And here in Britain, we face the additional challenge of charting a new relationship with our European neighbours.

These profound changes will bring extraordinary opportunities that we must embrace.

But also huge challenges that we must address.

And tonight I want to speak about how we navigate these challenges – and seize these opportunities – to ensure that post-Brexit, Britain continues to be a world leader in innovation, and extends London's position as the world's number one international financial services centre.

And this matters, because decisions we make and positions we take over the next few months, will shape our economy for decades to come.

The good news is that we build on strong foundations.

Britain's economy is fundamentally sound.

Unemployment is at a 40-year low, and employment is at a record high.

Real wages are, at last, beginning to rise.

Last year investment spending grew at the fastest rate in the G7.

And goods exports grew by over 7%.

But there is no room for any complacency.

And that is why our economic plan raises public investment to its highest sustained level in 40 years.

Expands the National Productivity Investment Fund to £31 billion.

With a Modern Industrial Strategy that will target high growth sectors and spread prosperity to all parts of our country.

And underpinning this economic plan is a responsible fiscal strategy.

The lowest deficit in over a decade.

With today's borrowing figures showing lowest May borrowing since 2005.

A current budget in surplus.

And the OBR forecasting debt will begin falling as a percentage of GDP this year on a sustained basis for the first time since 2001.

This week, the PM announced a 5-year NHS funding package that will boost spending on health by over £20 billion a year in real terms in England alone.

Partly funded by lower contributions due to Brussels.

Making the NHS our number one priority in the forthcoming Spending Review.

But, she also confirmed we will stick to our fiscal rules.

And will continue to reduce debt.

So, as the Prime Minister said, taxpayers will have to contribute a bit more, in a fair and balanced way, to support the NHS we all use.

While delivering on our fiscal commitments.

Of course, the immediate key to maintaining Britain's leadership in innovation and strengthening London's position as the world's leading international financial services centre.

Is ensuring we get a good Brexit deal.

And that we protect markets from uncertainty during the transition.

Working with the European Commission, we've set-up a Technical Working Group between the Bank of England and the European Central Bank which is working to manage transition risk and provide further reassurances to our financial services firms.

Our clear long-term goal is to secure an enduring partnership that reflects the four and a half decades that the UK has been a member of the EU.

That recognises that our European neighbours are our most important trading partners.

And that Dover to Calais is the busiest trading corridor in Europe.

That our peoples are connected by centuries of shared history and culture.

And that the security of our entire continent depends on our shared commitment to defending it – through our collaboration every day on intelligence, counter-terrorism, and defence.

So as we leave the EU.

We need to forge a new relationship with our European neighbours that protects those patterns of trade; those business relationships that have been painstakingly built over decades.

That maintains low friction borders and open markets.

That does not make the Treasury, on my watch, "the enemy of Brexit"; rather, it makes it the champion of prosperity for the British people outside the EU, but working and trading closely with it.

And part of that successful partnership must be a mechanism that enables UK EU financial services trade to continue.

Delivering the benefits of open markets and deep regulatory cooperation to businesses and citizens across our continent.

Of course, we recognise that this will be a new kind of relationship.

Reflecting a new, and fair, balance of rights and responsibilities.

In my speech at Canary Wharf in March I outlined a vision of a future financial services partnership.

Where we remain highly aligned and deeply interconnected.

Even though we will be outside the EU.

And explained why this is in the overwhelming interest of UK and EU businesses and citizens.

Of course, we are not yet at the stage of formal negotiations on financial services.

But since I gave that speech, I have discussed our approach with many counterparts in the EU and beyond.

There is a mixture of views.

The view of the Commission and some Member States is that the only possible route for future financial services access is through the EU's existing, off the shelf, equivalence arrangements.

I don't agree with that.

In my speech in March I set out why the existing equivalence regime would not work for UK-EU financial services trade.

It is piecemeal, unilateral and unpredictable.

And therefore does not provide the stability that a well-regulated market requires.

And I think these weaknesses are increasingly recognised.

I know there is now an active debate in Europe about some form of 'enhanced equivalence' to structure the relationship with the UK for financial services.

But enhancement, like beauty, is very much in the eye of the beholder.

And I will be frank.

I do not consider some of the measures currently under consideration in the EU on third country regimes for CCPs.

