

Speech by United Kingdom's Secretary of State for International Trade, Dr. Liam Fox, to Sage conference, Chicago, 26 July 2016

I am delighted to be here at the Sage Summit talking to so many exciting and innovative businesses.

Sage's story is nothing short of inspirational.

Beginning as a start-up 30 years ago in the great northern city of Newcastle, it has now 14,000 employees serving millions of businesses across 23 countries.

In fact, employees in over half of all UK businesses get paid thanks to Sage.

A big responsibility if ever there was one.

I wonder if I am actually one of them!

And I am also delighted to be here in Chicago. There is actually much in common between the UK and Illinois' most famous son – Abraham Lincoln.

The stovepipe hat, which Lincoln popularised, was actually designed on the streets of London in the 1790s; and he famously wrote to workers in Manchester saying, "the peace and friendship which now exist between the two nations will be, as it shall be my desire to make them, perpetual."

And I'm here, in my first overseas visit as Secretary of State for International Trade, to draw on this enduring friendship.

To ensure the UK and the United States strengthen our already close trading ties.

So today, my message to you is simple: the UK is open for business like never before.

They say a week is a long time in politics.

The last month has seemed like a lifetime, but it has been transformative for the UK.

A vote to leave the European Union and a change in government means we now have a golden opportunity to make Britain a truly global trading nation: a nation that businesses around the world want to do business from and with.

And there are three key reasons why I am confident we will achieve this, which I will explain.

Firstly, I want to talk about investment, and why the UK is and will remain one of the world's most attractive destinations for FDI.

Secondly, I'll address the British people's historic decision to leave the EU and the exciting opportunity now facing us.

And finally, I'll talk about my new department for International Trade and the role we will play in boosting exports and attracting investment.

Since 2010, 300,000 new jobs have been created by companies that have chosen to locate in the UK.

Last year saw Britain achieve a record share of the EU's foreign direct investment.

Why should a country that represents only 13% Of the EU's population succeed in getting 21% of the total investment?

The answer, as is so often the case, lies in strong underlying economic fundamentals.

In Britain, we have seen numbers in employment rise to an all-time high and unemployment fall to an 11 year low of below 5%.

These are the result of levels of growth that, even post Brexit, the IMF expects to be the highest in the EU.

We have a system of contractual law that gives investors the highest possible levels of confidence, overseen by an internationally respected and totally independent judiciary.

We have a skilled workforce and low levels of industrial disruption.

People rightly talk about London as an international financial and cultural powerhouse but how many people know that the north-east of England, as a region, now exports more cars than the whole of Italy?

We have a low tax economy with some of the lowest business taxes in Europe and have one of the least regulated economies.

Our corporate tax rates are among the lowest in the G20 and are set to get even lower.

We have an internationally respected research base and some of the best universities in the world.

We are home to 18 of the world's top 100 universities, and four of the top 10.

In areas such as financial services we have an unrivalled professional class able to give support.

We have the natural advantage of speaking English and we are in the perfect time zone for global trade – we can conclude business with China in the morning and resume business with the US in the afternoon.

None of these elements is dependent on our membership of the European Union and this is before taking into account the quality of life issues that make living in the United Kingdom so attractive to those outside.

These are the U.K.'s USPs and if we continue to harness these properly, investment will keep flowing to our shores.

Last week's record inward investment of £24 billion by Japan's Softbank was a resounding vote of confidence in Britain as a future hub of open trade, prosperity and stability.

On my first full day as Secretary of State for International Trade, I visited Farnborough International Air Show: six years after my last visit as Defence Secretary.

And on the opening day we saw Boeing pledge to double its workforce in the UK, and Virgin announce a multi-billion pound deal to buy 12 planes from Airbus, which makes wings in the UK.

Further afield in China, we have heard incredibly bullish sentiments from companies like Fosun, Wanda Group and JD Mall – who are not only committed to continuing their business in the UK, but in some cases considerably ramping it up.

Just last week, a leading Chinese building company announced it would invest £220 million in several significant development projects in Sheffield.

But what is important to realise is that investment is a two way street.

We welcome foreign direct investment for the jobs it creates and the societies it transforms, but we must not forget that the UK is a significant global investor in its own right.

Between the UK and US, nearly \$1trillion worth of investment flows across the Atlantic: making us each other's largest investor, and each other's largest foreign job creator.

UK companies employ one million people in America and US companies employ a similar figure today in the UK.

Our hosts Sage are a wonderful case in point, employing 2,000 people across the US.

And here in Illinois, over 55,000 people go to work everyday for British companies – with BP, First Group and WPP being among the biggest employers.

Sectors in the US which receive the most UK investment are Business and Financial Services; software and IT; and pharmaceuticals.

In 2013, the UK invested \$7billion in R&D as well as helping the US export over \$55 billion worth of goods.

