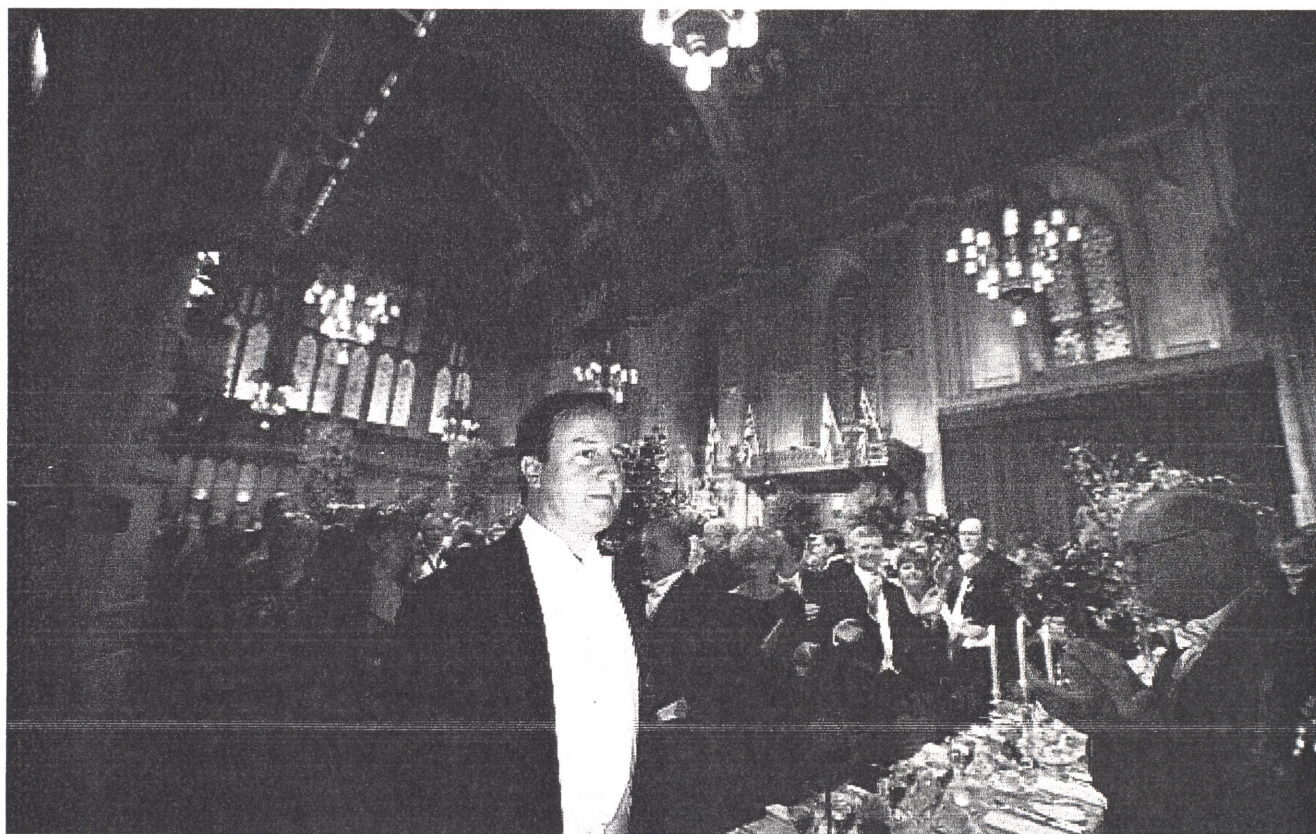


David Cameron's Lord Mayor's Banquet speech: in full

David Cameron has promised to put promoting British banks and defence companies at the heart of Britain's foreign policy. Here is his speech in full.



'I am a Prime Minister who has said, that even in tough economic times, Britain will not break its promises to the poorest' Photo: Getty Images

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My Lord Mayor, My Late Lord Mayor. Your Grace, My Lord Chancellor Your Excellencies, My Lords, Fellow Aldermen, Sheriffs, Chief Commoner, Ladies and Gentlemen.

