

# Speech: Beyond Brexit: Britain and the global economy

The United Kingdom is opening a new chapter in its history.

For the UK, our departure from the European Union is about setting our sights wider, and embracing the realities, and opportunities, of globalisation.

We are not turning our backs on Europe. The 27 nations of the EU will remain our close allies, on defence, security, and trade.

The UK will not abandon our commitments to our European partners, and will always work tirelessly to protect our mutual interests.

But Britain has chosen to embrace a wider world.

The fact that trade, prosperity and globalisation are inextricably bound together is hardly a revelation.

The Silk Road, the earliest and, for centuries, the most successful paradigm of international trade, flourished not only through the movement of goods, but through the transfer of cultures, ideas and scientific advances, that flowed along its length.

It is a pattern that we see repeated today. The world may have changed beyond all recognition, yet the benefits brought by free and open trade, not only in jobs, technology and prosperity but in arts, literature and science, would be instantly recognisable to our ancestors.

The lesson of history is unequivocal – free and open trade is fundamentally beneficial to humankind.

As history ebbs and flows, we have sometimes forgotten this message. In the 1930s, nation states and great economies across the world turned their backs on one another, closed their markets, closed their minds, and succumbed to protectionism.

It was not until the 1940s, when the old order had been shattered by global conflict, that these lessons could be re-learned.

It is a source of pride in the UK that it was in London that the architects of what would become the Havana Charter gathered in the aftermath of the Second World War, rededicating themselves to the purpose of creating a world that was more open and more interconnected, more stable and more secure than the generation that had preceded it.

At that time, one of my predecessors as President of the Board of Trade, Sir Stafford Cripps, opened the meeting by observing that “The world had experimented long enough with the chaotic conditions that existed after the First World War”.

The time had come to establish some degree of organisation to world trade. The world, as he saw it, "was full of good intentions, but [had] signally failed to translate them into wise actions".

Those who met in London foresaw that their task would not be easy. Nations would have to face down vested and special interests; to abandon the old protectionist certainties and commit to trading liberalisations in pursuit of a greater good.

We have come a long way since the London PrepCom. The resulting General Agreement on Tariffs and Trade proved its worth as a stabilising influence on the development of global trading practices, and became the crucible of the international rules-based trading order.

Countries, at first relatively few in number, but increasing over time, began to dismantle the barriers that had hindered trade in the interwar period. Progressive rounds of pro-free trade agreements went side by side with a dramatic expansion in global trade, and the wealth and development of technologies that went alongside it.

Jobs, companies, industries, were continually remodelled as private enterprise boomed and global GDP grew rapidly.

On the 1st of January 1995 the UK, along with 124 others, created an organisation to protect and advance the ideas behind the Havana Charter. This continued the liberalisation of the trade in goods, but also extending the scope to include agriculture and, for the first time, services and intellectual property.

Underpinning all of these advances was the creation of a dedicated dispute settlement system – a forum where disagreements between member states could be solved through cooperation.

## **Importance of WTO to the UK**

To the United Kingdom, a nation that has for centuries been dedicated to the principles of free trade, the World Trade Organization retains both a vital symbolic and practical significance.

It is not only the home of the rules-based international system for global trade that has been the foundation of our post-war prosperity, but the repository of our values, resolutely championing free trade in the face of setbacks and opposition.

And, while they may be difficult to achieve, all of us in this room all recognise that multilateral agreements are the gold standard of trade deals.

Fundamentally, such agreements offer a common platform of rules and a guaranteed minimum level of market access to all trading partners.

They are the simplest for companies to navigate, and perhaps because of this they offer the greatest economic and social benefits.

The international trading system that we created in 1995 may be in need of some refurbishment, but our commitment to its fundamental goals and principles remains unshaken.

The UK has been a WTO member since the organisation's inception and I am proud to stand here today and say that the UK remains, to its core, committed to multilateralism, and to the WTO.

While much political activity in Europe has been focussed on Brexit, it is essential that we don't lose sight of the big picture, and the potential for all of us to benefit from another round of liberalisation under the WTO.