This is what open trade is all about, something I'd like to hear more of in the current American electoral cycle.

It's about countries coming together to set the conditions so that businesses, skilled people, goods and services can move easily. This creates stability, enriches our cultures, and spreads prosperity.

I want the UK and USA together to lead the world as shining beacons of open trade.

The second reason I am confident of our future is the opportunity awaiting us as we prepare to exit the European Union.

The British people made by historic and brave decision to take back control of our own destiny and we must honour it for the instruction to government that it represents.

I am delighted that our new Prime Minister has affirmed that "Brexit means Brexit".

There will be no backtracking.

No second guessing and no second referendum.

There are many issues that affected the referendum outcome on 23 June.

Sovereignty or governance was certainly one, immigration was another and the economics and trade played a part.

In terms of trade, if we look at the top ten export markets where the United Kingdom has a trade surplus only one, Ireland, is in the EU.

If we look at the 10 export markets with the United Kingdom has a trade deficit seven out of the 10 are in the EU.

Why should this be?

Well, with growth in the UK having been much more robust than the rest of the EU we have been an expanding market to the extent that the EU as a whole sells nearly £70 billion worth of goods and services more to the UK than we do to them.

Germany alone has a £30 billion trade surplus with the UK.

That is why it is in the interests of fellow European Union members that we leave in a way that creates minimal disruption for the Continent as a whole.

While we are still members over the next two years we will continue to support TTIP and CETA and encourage an ever more liberal approach to the service sector, including financial services.

As we enter a new era, however, we need to take account of the changing patterns of trade across the globe.

We are moving away from an era when multilateral agreements dominate the landscape to one where bilateral free trade agreements (FTAs) and plurilateral agreements between small numbers of countries are becoming more common.

In the last 20 years, the number of free trade agreements in place has increased more than four-fold.

As we leave the European Union, the United Kingdom will want to play a full part in global trade liberalisation utilising all the tools and arrangements available.

Flexibility and agility will be the key to economic success in the 21st-century.

We will need to seek out markets that are functionally similar rather than geographically proximate in an increasingly globalised environment that will make geographical blocks increasingly less relevant.

I have often thought that if Francis Fukuyama had called his book “the end of geography” rather than “the end of history” it would have provided a better description of the era in which we now find ourselves.

Leaving the EU gives us back control of our trade policy to set our own terms with the rest of the world.

We will have the opportunity to make our tax systems even more competitive, take an axe to red tape that can hinder businesses, and shape a bright future for the UK as a beacon for open trade.

And in due course, we will set out a very ambitious programme of FTAs with some of the most important and growing economies.

I have already had conversations with foreign counterparts who are keen to strike deals with the UK as soon as possible.

And we will recruit and train many more trade experts so we are match fit to negotiate the best for Britain.

What will also continue is our dedication to providing market access to some of the world's poorest economies.

And our ability to change external tariffs will enable us to help some of the world's poorest countries to trade their way out of poverty.

A world of open trade will not only generate prosperity, but also peace and stability.

Throughout all of this, we will draw on the quintessential British values of democracy, freedom and the rule of law which have already transformed much of our world.

And finally, I am delighted that our ambitious vision for an open and outward looking UK economy is now reflected in a new government structure in Whitehall.

I am honoured to be the Secretary of State for the new department for International Trade.

We will coordinate and implement trade and investment policy as well as, in time, negotiating free trade and market access deals around the world.

We will provide operational support for exports and facilitate inward and outward investment.

And that includes growing our footprint in the most important markets around the world.

Which is why I am pleased to announce today that the UK government plans to open three new offices right here in the United States, in Minneapolis, Raleigh and San Diego.

Renowned for their economic productivity and well-established research and development institutions, these three cities offer exciting opportunities to boost trade and investment.

Each office will work to promote UK business, economic and political ties in support of the Consulate General in the region, building on a model has been shown to work well in Denver and Seattle.

The Seattle office alone has supported delivery of approximately £8 million in capital investment

and 1,000 UK jobs in the past year.

By bringing together trade promotion with policy, we will be much better able to champion British business around the world.

And I will work closely with my cabinet colleagues, in particular the Foreign Secretary and the Secretary of State for Exiting the EU, to ensure we take a whole of government approach in maintaining Britain's status as a great trading nation.

Before I close, I want to reiterate that we have nothing to fear from forging our own free-trade environment and breaking out on our own.

We can start afresh, and use our unique attributes to create a fairer, prosperous and more open trading future for the UK and the rest of the world.

The UK will remain a fantastic place with which to do business: investment will continue to flow and British goods will still adorn the supermarket shelves and homes of customers around the world.

We can be a beacon of hope for open trade....

...We will seize the world of opportunity out there waiting for us...

...And we are very much open for business.

We are optimistic, and we are confident.

Thank you.