

# News story: Defence Secretary visits the nation's future Flagship

The Defence Secretary landed by Merlin helicopter on the deck of the new aircraft carrier HMS Queen Elizabeth, which is currently on sea trials off the coast of Scotland. He met with members of the crew and thanked them for their contribution to UK defence.

While addressing the Ship's Company, Sir Michael announced the Britain's second aircraft carrier, HMS Prince of Wales, will be officially named at a ceremony in Rosyth on 8th September 2017.

## **Defence Secretary Sir Michael Fallon said:**

Our carrier programme is a clear demonstration of British power and commitment to our global standing. With two aircraft carriers we will have one available at all times, providing a world-class carrier strike capability. They offer a prodigious promise to future generations of our determination to continue fronting up to aggression for years to come.

The magnificent HMS Queen Elizabeth provides us with power on a scale we have never seen before. Protecting us for the next half a century, she will be a highly versatile and potent force, capable of both humanitarian and disaster relief and high-end war fighting.

The Defence Secretary landed by Merlin helicopter on the deck of HMS Queen Elizabeth.

Four weeks ago today HMS Queen Elizabeth sailed for the first time from Rosyth, under the authority of the Aircraft Carrier Alliance, which is responsible for building and delivering the ship to the Royal Navy. Celebrating a number of firsts as we bring the ship to life, she has now had her first helicopter landing, first passenger boat transfer and first port call in Invergordon. The Ship's Company, a crew of over 700 Royal Navy and 200 industry personnel, have settled in well to the routine of ship's life.

The initial period of sea trials, expected to last around six weeks, will test the fundamentals of the ship. The trials are monitoring speed, manoeuvrability, power and propulsion, as well as undertaking weapons trials and additional tests on her levels of readiness. [Last week the Defence Secretary announced the name of the first Type 26](#), HMS Glasgow, as part of the new City class frigates that will form the backbone of the Royal Navy until the 2060s.

HMS Queen Elizabeth is expected to enter Portsmouth to be handed over to the Royal Navy later this year.

The Defence Secretary landed by Merlin helicopter on the deck of HMS Queen Elizabeth.

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## Speech: Liam Fox champions global free trade

I would like to begin by thanking AEI for hosting us today, and for the warm welcome we have had here in the US.

As the UK prepares to leave the European Union, Britain enters a new chapter in our history.

We will do so as a proud champion in the cause of global free trade, unashamedly promoting the importance of the rules-based system, and helping to ensure that the proceeds of prosperity are distributed to all.

This is a global responsibility, and not one that Britain can realise alone.

To achieve our ambition at home, we will seek a full and comprehensive trading relationship with our European neighbours, retaining the ties of commerce, standards and shared interests that have long united us.

Yet we will also set our sights wider, strengthening our ties with new friends and old allies alike, as we seek to build a truly global Britain.

As far as our own trading relationship with the EU goes, we begin from a mutually advantageous position.

Never before have 2 parties seeking a new trade agreement begun with the advantages of complete regulatory equivalence and a zero tariff environment.

Our challenge is not primarily economic, but practical and political.

At all stages, whether at the WTO in Geneva, ensuring the transitional adoption of existing EU agreements into UK law, or passing trade legislation through Parliament, we will strive to ensure stability, continuity, and no disruption to market access.

And throughout this process, our overriding aim is to provide maximum predictability and transparency not only to businesses and consumers alike, but to our international partners also.

At the same time we must ensure that government works together with those in our economy that drive our prosperity.

This year marks 2 centuries since David Ricardo introduced his Theory of Comparative Advantage.

As everyone here will know, the theory states that, if nations are allowed to engage in free and open trade, specialising in the export of certain goods and the import of others to meet their needs, then there is a mutual increase in economic welfare between nations, making those countries richer as a result.

It is one of the most powerful concepts in economics, described by the economist Paul Samuelson as the only proposition in all the social sciences that is both true and non-trivial and remains, to this day, the most fundamental justification of the power of free trade.