Or some of the proposals put forward in the European Parliament on restricting investment firms, to represent "enhancements".

Because these proposals have nothing to do with equivalence.

And everything to do with an ambition to force the location of business into the Eurozone.

So although I have heard talk of 'enhanced equivalence', I have not yet seen a credible proposal for what it might mean or a clear articulation of how it might work.

So, as of today, the most developed model for a stable and efficient future financial services relationship between the UK and EU, is the one I set out in March.

And there is another point I want to make.

The UK will continue after Brexit to lead and influence international thinking on the regulation of financial services – and we will do so as the hosts of a global financial centre.

But we will all be stronger and have more influence in shaping the global debate, if we and our EU neighbours remain closely connected.

Divided, we damage all our chances of growing businesses in Europe capable of competing in a future that will be dominated by major global players located in the US and Asia.

Players who operate not only in the field of finance, but in data and technology, the new drivers of competitiveness.

Brexit is, and must remain, my most immediate priority as Chancellor.

But I am also focused on what happens next.

How Britain remains the global powerhouse for financial services that it is today.

Through Brexit.

Through the ideological squalls buffeting free trade and open markets.

And through the technological revolution that is to come.

At times of rapid change, history has a habit of making fools of us.

In 1876, Sir William Preece, chief engineer of the British Post Office, reported that: “The Americans have need of the telephone, but we do not. We have plenty of messenger boys”.

There’s a man who literally “missed the call of history”.

Just a couple of years later, a parliamentary committee reached a verdict on Edison’s new light bulbs, and I quote: “Good enough for our transatlantic friends, but unworthy of the attention of practical or scientific men”.

Apparently, we really didn’t like American inventions back then.

But today as we stand once again on the brink of a technological revolution.

Artificial Intelligence, robotics, biotech, Fintech, and a whole lot more.

We do so as the world’s leading financial centre; a global innovation hub; the world’s legal and regulatory jurisdiction of choice; a country with robust institutions; global centres of academic excellence; a vibrant culture

and civil society; and fingers crossed a national football team to be proud of!

In short – an ecosystem of prosperity.

But future success is not ours by right.

If we are to retain – and entrench – our position as the world's leading financial centre.

We must act now to secure it in the face of global challenge.

By building on three core strengths.

First, industry, regulators, and government must work together to build the most innovative, pro-growth environment in the financial services world.

Our regulators already lead the world.

The FCA's regulatory sandbox has been copied, almost universally, as other countries race to keep up.

And the Bank of England is working with the FCA to explore how RegTech can revolutionise the way firms engage with regulation, potentially transforming the world of compliance.

Our Open Banking initiative will completely change the way in which consumers and small businesses engage with banking, helping them access better value and more targeted services.

Our FinTech Sector Strategy sets out to ensure Britain remains the best place in the world to setup and grow a FinTech business.

And last week we launched British Patient Capital – a £2.5 billion public investment.

As part of our plan to unlock £20 billion of new finance for UK growth companies over the next decade.

And it is not just FinTech.

We're leading the way in Green Finance too.

This is important for London as a financial centre.

And it is important for our planet.

The UK is already leading the charge in this market – with nearly 80 green bonds raising more than \$24 billion across seven currencies.

But if we are collectively to meet our global climate goals, we will need to mobilise \$90 trillion by 2030.

And it is my ambition that the UK leads the world in financing this

investment.

So tonight I can announce we are establishing a new Green Finance Institute here in London, jointly funded by government and the City of London.

So that firms from across the world can access our one-stop-shop for world-leading climate science, and for capital.

Here in the UK – the home to the markets of the future.

Second, we must be build our resilience.

Regulating with the right balance between protecting stability and fostering competitiveness.

Let me be clear.

Because the UK's financial services markets are around ten times bigger than our GDP.

And because we have to protect our taxpayers from unacceptable risks.

We will always champion high regulatory standards in financial services markets.

We aim to be the safest and most transparent place to do business.

Leading the “race to the top”.

That means supporting our regulators, including our independent central bank.

Today I have announced that we will further strengthen the Bank of England, with reforms to its financial framework.

With a package including a £1.2 billion capital injection into its balance sheet.

Reinforcing its resilience, and its ability to meet its monetary and financial policy objectives in the future.