This organisation, and the wider cause of global free trade, will face formidable challenges. But you will find no firmer ally than the United Kingdom.

## **Future approach of the UK to the WTO**

For all that this Organisation has contributed to the advancement of free trade, its existence cannot be taken for granted. Barriers to trade are difficult to eradicate, and a particularly worrying report by this organisation has highlighted the acceleration in protectionist measures since the 2008 financial crash.

Fortunately, the WTO has often proved adept at renewing itself, a power incorporated into the Marrakech Agreement.

It has, for example, been strikingly successful in expanding the global reach of its rules. Membership of the 'club' retains a certain cache for those nations aspiring to a greater role in international affairs. As such, the WTO has extended to near-universal coverage, a truly remarkable achievement.

Another method of renewal has been through multilateral or plurilateral negotiation. And again there have been some striking successes.

The Trade Facilitation Agreement, reducing the bureaucracy faced by companies at the border and saving them crucial money and time, was a major achievement.

And the extension of coverage of the Information Technology Agreement – so that now more than 10% of global trade is tariff free was another significant step forward.

As well as recent successes, we have talks on-going to tackle key global issues. For example, there are plurilateral negotiations underway which aim to help tackle climate change, through the liberalisation of trade in environmentally friendly goods. Additionally, some WTO Members have also been engaged in negotiations on what should be the most ambitious services agreement to date.

Yet for all our achievements, we must recognise that some of our ambitions to go further and faster remain unrealised.

Many of the goals that we as ministers set ourselves when we gathered in Doha remain unfulfilled. The world has moved on since 2001, and the Organisation must strive to keep up with the times.

The last 16 years have seen a fundamental shift in the geography of international trade, as economies develop and new markets emerge to change the centre of gravity.

This has been driven, at least in part, by emerging technologies and the digital revolution. Given that businesses across the world are increasingly turning to e-commerce, the organisation must be able to meet the needs of a digitally powered global economy. This is a change for which this organisation must adapt and prepare.

It would be inconceivable, for example, to begin a new set of multilateral negotiations today, that would not mention or cover digital trade.

Yet despite these challenges, by focusing on discrete areas – be that multilateral or plurilateral – the WTO membership has taken some bold new steps.

At the 11th Ministerial Conference in Buenos Aires and beyond we should challenge ourselves to adopt similarly bold measures to refurbish those elements of the multilateral architecture that are perhaps showing their age the most, recommitting ourselves to the principle of a robust, rules-based trading system.

Commitment is not about being blind to an organisation's weaknesses – it is about retaining the will to intervene, to adapt and to improve.

I will never cease to reaffirm the United Kingdom's commitment to this organisation. We are already a full WTO member, with all the responsibilities that entails, and will continue to be so after our exit from the European Union.

As one of the world's major economies, we are dedicated not only to helping the global rules-based system adapt to the wider challenges, but also to leading by example, using our influence to work to advance the cause of free trade, and prepare the system for the economic challenges of the 21st century.

## **Future developments – addressing the issues**

For all the benefits that FTAs have brought to international trade, they are far from the only tools at our disposal – from mutual recognition agreements, to ministerial dialogues, to trade working groups, and greater cross-border facilitation.

For the United Kingdom, the future of global trade will be shaped by 3 things – the digital economy, the promotion of trade as the main tool of development, and unlocking the vast potential of the trade in services.

In all of these areas, the WTO has the potential to set the agenda, ensuring that such developments are approached in a way that remains both mutually beneficial, and dedicated to the principles and values of the organisation.

If we are to continue to effectively liberalise global trade flows, then our approach must be manifold, using FTAs, industry-specific liberalisations, working groups and any other means at our disposal and taking every opportunity to advance the cause of free trade.

Firstly, we want to see modern and ambitious digital provisions in trade, including around e-commerce, data and telecommunications. Not only do these areas constitute the cutting-edge of international trade, but their far-reaching support for consumers and businesses makes them a cornerstone of future prosperity.