Since 1817, the world has changed beyond all recognition, yet the experiences of globalisation, and of technological advances unimaginable in Ricardo's time, have only served to validate his theory.

The principles of free and open trade have underpinned the multilateral institutions, rules and alliances that helped rebuild post-war Europe and the world beyond.

They helped usher the fall of communism and the tearing down of the Iron Curtain; they facilitated 70 years of global prosperity, and they have raised the living standards of hundreds of millions of people across the world.

Commercial liberalism imparts vast economic benefits, but there is also a robust moral case for promoting free trade which we must constantly reiterate.

As the world's developing and emerging economies have liberalised their trade practices, prosperity has spread across the globe, bringing industry, jobs and stability where once there was only poverty.

According to the World Bank, the 3 decades between 1981 and 2011 witnessed the single greatest decrease in material deprivation in human history – a truly remarkable achievement.

Take India as an 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 our own, that would, or could, have ever been as effective.

It is also, sadly, easy to find examples of where a lack of free trade has harmed the most vulnerable. If you want to see the contrasting results of open and closed economies then look across from China to the Korean peninsula.

In 1945, both North and South Korea began from a very similar base, but while South Korea was eventually more embracing of open trade and free markets, Pyongyang turned inwards with the tragic consequences for its citizens that we see to this day.

Seoul is now at the heart of a thriving economy and dynamic democracy where freedom and prosperity are shared among its people.

It should come as no surprise that while over 80% of South Koreans have access to the Internet, less than 0.1% of North Koreans enjoy the same. More tragically, there is a greater than 10 year discrepancy in the life expectancy of those north and south of the demilitarised zone.

Yet for all its humanitarian benefits, the value of free trade also lies in its promotion of commercial, industrial and economic interests.

As Adam Smith famously observed, free trade appeals not to one's benevolence, but to the idea that prosperity is achieved when we are at liberty to pursue our own interests. It just so happens that we have many shared interests, ones sought by the UK and US alike.

It is perhaps a cliché for a British Secretary of State to come to the US and talk about the Special Relationship.

Yet the fact that a phrase is well-used does not make it any less true.

Britain and America are united by language, culture, history, defence and of course commerce and trade.

It is perhaps fortuitous that we are also the world's first and fifth largest economies.

The economic value of our bond cannot be overstated.

The United States is Britain's largest export market, buying more than £200 billion of UK goods and services every year – more than France and Germany put together.

The stock of investment we hold in each other's economies currently stands at \$1 trillion. The US is the number one destination for UK investment – thousands of British firms have a presence in the US, from car companies to financial services.

US companies investing in the UK see a familiar environment, built on economic fundamentals which allow businesses to flourish.

They are attracted by our low tax and low regulation economy; universities which sit alongside their American counterparts in all global top-10 lists; a highly skilled and educated workforce; a cutting edge research environment; and the ability to operate in the perfect time zone for global trading.

These fundamentals will not change; the UK will always be open for business.

In fact, the importance of this sentiment is embodied in the fact that one year ago, my Department for International Trade was founded to promote Britain's exports abroad, attract inward investment, formulate trade policy, and protect our closest trading relationships.

Our task is to build a Britain that strengthens our commercial ties with friends and allies across the world, utilising Britain's newly independent trade policy to create new opportunities for British businesses.

Yet this will not come at the expense of our European partners.

Britain wants the EU to succeed. There will be no closing off of relations, economic or otherwise, and no abdication of our responsibilities. Continuity and stability will be our watchwords.

But any who are tempted to see our exit from the EU as evidence of Britain looking inwards should think again. We have just chosen another path – to embrace the wider horizons of a truly global Britain.

As we contemplate our new place in the world, we do so with a renewed confidence and optimism, acknowledging the vast opportunities that lie before us, especially when it comes to strengthening our connection with our single largest trading partner.