But resilience goes beyond regulation.

And nowhere is this more evident than the growing and evolving cyber threat.

The UK is a leader in national cyber capability.

And we have set up the National Cyber Security Centre – the first nation to leverage the unique cyber capabilities of the state and our intelligence community.

To directly strengthen the resilience of our critical business sectors.

Making the UK the most secure place in the world to do online business.

Third, we must commit to being the most open market in the world.

Open to competition.

And open to talent.

Our announcement last week that we will take doctors and nurses out of the Tier 2 Visa cap, frees up hundreds of additional places a month for highly skilled workers.

Making it easier for our financial sector to hire the best from around the world.

But the digital revolution, artificial intelligence, and automation will radically change the nature of work in this sector.

Just last week Citi estimated that machines would displace up to half its technology and operations staff in just the next five years.

That doesn't mean mass unemployment.

But it does mean the nature of work will change – as technology makes people more productive and frees many to take on a different role.

So we will need to ensure that – in addition to access to international talent – the UK has a long-term pipeline of domestic skills to meet this transformation.

To harness the brightest young minds of today to meet the needs of the financial sector of the future.

So tonight I am pleased to announce the creation of a new industry-led Financial Services Skills Taskforce

Convened by CityUK, and led by former City Minister Mark Hoban.

To understand and respond to changes in the shape of financial services.

To ensure we meet the long-term skills needs of the sector over the coming decades.

And creating opportunities for the next generation.

And there is another key factor that will power our future.

Connectivity was always at the heart of London's success.

And to succeed in the future, we must remain connected to the world – including the important emerging markets.

Today we're home to world-leading banks, from the US, from Europe, from Asia, and elsewhere.

We're the leading global hub for Renminbi trading outside of Greater China.



A major player in Rupee financing.

We're the western hub for Islamic finance.

And we have Fintech Bridges with Singapore, South Korea, China, Hong Kong, and Australia.

So while some question the benefits of openness.

Being open to the world, to its capital, its ideas, and its talent, will continue to be a foundation of the UK's economic success.

And this evening I can announce a Global Financial Partnerships Strategy.

Bringing together governments, regulators, and industry.

To build an enhanced framework for cross-border financial services.

Facilitating access to global markets.

And positioning the UK as the gateway of choice.

Our vision is for a new set of partnerships.

Combining new tools, like financial services trade agreements, and existing ones, like our financial dialogues.

Positioning the UK as the most global financial services market in the world.

Because "Global Britain" is not just a strategy for Britain's economic future.

It's a statement about what kind of people we are – and about the economy and the society we are seeking to build.

To close, my Lord Mayor – I want to return to an earlier period of transition in our history.

In the years after the Second World War, as Britain faced the end of empire – and the need to redefine our relationship with the rest of the world.

There were many who feared for our prospects

Without the colonies, trade would dry up.

Our long, proud history would end in decline.

They were wrong.

Redefining our place in the world then, presented many new challenges, at home and abroad.

But it also delivered transformative new opportunities.

Today, Britain looks and feels nothing like that post-war world.

We have emerged from that period of transformation fundamentally stronger – because of the creativity and ingenuity of the British people.

And because of the agility and resilience of our institutions.

Today, we face new challenges.

We must redefine our place in the global order once again.

But we approach the future with the confidence of a global leader in innovation, possessed of those same fundamental strengths that have always allowed our nation to rise to challenges and seize opportunities.

Determined to build on the advantages that took so many generations to achieve.

We will seize those opportunities – and we will build that better future for our country.

Thank you.

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## Speech: Protecting Civilians in Central African Republic

Thank you Mr President, and may I start by thanking our briefers, Special Representative and Under Secretary-General Onanga, Special Representative Nebie, and General Maio for your briefings and also for your and your teams' continued efforts in the Central African Republic. We know how difficult and challenging your missions are, as is the context you are operating in.

And let me then also take this opportunity to offer my condolences, on behalf of the British government, to the family of the peacekeeper who lost his life in Bambari last week.

This senseless death, one of three in the past five weeks, serves to illustrate the deteriorating security situation in the Central African Republic, which concerns the United Kingdom, like other Security Council members, very deeply.