There is a custom at this banquet dating back beyond Churchill that the Prime Minister should make a speech about foreign policy. So let me say that this is a government that is outward looking, standing up for our interests in the world, protecting our security at home and promoting our values abroad.

We spoke up for the Arab Spring, led international action to support the Libyan people in getting rid of Gaddafi, stepped up the EU sanctions on Iran and are at the forefront of efforts to isolate Assad in Syria.

We are standing up for Britain in Europe getting us out of the bail out fund and rejecting an EU Treaty

that was not in our interests.

I am a Prime Minister who has said, that even in tough economic times, Britain will not break its promises to the poorest and I am co-chairing the United Nations High Level Panel on development with its ambition of eradicating absolute poverty in our world.

I am a Prime Minister who will work closely with President Obama in a renewed effort on the Middle East Peace Process and let us congratulate him on winning an historic second term.

And yes, I am the Prime Minister who will bring our troops home from Afghanistan.

And let me take this moment to pay tribute – as we all did yesterday – to the extraordinary courage of our brave servicemen and women who across the generations have given their lives for our safety and freedom.

I have spoken about all these traditional foreign policy issues on many occasions. But tonight I want to make a different kind of speech.

Because I have done something else with our foreign policy too.

I have given it a new commercial focus. When I became Prime Minister I said to our diplomats in the Foreign Office: I don't just want you to be political ambassadors for Britain I want you to be economic ambassadors too.

And just like in any other sales job I want to know about your performance – how many more British exports are getting sold in the countries where you represent us? How many more companies from those countries are investing in Britain? And how many more jobs are you helping to bring to our shores?

And I didn't just give them a talking to and let them get on with it.

I got out there myself.

In the past two and a half years I have taken trade missions to Africa, Indonesia, the Gulf, China, India, Russia, Mexico, Brazil, Japan and Malaysia.

The late Lord Mayor has been doing the same, visiting no fewer than 26 different countries during his year in office.

Now, I know there are some people who say that's not real foreign policy or worse still, it's just globetrotting.

But I say there is a global race out there to win jobs for Britain and I believe in leading from the front.

So I make no apology for linking Britain to the fastest growing parts of the world.

And I'm proud that in just the first two years of this government, British exports of goods to Brazil went up 25pc. China up 40pc. Russia up 80pc.

Last week we took steps towards a new defence partnership with UAE that could be worth more than £6 billion to UK industry.

And I want us to go further still.

When I look around the world I see countries like Germany using their overseas business networks to drive new business.

In Brazil, for example, there are 1,700 members of the German chamber and 7,500 members of the US Chambers.

How many does the UK have? 240. We need to do a whole lot better than that.

So I have asked Stephen Green to work with British Business at home and overseas to increase the quantity and quality of services offered – particularly to smaller companies seeking to establish themselves abroad.

He will begin with an £8m pilot in 20 key markets.

And go on to lead a transformation that will change the face of British trade overseas across the globe.

There are valuable markets out there that just haven't received the attention from government that they deserve.

Places like Kuwait, Vietnam, Algeria, Kazakhstan, Indonesia, South Africa and Morocco.

And we need to do more to get Britain into these markets now.

So today I am personally appointing a number of senior parliamentarians as Trade Envoys.

They will engage directly with governments in each of these countries and help open up these crucial markets to more British businesses.

Right now Britain is in a global race. It is a moment of reckoning for every country. Sink or swim. Do or decline.

The critical question is this. How does Britain compete and win in a world where all around us new countries are on the rise?

Now I believe that Britain can make it in this global race.

We have the global language of business a timezone where you can trade with Asia in the morning and America in the afternoon the easiest access to the European market and some of the best universities in the world.

We have one of the world's leading financial centres.

We have the architects of the modern computer and the World Wide Web.

Last year the rate of new business creation was faster than any other year in our history.

We had a trade surplus in cars last year for the first time in almost 40 years.

And with technology investment in the UK now at a ten year high, it's not just the old industries that are growing, it's the new.

With all this and more, I truly believe that in this new century just as in the centuries that came before our country, Britain, can succeed.

So let me turn to how. Helping to sell Britain abroad is a vital part of the answer. But winning abroad actually begins at home.