My department recognises how important our relationship with the USA is.

That is why we have established a US-UK Trade and Investment Working Group, dedicated to comprehensively strengthening our bilateral relationship.

As a priority, the working group will seek to provide stability, certainty and confidence for businesses on both sides of the Atlantic. Indeed, the first discussions will focus on providing commercial continuity as the UK leaves the EU.

But our ambitions are much wider. The working group is designed to provide a springboard, laying the groundwork for a comprehensive free trade agreement between our 2 nations post-Brexit – the start of a new and exciting chapter in our special relationship.

As well as strengthening our international relationship, DIT is also working to build upon the tens of thousands of local commercial ties that bind our 2 countries.

Tomorrow, I will launch a report that details the UK's trade and investment relationship with each of the 435 Congressional Districts within the United States.

The report will detail each district's goods and services trade flows with the UK, identify how many jobs are supported by these investments, and detail the top UK companies in each district.

For the first time, each member of the House of Representatives will have a snapshot of the importance of UK trade to their district. Equally, we will be able to see where the opportunities lie to strengthen our existing partnerships or forge ahead with new, mutually beneficial, ones.

We believe that an open, free, and fair trading system is an unequivocal force for good.

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

In April, the World Trade Organization noted that in 2016 world trade in goods grew by only 1.3% – the first time since 2001 that trade grew more slowly than GDP.

This threat to growth and prosperity is going largely unrecognised. Countries across the world, including the nations of the G7 and the G20, are allowing trade restrictive practices to establish themselves, limiting access to these leading economies for developed and developing nations alike.

Research by the OECD that shows that protectionist practices 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.

This matters because the silting up of the global trading environment has implications beyond mere economics.

For the economic prosperity that a liberal trading system generates is a potent force for social stability.

That social stability underpins political stability, which in turn contributes to our collective security.

Prosperity, stability, and security form a continuum where one element cannot be interrupted without disrupting the whole.

Geopolitical stability is particularly important for countries, like the USA and the UK, with open economies and who hold large amounts of investments overseas.

We understand well that instability in any part of the global economy, whatever the cause, will ricochet across our interdependent, globalised world.

So what is to be done?

Firstly, we must lead by example, and work to encourage our trading partners across the world to support, and adhere to, the rules-based global trading system.

But such a system must ensure that rules are rigorously and effectively policed and enforced. Free trade is not a free for all.

Playing by the rules means taking firm action against illegal subsidies and dumping.

Trade remedy measures can be implemented at relatively short notice, and when used proportionally, can level the playing field, ensuring that global trade is fair as well as free.

It is worth remembering that these rules are not an external imposition on our economies, but were largely shaped and codified by the work of successive US and British governments.

In 1948, our nations were founding members of the General Agreement on Tariffs and Trade.

In 1986 it was the US, under President Reagan, that launched the Uruguay Round of multilateral negotiations that led to the establishment of the World Trade Organisation.

Today, the WTO continues to be a repository of those values of freedom and fairness in world trade.

Of course, the system that we established in 1995 may be in need of some refurbishment, as I said myself in Geneva last week, but that does not mean that we should abandon its principles and processes.

If the United States and the United Kingdom are to effectively rise to meet the economic challenges of the future, then, like the WTO, we too must prepare for the new realities and demands of the global economy.

Conceptually, we need to re-evaluate some of our traditional institutional frameworks. In the face of the rapidly changing global economy, this means a re-assessment of the great 20th century structure – the geographic bloc.

The concept of geographical blocs for the purposes of defence still make sense, although greater flexibility and wider, more diverse global alliances will be necessary to navigate the multiplicity of the security elements of the globalised economy.

For trade, however, the case is less clear. The more mature an economy becomes, and the more it diversifies into services rather than goods, then this offers new opportunities on top of those traditionally available through a geographically contiguous trade bloc.