Security in areas that were once considered relatively stable, for example in Bambari and Bangui, has deteriorated. And we commend MINUSCA's efforts to respond to and quell the violence and uphold their mandate to protect civilians.

Mr President, today, as the Secretary-General's report states, a quarter of the population have been driven from their homes as they seek safety. There are now more internally displaced people in Central African Republic than at

any other point in the country's history.

And over half the population is in need of humanitarian assistance. 70 per cent of families do not have access to clean water, and 80 per cent of families do not have access to latrines. Despite this, only 20 per cent of the humanitarian response plan has been funded. The UK has given \$9 million so far in 2018, and we encourage all member states to respond to this appeal.

Mr President, we call on all armed groups, in Bangui and throughout the country, to immediately cease all forms of violence. But we also urge political, religious and community leaders to stop incitement to violence on religious and ethnic grounds. We have seen the tragic consequences of such calls to violence over the last few months. Those in positions of leadership have particular responsibility for their words.

The authorities and the international community must hold accountable those involved in attacks, violations of international humanitarian law, and abuses and violations of human rights. We must send a clear message: this behavior is not acceptable and there will be consequences, as the national justice system continues to develop and the Special Criminal Court makes progress towards operationalisation through the enactment of a new legal framework and the appointment of judicial police officers.

Mr President, we welcome the progress made to extend state authority to all areas of the country, including through the recent redeployment of civil servants and justice representatives, and we recognise the real challenge of doing so.

The deployment of the FACA units trained by European Union Training Mechanism in CAR is an important step. We commend the EUTM's efforts to support the reestablishment of a cohesive and well-trained national security force. This is not only essential for peace and security in the short term. A well-trained force which respects human rights will help to build trust between civilians and the government of the Central African Republic and thereby help to mend the social fabric which has been so deeply damaged by the conflict.

Mr President, as we have discussed in this Council many times, an inclusive political peace process is the best way to address the grievances of all parties to ensure long-term peace and security.

We very much welcome and support the African Union's leadership on this issue, through the African Peace Initiative. The visit to take stock of armed groups' grievances was a good step. The regional credibility of the African Union allows it to positively engage with all groups and we strongly encourage the AU to continue their good work.

Indeed, we should reflect on how we, the Security Council, and the international community, can best support the African Union and enhance and support the peace initiative. The UK is open to the African Union's suggestions on how the Council and the international community can play a more supportive role, and we look forward to the interactive dialogue later.

Thank you Mr President.

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## **Press release: Giant 40-metre-wide structure to help improve journeys on M6**

The huge 20-tonne gantry will span the width of the motorway, hold 10 large electronic signs and is the biggest single structure being installed as part of a £274 million upgrade of a 20-mile stretch of the M6 to a smart motorway.

The Highways England scheme between junction 16 at Crewe and junction 19 at Knutsford involves converting the hard shoulder to a permanent extra lane and introducing new variable speed limits to help tackle congestion and keep traffic flowing.

A similar smart motorway scheme on a stretch of the M62 in West Yorkshire, which was completed in 2013, has resulted in commuters saving an average 30 minutes each week.

Arun Sahni, Project Manager at Highways England, said:

This is a major milestone for the project and a lot of planning and preparation work has been carried out to make sure the gantry can be lifted into place as quickly and safely as possible.

The superspan gantry is one of a series of structures we're installing along the smart motorway route to hold over 250 electronic signs that will provide drivers with live information about their journeys, and help to improve journey times by tackling stop-start conditions caused by sudden braking.

We'd like to thank drivers for their patience while this work takes place. We're on schedule to complete the smart motorway upgrade by spring next year and are doing everything we can to minimise disruption, including keeping all of the lanes open in both directions during the day.

Superspan gantries are constructed off-site using a series of symmetrical steel bars, and are becoming a familiar sight on motorways across England.

The gantry on the M6 between junctions 18 and 19 will be lifted into place overnight on Wednesday 27 June, with a crane lowering it onto two pillars which have already been installed on either side of the motorway. Electronic signs will then be fitted to the structure at a later date.

The southbound carriageway on the M6 will be closed between junctions 19 and 18 on Wednesday 27 June from 10pm to 6am to bring the crane onto the motorway for the gantry lift.