It is a telling fact that the principal rules of the WTO have not been significantly updated since 1994, when the internet was barely in its infancy.

Yet, with successful adaptation, the WTO has the opportunity to lead and shape economic governance of new technology.

On the digital economy, we are working with other WTO Member States to achieve a positive outcome at the Ministerial Conference in December. This includes the UK working with developing and Least Developed Countries as a core supporter of UNCTAD's 'eTrade for All' initiative which seeks to improve the ability of developing countries to benefit from e-commerce.

The digital economy, and e-commerce in particular, is a key driver to wider economic growth. It is vital that digital discussions in the trade forum should keep the development and inclusiveness agenda firmly in mind.

Safeguarding the access of developing economies to digital trade should reflect a wider dedication to economic development and poverty elimination.

After all, trade is a key driver of economic growth and development, helping to raise incomes, create jobs and lift people out of poverty.

Take India for example. In 1993, around 45% of India's population sat below the poverty line, as defined by the World Bank. In 2011 it was 22%.

It is no coincidence that in the intervening period India embraced globalisation and started to liberalise its economy.

It is hard to imagine an international aid programme, even one as generous as the United Kingdom's, that would, or could, have ever been as effective.

That is why we recognise that trade and development form a fundamental and synergistic partnership – trade flourishes where there are high levels of education, developed financial sectors and, hugely importantly, sound governance and minimal corruption.

It is critical that trade works for all WTO Members. We remain committed to

ensuring Least Developed Countries and other developing country trading partners can harness the formidable power of trade to reduce poverty.

That is why on 25 June we announced that as we leave the EU, we will secure existing duty-free access to UK markets for the world's poorest countries and aim to maintain current access for other developing countries which benefit from reduced or zero tariffs.

And this is where the WTO's own Trade Facilitation Agreement has the potential to benefit developing economies.

Yet by far the greatest prize within our reach is the liberalisation of the global trade in services.

Arguably, service-based economies derive less benefit from the current architecture for trade than those trading in goods.

For the most advanced economies, such as the UK, where almost 80% of our economic activity is services-based, we need trading partners who are functionally similar, not necessarily geographically proximate.

But most of all, we need markets that are genuinely open.

Many of the most developed nations, including the US, are seeing rapid growth in services as a proportion of their economic output, and of their international trade.

This has been matched by a similar growth in demand for services, as developing nations around the world produce increasingly sophisticated economic outputs.

If we are to unlock the full growth potential of the world economy, then it is imperative that we give the WTO the tools to liberalise this trade, allowing them to lift barriers and open new markets for services companies across the world.

That is why the United Kingdom fully supports the resumption of TiSA negotiations at the earliest opportunity.

TiSA has the potential to set the standard in the trade in services globally. It will offer not only an improved trading baseline for advanced economies, but will also allow developing nations access to services sectors that will nurture their burgeoning economies.

Yet it is not only in economics where we will see the benefits.

For the prosperity that trade can create is in turn the basis of a social stability that in turn underpins political stability. That political stability, in its turn, underpins our security.

In other words, free trade and global security are part of the same continuum, and you cannot disrupt one element without disrupting the whole.

It is a truth we need to understand in this interdependent, globalised era. Britain, as an independent WTO member, will always defend and champion the cause of free trade and market access for those economies that require it most.

Finally, if the UK and the WTO are to remain committed to the multilateral trading system, we must also rededicate ourselves to the dispute settlement system.

Fundamentally, we begin from the perspective that the system works.

We recognise and want to pay tribute to the challenging and important work conducted by the Panels, the Appellate Body and the WTO Secretariat in assessing compliance with our shared WTO commitments.

Yet we must remain vigilant, and ensure we have an efficient mechanism in place for resolving disputes between members that, crucially, commands the confidence of WTO members.

We stand ready to address these issues through the EU, until we become an independent member of the WTO.

## **Conclusion**

It has been rightly said that if the WTO did not exist we would have to invent it. In the period prior to the establishment of the GATT there was no lack of understanding of the value of free trade, nor did we ignore the link between economic prosperity and political stability. The issue was a lack of political willingness to translate those good intentions into wise actions.