For the most advanced economies like the United States, or the UK, where almost 80% of our economic activity is services-based, we can afford to seek closer partnerships with those whose demands complement our output, not necessarily those who are geographically proximate.

As I have often said, if Francis Fukuyama had called his book 'the end of geography' not 'the end of history' it would have been much closer to describing the world in which we now find ourselves.

I am not by any means underplaying the importance of our trade in goods, especially for developing markets, but we also need to harness the speed and flexibility that the globalised world demands.

This requires the ability to sell more into the full range of global markets – developed and less developed, mature and maturing, even if they are further away.

We cannot forget, though, that free trade has the capacity to spread wealth to all nations – the rising tide of affluence that lifts all boats.

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

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.

If we are to continue to prosper in an age where knowledge and services are as economically important as oil, or cars, then we must work to build an international framework that keeps up with modern demands.

Over the past 70 years much work has been done by the United States, Britain, and our partners to abolish tariffs on the movement of goods.

All of us here today have witnessed the prosperity that this has created. It is time to realise those same benefits for our newest and most innovative industries.

Extending trading freedoms to our service sector means unlocking new, global markets for our tech companies, our finance industry, and the wider knowledge-based economy.

These are the areas in which advanced economies can continue to lead the world. We should ensure that we give our industries the right conditions to retain that competitive edge.

That is why the United Kingdom supports the conclusion of the Trade in Services Agreement, or TiSA, as soon as is practicable.

Fundamentally, it aims to bestow upon our newest industries those same freedoms that powered global growth in the last century.

It is about giving this generation the chance to match the success of the last.

I will say again that this is not to forget the contribution that manufacturing still brings to our respective economies, nor does it seek to duck the challenge of productivity, and the opportunities of automation.

It is an acceptance of the economic reality of today, and the trading potential that it brings.

We must never forget that trade underpins our prosperity. That prosperity underpins our security. And that security is the basis of our freedom.



I will leave you today with the words of President Reagan:

The freer the flow of world trade, the stronger the tides of human progress and peace among nations.

There is no greater prize than that.

Thank you.

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## [Press release: Ploughshare successes continue to support UK prosperity](#)

Ploughshare Innovations, the technology commercialisation arm of the Defence Science and Technology Laboratory (Dstl), is pleased to announce an increasing number of growth and economic benefits it has provided to the UK economy, including the creation of hundreds of jobs and multi-million pound export deals.

The latest report, commissioned by Ploughshare and conducted by independent economics consultancy SQW, shows an increase in the benefits Ploughshare has delivered since the previously published report in 2015.

The economic impacts include:

- The creation of a maximum of 585 jobs, an increase of 85
- An increase of 70% in exports from £44 million to £75 million
- £118 million Gross Value Added (GVA), a measure of goods and services produced, increased by £53 million
- Spin-out companies have attracted £140 million investment, an increase of £10 million

In addition to quantitative contributions, Ploughshare's activities have also provided wider qualitative benefits to both industry and society.

The commercialisation of technologies has contributed to the development of new products for the Ministry of Defence (MOD), including advanced vehicle armour, electronic warfare software, and bio and chemical threat detection. In addition to improving UK capability, this also supports UK supply chains. For example, 85% of the suppliers for the vehicle armour product worldwide are UK-based. Beyond defence, notable applications include portable diagnostic devices to detect viruses, which were trialled in Sierra Leone to support those affected by Ebola.

James Kirby, CEO of Ploughshare Innovations commented:

This latest report again demonstrates the success that Ploughshare has become. By commercialising the best Intellectual Property (IP) created at Dstl we maximise their investment in technology research and provide wider benefits to both humanity and the UK's prosperity and security.

Graham Farnsworth, Head of IP Group at Dstl added:

Our collaboration with Ploughshare is providing amazing opportunities to develop our technology for wider applications. It also provides our scientists with personal and professional benefits by being involved in the commercialisation process which in turn has a positive impact on the whole IP creation process.

