

Thank you so much Michael. I'm delighted to be here and honoured to accept this award (*...in recognition of my contribution to public service in the transatlantic business environment and the promotion of the special relationship between the UK and US.*)

I'm more used to presenting awards. Tonight, the tables are turned and I find in myself the mix of pride and humility I normally observe in others...

Pride - because, as Secretary of State for Trade and Industry, strengthening and developing the transatlantic relationship is one of my key challenges.

Humility - because, for us politicians, it's really just a case of trying to make sure the frameworks and structures are right. Whereas it is real businesses who turn our aspirations and actions into tangible jobs and prosperity.

Tonight I want to talk about:

- The importance of the transatlantic relationship and
- Some of the challenges facing that relationship including;
 - the rise of anti-Americanism
 - sustaining trade during the current global downturn
 - making sure the WTO round at Cancun is a success

The Importance of the Relationship

Winston Churchill first spoke about the special relationship between Britain and the US in 1946. And our relationship now is probably more important than at any time since the post war years. The horrific events of 11th September brought us closer together - through tragedy, but twinned by purpose, determination and resolve. The Prime Minister has made it clear we stand shoulder to shoulder with the US in our response. The attacks were attacks on all of us, and what we stand for.

The UK and US do share so much in common.

- Common values - of freedom and free speech
- A common language
- Common ideals - of democracy and human rights
- Belief in the rule of law
- and a real commitment to global prosperity and international security

Our trading links have always been close. The US is the largest investor in the UK and the UK is the largest investor in the US. UK/US trade is worth over \square 1 billion every day and figures are holding up pretty well, despite the global downturn.

The US economy also provides inspiration, particularly with your impressive record on employment and productivity. Unemployment in the States has always been around 4% (compared to 8% across Europe), productivity

around 40% higher. You created millions of jobs during the ICT boom whilst others, including us in Europe, stood on the sidelines.

To catch up, European Heads of Governments set in train the Lisbon process in 2000, a ten-year programme of economic reform designed to match US levels of employment and productivity in the EU by 2010. The EU cannot afford to duck this challenge. We are also learning from you too. Last year I visited the States as part of the Work-Life Balance Tour that I led with our social partners.

So the relationship is absolutely vital. It is based on shared values, ideals, principles and economic interests that go far beyond any individual policy. But, as I said, there are challenges ahead we must rise to if the relationship is to reach its full potential.

Challenging anti-Americanism

First, tackling the tide of anti-Americanism that is building up in some corners. Some say we have to make a choice between Europe and America, that we can't be strong with both. That by seeking influence with both, we end up with influence on none. This is nonsense. The US needs Britain to be part of a strong Europe and Europe needs Britain to be strong with the US. And the whole world needs Europe and the US to be strong together.

As the Prime Minister said in Crawford in March 2002: *'The World works better when the US and the EU stand together. Europe needs America and America needs Europe too.'*

Others say the relationship is characterised with the UK as a 51st state - willing to go along with anything the US say. Again, this is nonsense. Where we disagree, we say so loudly and clearly.

Over the last year, I have publicly queried the wisdom of both the steel tariffs and the Sarbanes Oxley Bill. Just last week I gave a statement to the House setting out my own policies on corporate governance, making it clear there would be no Brown/Hewitt version of Sarbanes/Oxley. Not that I'm trying to pump up my anti-American credentials, far from it, I'm pro-American - a strong supporter of the relationship.

But, as a supporter of that relationship, I am confident in saying that if we want our relationship to thrive we must be honest to one another. Of course, we won't solve the problem of anti-Americanism overnight.

Ray Seitz, former US Ambassador to London, said some time ago: *"I don't think any two nations have had their relationship poked at and picked over more than the United States and the United Kingdom. Everyone seems to have something to say."*

We will never eliminate anti-American views entirely. But, by injecting a little honesty in place of ignorance and prejudice, we should be able to make some headway.

Encouraging transatlantic business

The second challenge I want to cover is how we sustain levels of transatlantic business during the current global downturn.

In 2001, Britain exported goods worth £29.6 billion to the States. The US exported goods worth over £29.7 billion back to us. These did not fall significantly in 2002, despite the current downturn. Britain attracts around 40% of all US investment into Europe - more than France, Germany and the Netherlands combined. Over £90 billion a year.

Over 5,000 US companies have UK operations, including many of the Fortune 100. Employing almost one million people. US investment to the UK makes up 40% of our total investment. We have many attractions to potential investors. Not least our:

- macro-economic stability - with the lowest inflation and interest rates in 40 years
- scientific excellence - with 1% of the world's population, we fund 5% of the world's science; produce 8% of scientific papers; and get 9% of scientific citations
- position in Europe - as a gateway to a customer base of almost 400 million. After enlargement, over 450 million

Put simply, Britain is the best place in Europe to do business. That's why we attract almost a quarter of all investment into the EU, twice as much investment from the US as our closest European competitor. Of course, we have more than just a business environment to offer the American investor. We have our shared ideals, principles, values and culture.

In the last year, there have been some excellent investments from US companies.

- In June 2002, ICT Group - a relationship management firm - opened a new European HQ in Uxbridge (London) creating over 300 high quality jobs. The opening ceremony was undertaken by Liz Symons.
- In August 2002, Genzyme - a Massachusetts based producer of therapeutic and diagnostic products - opened their new \$19 million manufacturing plant at its existing facility in Haverhill, Suffolk.
- Guardian Industries - based in Michigan - are building a \$200 million float glass plant in Yorkshire which, when completed next November, will produce 700 tons of glass a day - employing 300 people.

We are working hard to make sure we sustain these levels of trade/investment, in face of the global downturn. Invest UK now has 38 full time staff based in regional inward investment teams in the US. These teams collectively make contact with over 1,000 US companies annually. And Trade Partners UK has 117 staff working in commercial teams out in the US, 17 staff in London, and are providing a wide range of advice, guidance and support to UK companies doing business with the USA.

Making Cancun a Success

The third challenge for us is making sure that the WTO Ministerial Conference in Cancun - now just eight months away - is a success. The advantages are clear. Opening up markets promotes choice and reduces prices. And trade liberalisation also has enormous potential to act as a force for good - providing a route out of poverty. We must ensure this potential is realised.

- That the estimated \$150bn a year boost to developing country incomes - three times the value of current aid budgets - is achieved through a reduction in protectionist measures.
- That the estimated reduction in poverty by over 300 million by 2015 is achieved

The case for strengthening global trade links is strong at the best of times. With world security threatened by terrorism and failing states, the case becomes overwhelming.

In addition to the next round, we need to make sure that bilaterally we work together to avoid trade disputes. The vast majority of trade between the EU and US is trouble free. But there are still a number of EU/US trade disputes where compliance is unresolved - steel, foreign sales corporations and GMOs to name three in particular. These disputes are damaging to consumers and business alike. And also divert time and resource from the Doha negotiations. This sends a negative message to other WTO members. We need to find a way to settle these disputes more quickly and avoid their occurrence in the first place.

Thank you again for this award. The transatlantic relationship is crucial to all we hold dear - peace, security, freedom and prosperity. I am delighted to have been honoured for my role in sustaining the relationship. I am determined to continue working hard in this field and look forward to working with many of you on this in the years ahead.