All of us here accept how vital the continued existence of the WTO is to the survival of free trade. But such is the importance of its task, that the organisation must never stop making the case for its existence, nor shy away from lauding its own achievements.

What would happen, for example, if the WTO were to collapse tomorrow?

The idea that the Regional Free Trade Agreements, which have undoubtedly done much to advance the cause of free trade, would by themselves protect the values and principles of the WTO, does not stand up to scrutiny.

Globalisation has eliminated many of the barriers of distance and time that once separated nations. As the global economy shifts towards services, knowledge and digital trade, the geographic proximity that underpins the traditional trade bloc will become increasingly less relevant.

And, aside from these doubts about their long-term viability, it is also important to remember that those countries outside established RTAs would, without the intervention of the WTO, risk being economically side-lined, the benefits of free trade slipping away as more developed nations pull up the drawbridge.

It is incumbent upon all developed nations to extend the benefits of free trade to emerging economies, and offer them a route to prosperity.

That is why it is so concerning to hear the voices of protectionism growing louder.

Research by the OECD that shows that protectionist instincts have grown since the financial crisis of 2008. By 2010 G7 and G20 countries were estimated to be operating some 300 non-tariff barriers to trade – by 2015 this had mushroomed to over 1,200.

Those who have benefitted most from an open, liberal trading environment have a duty to ensure that others are able to take advantage of the same benefits in the future.

After all, such action is not simply altruistic. It develops the trade partners of the future, and allows developed nations to build links to those economies that will become the future drivers of global growth.

This principle underpins our pursuit of free trade.

It is unlikely that a 'system failure' of the WTO would result in a full return to 1930s style destructive protectionism. Yet without its moderating influence, we would likely see the re-emergence of raw power politics, with trade relationships governed by disorder and discrimination.

This vision of the future will, I hope, add some urgency to our actions as we face the scale of the task before us.

The WTO remains the central pillar of global free trade, yet it must, as a matter of vital importance, continue to ensure its relevance and use to the membership.

We are experiencing a period of rapid, and sometimes bewildering change. But within this challenge lies opportunity.

On the digital economy, on services, and on development, the WTO has the chance to take back the initiative, and regain the ability to shape the global trading environment.

I am here to offer the United Kingdom as a staunch ally, a committed member and, where necessary, a catalyst for change, as we rise together to face the challenges of the future.

Thank you.

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# Research and analysis: Exercise GREY SEAL

Exercise GREY SEAL was held over 22nd and 23rd November 2016 to test the National Contingency Plan for Marine Pollution from Shipping and Offshore Installations (NCP). Government departments, local authorities, the shipping industry and their contractors were all tested in their response to a major shipping incident resulting in offshore and onshore pollution. As well as testing the response cells described within the NCP the office of the Minister for Transport also participated.

The aim of the exercise was to test the United Kingdom's (UK) response to a major oil spill within the UK Exclusive Economic Zone (EEZ).

You can download a copy of the report on the exercise from this web page.

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## News story: Creative sector receives record boost of £700 million pounds

Britain's world-leading creative sector has benefited from over £700 million pounds of support from government in the last year, [official statistics](#) showed today.

The award-winning TV series "The Crown" and award-winning film "Lady Macbeth" are among the productions to have made use of the High-End TV and Film Tax Reliefs respectively.

Creative Sector Tax Reliefs were introduced to help UK businesses in these highly skilled and innovative sectors thrive at home and abroad.

This year marks the fifth anniversary of the government's announcement to expand its support for the creative sector. The reliefs enhance the UK's creative sector industries, including video games, animation and high-end television.

Mel Stride, Financial Secretary to the Treasury and Paymaster General said:

From film directors to video game developers, UK creative leaders are championing British culture and innovation both at home and abroad.

This tax relief provides vital support to our world-class creative industries as they continue to boost growth across the country and

create top quality entertainment that we can all enjoy.