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## [News story: Consultation on proposals to protect London–Exeter rail passengers](#)

The Competition and Markets Authority (CMA) raised concerns over the award of the franchise to FirstGroup and MTR because FirstGroup already operates the Great Western franchise, the only other train service between London and Exeter.

The companies were given the opportunity to avoid an in-depth ('phase 2') investigation by offering proposals (known as 'undertakings in lieu of reference') to the CMA to address the concerns identified. The companies have now offered to cap unregulated fares between London and Exeter on both South Western and GWR services by linking these to prices on a number of other comparable routes where competition remains.

They have also proposed to maintain the availability of cheaper advance fares on both services – again by comparing with similar routes where competition remains.

The CMA has decided that there are reasonable grounds for believing these proposals, or a modified version of them, might be acceptable to remedy the competition concerns it has identified by protecting passengers using both London–Exeter rail services.

As part of its process, the CMA is now undertaking a public consultation on the proposals. The deadline for responses is 8 August 2017.

Details on this consultation will be found on the [case page](#) along with full

text of the decisions, all other information about the investigation and how to submit a response. The CMA has until 20 September 2017 to consider whether to accept the undertakings, although it may decide to extend this deadline to 15 November 2017 if it decides that there are special reasons for doing so.

The CMA's consultation on the proposals comes in advance of the start of the franchise, due on 20 August 2017.

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## **News story: Call for sponsors and partners for GREAT Festival of Innovation, Hong Kong**

The Department for International Trade (DIT) is organising a high profile GREAT Festival in Hong Kong in Spring 2018. The spectacular 4-day festival will promote and increase the UK's trading relationship with Asia.

The aim is to use the festival to build new and long lasting partnerships with UK and Asian businesses, all focused around the theme of innovation.

The festival will bring together the best and brightest innovators to foster new partnerships.

Companies participating will access talent and thought leaders in areas such as infrastructure and finance, technology, innovation, healthcare, education and consumer goods to name a few. Sponsorship offers a truly unique platform for companies in these sectors to:

- gain significant commercial exposure through a strategically important international event held in a growing and well established international market
- showcase the very best ideas, products, expertise and services to an influential Asian audience through a major media and communications programme around the festival
- align with the UK's brand and values through the world recognised GREAT Campaign
- promote products and services to Asian consumers online via DIT's [e-exporting programme](#)
- participate in thought leadership debates and meet the world's leading innovators in one place
- work in partnership with DIT to create and distribute digital content and amplify audience reach across Asia
- meet and discuss important issues with the government representatives taking part in the festival
- showcase your innovation to the influencer audience across Asia

All our sponsorship and partnership opportunities can be tailored to help individual businesses exploit the platform that the GREAT Festival provides.

## **Partnership packages at GREAT Festival of Innovation, Hong Kong**

Bespoke partner rights packages for businesses can be developed – providing either direct financial support or value in kind support in the form of a free product or service. Expressions of interest for value in kind support are sought for:

- creative services and production
- business support services
- AV equipment and support
- marketing, PR and media and communication services
- catering and beverage products

Any company wanting to register an expression of interest, in either cash or value in kind sponsorship, should contact Steven Anderson, Head of Sponsorship and Partnerships, Department for International Trade.

## **Hong Kong and the GREAT Festivals**

Hong Kong and Asia is a hugely important market for British companies.

UK exports to Hong Kong alone are worth over £8 billion and with over 600 British companies established in market, it remains a significant market in which to grow your business. It is widely regarded as one of the most dynamic trading markets in the region. As one of the world's largest trading economies, it remains a hugely important market for British business looking to do business in Asia.

This is the third GREAT Festival following highly successful 'GREAT Festivals of Creativity' in Istanbul in 2014 and Shanghai in 2015. Watch highlights of the Shanghai GREAT Festival.

[Shanghai GREAT Festival](#).