Police will hold traffic on the northbound carriageway for several minutes during the lift so that drivers can then continue their journeys once the gantry is in place without needing to come off the motorway to follow a diversion.

Stretches of the route will also be closed overnight, Monday to Saturday, later in the summer to install similar, smaller gantries on each carriageway. Drivers will be able to follow diversion routes when parts of the motorway are closed and details on closure dates will be publicised nearer the time once they have been finalised.

Around 500 people are currently working on the project to upgrade the M6 to a smart motorway through Cheshire. When the scheme is complete, 258 electronic signs will be used to alert drivers to changes in the speed limit, lane closures and incidents ahead.

A total of 70 CCTV cameras will also be installed to provide 100% coverage of the route and allow Highways England's traffic officers and the emergency services to respond quickly to incidents. And 18 emergency areas will be built to provide drivers with a safer place to stop if they break down.

More details are available on the [scheme website](#).

## **General enquiries**

Members of the public should contact the Highways England customer contact centre on 0300 123 5000.

## **Media enquiries**

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# **Speech: PM statement at press conference with NATO Secretary-General Jens Stoltenberg: 21 June 2018**

## **Prime Minister Theresa May:**

Jens, it's a pleasure to welcome you to Downing Street today.

The range of issues we have discussed I think underlines why NATO is as vital now as it ever has been.

And why our commitment to the Alliance remains steadfast.

Not only do we exceed the NATO target of spending 2 per cent of GDP on defence, but as we meet today thousands of our Armed Forces personnel are standing shoulder-to-shoulder with NATO allies around the world.

They serve alongside our Allies in Poland and Estonia to deter Russian aggression as part of NATO's "enhanced Forward Presence".

They are training and mentoring our Iraqi and Afghan partners to help them build a brighter and more prosperous future.

The Royal Navy has led half of NATO's Standing Maritime Forces for the past year and has declared our nuclear deterrent capability to the defence of the

Alliance since 1962.

And Royal Air Force Typhoon jets stationed in Romania are patrolling the skies over the Black Sea as part of NATO's Southern Air Policing mission.

I am proud that whenever the call comes from NATO the UK is one of the first to respond.

But while we step up we cannot allow NATO to stand still.

So today the Secretary-General and I welcome the progress made on modernising NATO while recognising that there is more to do.

There has been much discussion about the need for Allies to take on greater responsibility by increasing their spending on defence and we welcome the steps that NATO Allies have taken since the Wales Summit four years ago.

Burden sharing will be one of the key items on the agenda for the Summit in July, where we will take stock of progress since the Leaders' Meeting last May and the Warsaw and Wales Summits.

Europe is shouldering more of the burden but must continue to do more.

And as the challenges we face evolve so must we, which is why another key priority for the Summit will be making NATO more modern and adaptable.

Next month we expect to agree an ambitious package of measures to strengthen our deterrence and defence, to increase our efforts on tackling terrorism, and to address the threats presented by cyber and hybrid warfare.

Our values and our unity are the source of NATO's strength, but as an organisation of 29 based on consensus, there is a risk that we cannot always act as quickly as our adversaries.

So it is reassuring that NATO continues to adapt to ensure that it is less bureaucratic, better at prioritising its activity, and more capable of taking and implementing decisions quickly.

This work will include improving readiness to make sure that we have the right forces in the right place so that they can act to protect our people.

The UK already plays an important part in this by supporting the design of a new NATO Command Structure – and I'm proud to say that we'll be committing an additional 100 posts to that Structure taking our commitment to over 1000 UK Service personnel.

Finally, this is the first time that the Secretary-General and I have met since Russia's use of an illegal nerve agent in Salisbury.

We saw a powerful demonstration of the value of the Alliance in its response to this incident and I would like to thank the Secretary General for his and for NATO's support.



This act was the latest Russian provocation in a wider pattern of malign behaviour – cyber, disinformation, political subversion and increased military posturing.

We will continue to be at the forefront of those opposing Russia's malign activity and the abuse of the international rules-based system, but we remain committed to the NATO approach of deterrence and defence backed up by periodic and meaningful dialogue with Russia.

The message that I have conveyed to the Secretary-General today is that the UK will continue to lead by example in NATO, meeting the 2% target on Defence spending, contributing across the board to Alliance missions and operations and continuing to encourage all Allies to do the same.