The creative industries employ two million people across all parts of the UK. These tax reliefs are helping to ensure creative sector companies can continue to hire people and boost local economies.

Creative Industries Minister Matt Hancock said:

The UK's creative industries are one of our biggest success stories. They play a vital role in shaping the UK's image and reputation at home and abroad, and through initiatives like the tax relief scheme, we are creating the right environment for this dynamic sector to flourish and thrive.

Britain's creative industries are growing faster than the rest of the economy and we want to keep it that way.

Amanda Nevill, CEO of BFI, commented:

Worth £4.3 billion to the economy, UK film is the country's fastest growing sector, employing over 66,000 people.

The UK is one of the world's most important production hubs and the tax reliefs for the screen industries have enabled this unprecedented growth across the country, creating jobs and supporting businesses from Belfast to Bradford.

Vitaly, they have also allowed creativity to flourish and our world class filmmaking talent to shine with productions from Trainspotting and Lady Macbeth through to Wonder Woman and Game of Thrones.

John McVay, Chief Executive of Pact, said:

The creative sector tax relief has played an important part in attracting inward investment, and helping to grow the successful UK TV production industry, with benefits to all parts of the UK. It has helped our members stay competitive in an ever-growing global marketplace.

Over 2,070 films, 295 videogames and 205 high-end TV productions have benefited from the tax reliefs since their respective introductions. The figures also show for the first time that 1,750 theatres have benefited from the support available.

There are currently seven different reliefs available to the creative sector; film, high-end TV, animation, videogames, children's TV, orchestra and theatre.

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## **[News story: Dangerous occurrence at Broad Oak level crossing](#)**

Train passed over Broad Oak automatic half barrier level crossing, with barriers raised, near Canterbury, 29 June 2017.

At around 10:20 hrs on 29 June, a train, already braking because the driver had recognized the hazard, passed over the level crossing with the barriers raised. The last road vehicle had crossed around 12 seconds earlier.

We have undertaken a [preliminary examination](#) into the circumstances surrounding this incident. Having assessed the evidence which has been gathered to date, we have decided to publish a [safety digest](#).

The safety digest will shortly be made available on our website.

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## **[Press release: Outbreaks of Koi herpesvirus \(KHV\) disease in 2017](#)**

KHV is a serious viral disease of fish, and is notifiable in the United Kingdom. It affects all varieties of common and ornamental carp (*Cyprinus carpio*), and can result in large scale mortalities.

Fish with KHV disease may show the following signs, especially when water temperatures are between 16 to 28 degree centigrade:

- necrotic (white or brown) patches on the gills
- rough patches on the skin and sloughing mucous
- sunken eyes

You must [contact the FHI](#) if you suspect an outbreak of KHV. This includes fish with the above signs, or deaths of carp or carp hybrids.

There is no risk to public health.

## **New outbreaks**

When laboratory testing confirms KHV disease at a site, the FHI place statutory controls to limit the spread of the disease. These controls restrict movement of animals and ensure equipment is disinfected.

Disease controls have been applied at:

## **Finished outbreaks**

Sites with KHV disease must undergo a 4 year monitoring programme. The FHI visit these sites to look for evidence of disease and to inspect compliance with the conditions of the statutory controls in place. The controls are removed if the disease doesn't reoccur during this period.

Some sites choose to cull and disinfect their stocks, rather than have 4 years of monitoring.

## **Further information**

You can:

## **Background**

Koi herpesvirus (KHV) is a notifiable disease under [The Aquatic Animal Health \(England and Wales\) Regulations 2009](#). KHV outbreaks have been subject to statutory control in Great Britain since 2007. The UK maintains a surveillance programme for this disease.

When the FHI confirm an outbreak, they take steps to control and, wherever possible, remove the disease. This may involve movement controls on susceptible species in the area, enhanced biosecurity, culling of fish, and cleaning and disinfecting of the premises.

Site operators must write to the FHI to get permission to move live fish into, out of, or within the designated area, and to make material changes to the site or site activities. This also applies to fish eggs and gametes.