Our country will only rise if we let our people rise if we back aspiration and those who want to get on in life.

That means sorting out welfare and education. Because the most powerful natural resources we have are our people.

I took my whole Cabinet to an Academy School in Bristol today to showcase exactly the sort of

transformation we need in our education system right across the whole country.

We need schools with high standards and high expectations so all our children get a proper start in this new competitive world.

We also need to deal with the deficit so we can safeguard low interest rates and give businesses the confidence to invest in Britain and create jobs for our people.

And we need to rebalance the economy and expand the private sector to put Britain at the forefront of the global race for high knowledge, high value goods.

That's why we're cutting corporation tax rates to the lowest in the G20, why we've introduced some of the most generous tax breaks for early stage investment in start-ups of any developed economy and why we've got a patent box so you only pay 10pc tax on the profits you make on intellectual property.

But building a truly aspirational economy requires something else even more fundamental to restore our competitiveness.

I have long believed together with Michael Heseltine and others – that reducing tax and regulation is not enough.

We need a more strategic, modern approach to maintain and develop our global comparative advantage and get out there and make the most of it.

We need what I call a modern industrial strategy.

Not keeping dead industries on life support like the industrial strategy of the 1970s but supporting industries where we have a competitive edge and encouraging the high growth industries of the future.

Creating an ambitious, co-ordinated and muscular approach to government which allows them to flourish.

Let me give you a couple of examples. We have a comparative advantage in pharma health and life sciences. So, in health, through our Lifesciences strategy we have created a £180m Biomedical Catalyst Fund to bridge the gap between the laboratory and the market.

We are making NHS data available to researchers and companies to create the next generation of world beating technologies and medicines. And our actions are drawing millions of pounds of new investment from the private sector.

We have great resources, knowledge and expertise in energy.

So in energy, we have committed £1bn for carbon capture and storage and created the world's first Green Investment Bank.

We are pioneering a new incentive for renewable heat systems in people's homes and we are putting in place a robust financial framework to incentivise renewable electricity.

As a result more than £12bn has been committed to new renewables projects in the UK in just the past 18 months, with the potential to support around 20,000 new jobs.

We've also created new incentives to squeeze more oil and gas out of the North Sea including from marginal fields.

When we see opportunity, we go for it.

Look at the way we have got behind Tech City right here in London.

Two years ago there were two hundred digital companies today one thousand, two hundred.

With major tech companies like Amazon and Facebook setting up developer centres, it's rapidly becoming the fastest growing technology clusters in the world.

We'll be publishing new strategies for aerospace and agritech alongside nuclear, offshore renewables and oil and gas early next year with even more to come.

This decisive, strategic, government action is vital if Britain is to win in the global race.

But a modern industrial strategy will only truly work if it addresses a number of vital issues.

First, pursuing a modern industrial strategy doesn't mean being anti-finance.

Tell me this, which single sector of our economy contributed an eighth of all government revenue even during recession?

Which sector has a significant balance of trade surplus with the rest of the world, worth more than £46bn.

And which sector underpins jobs for 2m people – with more than two thirds outside London?

Of course, it's our financial services.

Yes, some utterly terrible mistakes were made.

And they need to be addressed properly so they can never happen again.

But those who think the answer is just to trash the banks, would end up trashing Britain.

I say – recognise the enormous strength and potential of our financial sector -regulate it properly and get behind it.

That's why we are taking tough action. Tough civil and criminal penalties for those who break the law, the most transparent rules on pay and bonuses of any major financial centre in the world and a proper programme to clear up the regulatory mess – including ring-fencing retail banking to protect it from the risks of investment banking.

Put simply we need a regime where banks can fail without the need for taxpayers to bail them out.

We're also standing up for our financial services sector in Europe.

The City of London is one of the EU's biggest assets and plays a crucial role in fuelling the EU economy.

So we will fight for rules which deliver open markets, competitiveness and new market access opportunities globally.

And, yes, while we support the need for greater integration in the Eurozone, including through a banking union make no mistake, we will never allow a banking union to compromise our fair access to the Single Market.

So, a modern industrial strategy must utilise our greatest strengths and that includes our financial services.

Second, we must support all sectors of the economy where we have a comparative advantage – and that includes defence.

I understand why some people are a bit squeamish about me flying off round the world to help our defence industry do deals abroad.

But let me say this. Britain has the most rigorous arms export licensing regime in the whole world and that is how it will stay. But there is a more fundamental point here.

Every country in the world has a right to self-defence. And you can not expect every country to be self-sufficient in providing the tanks, ships and planes needed.

So when Britain has a very strong defence industry, with 300,000 jobs depending on it, it's right that we should be at forefront of this market, supporting British jobs and British allies and that's why last week, in the Gulf, I was pushing for new contracts for Typhoon jets worth billions of pounds and thousands of jobs.

That's vital new business for Britain. And I make no apology for going out there and trying to help win it.

Third, a modern industrial strategy can not just be about backing incumbents, the established companies – it needs to be about unleashing the power of insurgents too, the new kids on the block. 95 per cent of all new jobs in America come from companies less than five years old.

While UK research shows that the 6 per cent of companies with the fastest growth rates generate over half of all new jobs. Yet government policy here has long been stacked against high-growth start-ups.

When I became Prime Minister, companies less than three years old weren't even allowed to bid for most central government contracts while 70 per cent of government IT spending went to just seven multi-national companies.

We are changing all that: tearing up the rules and opening up government procurement to start-ups, spending hundreds of millions to stimulate venture capital investment and getting behind technology clusters wherever they start to emerge. Be it Tech City in London, creative industries in Manchester or Marine technology in Bristol.

And we are working with the London Stock Exchange to make it easier for insurgent companies from across Europe to float in London because that's a vital part of how we attract the entrepreneurial businesses and investors who will generate the jobs and growth we need.

Fourth, there are those who think a modern industrial strategy is just about empowering the regions.

Yes, our country has become far too centralised. And with City Deals and proper business-led, local enterprise partnerships, we're changing that.

But we need bold national decisions too. Whether it's Cross Rail, High Speed 2, new nuclear power stations or the process we have set up to make one of the biggest decisions of all over how best to secure the airport capacity we need for the future.

We also need national decisions to kickstart finance in key sectors – just as we are doing with the Green Investment Bank and the Business bank, to get lending moving for SMEs.

At the heart of a successful modern industrial strategy is the convening power of national government to get behind what works and to position our key sectors so they have the best chance of winning in the global race.

Finally, we must never let as some countries do a modern industrial strategy be a cover for protectionism.

I know some people look at Tata taking over Jaguar Landrover or foreign companies taking over some of our football clubs and ask shouldn't we do something to stop it? The answer is no.

One of Britain's great USPs is its openness and this openness is a vital part of our modern industrial strategy.

Foreign investment creates wealth, jobs and growth. And far from weakening our industrial base, that investment actually strengthens it.

Look at the supply chains and spin-off innovation fostered by Indian investment in our car industry or Japanese investment in hi-tech manufacturing like pharmaceuticals and life sciences.

Foreign investment is positively beneficial for British jobs in manufacturing and for rebalancing our economy.

And there's a similarly positive story on trade too.

More free trade will mean more growth.

That is why I am determined to play a leading role in forging new international trade agreements that will benefit Britain including launching negotiations on EU deals with the US and Japan in the next year.

Free trade is in our DNA.

And with all the institutions and legal expertise here in London, we're not just a great country to trade with, we can also be a country of choice for others to trade in creating yet more jobs and growth for Britain.

Here we are in the heart of the City of London which has always been brilliant at innovating and has always stayed one step ahead.

From Lloyds of London, the world's first insurance market for trading in the 17th Century to the first international trading companies own by shareholders in the 18th century.

From the development of global foreign equities trading to the biggest Islamic finance centre outside the Islamic world.

From the western hub for the Renminbi (the Chinese currency) market to the corporation's own pioneering social investment fund.

Time and again the City of London has led the world.

And I know you will do so again.

And it's this pioneering, buccaneering spirit that will define the success of Britain's modern industrial strategy.

Playing to our strengths. Working our competitive advantage.

Unapologetic about backing business big and small. This is how together we will ensure that Britain thrives in the global race.