Beat: News

Chancellor speech - Bloomberg Global Regulatory

Emerging and growth markets

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USPA NEWS - Bloomberg Global Regulatory: Chancellor speech

The Chancellor of the Exchequer Philip Hammond's speech at the Bloomberg Global Regulatory on emerging and growth markets.

Chancellor of the Exchequer Philip Hammond ;

Thank you Constantin, it´s great to be here.

And it´s great to get out of Whitehall, to the wonderful surroundings of Bloomberg´s new European HQ.

This HQ is a great representation of this City.

Historic and modern, nestling side-by-side“¦

“¦a technological and architectural temple of gadgetry“¦

“¦on the site of the 3rd Century temple to the god Mithras.

Back then during the very origins of Londonium ““ this Mithraeum played host to merchants, traders, and imperial administrators in the depths below where we stand now, plotting the future of this great city“¦

“¦and 1,800 years later ““ we´re still bringing together investors and regulators to discuss what the future holds for the global economy.

This stunning building won this year´s Stirling prize for the UK´s best new building“¦

“¦fighting off competition from a brick nursery and a mud-walled cemetery.

And I´m delighted to be here today ““ in the home of a global company that represents the very best of this city“¦

“¦a business that over the past 40 years“¦

“¦thanks to the entrepreneurial spirit and vision of Mike Bloomberg“¦

“¦has grown from a seller of the iconic Bloomberg terminals we all know well“¦

“¦to a global information, data, and media empire, and the very heart of what makes financial markets tick.

And this is a good time for us to meet and take stock“¦

“¦at a time of uncertainty and challenge for the global economy:

Rising US-China trade tensions“¦

“¦a slowing outlook for global growth“¦

“¦the challenge of the impact of monetary policy normalisation on the Emerging Markets“¦

“¦economic challenges facing major economies, from Japan to Italy“¦

“¦and a reminder last week in France ““ of the threat posed by a rising tide of sentiment among our electorates that our economic model is not working for everyone.

And of course ““ here in the UK ““ we have our own special problems as we navigate our Exit from the EU.

We have agreed a deal with our EU partners that ensures a smooth and orderly departure from the European Union“¦

“¦delivers on the referendum decision of the British people“¦

“¦and secures a close future economic relationship with our nearest neighbours.

It is the best deal available for the British economy that delivers on the result of the referendum“¦

“¦and it´s a deal that can bring this country back together again and allow us to all move on.

And it´s a deal that protects the UK´s position as a global financial centre“¦

“¦and allows the hugely mutually beneficial financial services trade with the EU to continue to flourish.

Not through the EU´s “˜passporting´ regime ““ as we will leave the Single Market“¦

“¦but through a new economic and regulatory partnership in financial services.

We have set out a proposed framework for how this will work“¦

“¦allowing the mutual benefits of UK-EU financial services trade to continue ““ while protecting financial stability, businesses, consumers, and taxpayers across the UK and the EU.

And the deal agreed with the EU includes an agreement on the future relationship for financial services that reflects these proposals“¦

“¦with both sides committing to take decisions on granting equivalence at least six months before the end of the Implementation Period.

But I don´t want to spend my time with you talking about Brexit“¦

“¦I´ve done more than enough of that over the last few days, and months“¦

“¦and at this conference you are gathered here to talk about the opportunities and challenges in the global economy“¦

“¦and I want to say a few words about our plan for Britain ““ post-Brexit ““ to remain an international centre of finance and commerce around the world.

The UK has always had an internationalist outlook ““ and we´ve been a global centre of finance for centuries“¦

“¦for it wasn´t the passport that built the City of London“¦

“¦it was our unique history and networks“¦

“¦supported by a few specific advantages:

Our language is the global language of business;

Our legal system is the jurisdiction of choice for international commerce;

Our world-class universities and schools contribute to the pluriculture that makes the UK such a favoured place to live and work;

Our tech sector is the innovation leader in Europe;

And we are the global capital for international finance and professional services;

And the key point "" is that Britain´s strengths are more than just the aggregation of these things"¦

"¦it is the effect of bringing them together"¦

"¦the financial capital of the world"¦

"¦a global innovation hub, research centres of excellence, a leader in creative industries, and a vibrant and diverse culture"¦

"¦that together create this ecosystem of prosperity.

And post-Brexit I am clear that we will maintain and build upon this ecosystem"¦

"¦as we shape our economy for the future.

And since this is a Global Regulatory summit let me say a few words about standards"¦

"¦because one thing that will stand regardless of our future relationship with the EU, is the UK´s commitment to robust international standards.

We led the way internationally in the development of post-crisis financial reforms"¦

"¦and ten years on our global system stands safer, simpler, and fairer:

Safer because large banks are better capitalised, less leveraged, and more liquid;

Simpler because over-the-counter derivative markets are less complex, and more transparent;

Fairer because we´ve reformed the resolvability of financial institutions "" so that now it is shareholders and creditors who bear the costs of a failure "" not taxpayers.

And it´s precisely because we have such a large, dynamic, important financial sector "" that it is in our interests to go beyond international baseline standards"¦

"¦and drive forward the global "˜race to the top´.

And as people in this room know "" this job is never done.

We need to do even more if we are to complete the global regulatory reform agenda"¦

"¦and in particular we must look at how the implementation of these reforms may impact on the market"¦

"¦and how differences in timing or consistency of implementation could lead to market fragmentation"¦

"¦and in turn lead to weaker resilience, unlevel playing fields, increased costs of transactions, and financial stability risks.

I´m glad that Japan has indicated it will take forward work on this agenda during their forthcoming G20 presidency“¦

“¦and the UK stands ready to support this work ““ for the benefit of our financial sector here at home, and for the resilience of the global financial system as a whole.

Because I reject the idea that laxer regulation makes a jurisdiction more attractive.

But regulatory systems will be a key discriminator:

The financial centres of choice in the future will be safe, transparent, stable, and predictable“¦

“¦with appropriate regulatory regimes“¦

“¦that are agile and flexible to keep abreast of changing technologies and business models.

Regulatory robustness, coupled with regulatory agility, and a commitment to regulatory innovation will be a key selling point of London´s financial services market in the future.

However, London´s strengths as a financial centre are about more than resilience and our commitment to high quality, agile, and flexible regulation;

It is about being the global centre for international finance“¦

“¦and as we leave the EU, we are more focused than ever on strengthening ties with the big, established markets, beyond Europe, from the US to Japan“¦

“¦and building new links with the fast-growing markets in the East ““ including in particular, India and China“¦

“¦who ““ as their middle classes grow in size and prosperity ““ will rapidly increase their demand for financial services in terms of volume and in terms of sophistication.

So at my Mansion House speech in June ““ I announced our intention to develop new Global Financial Partnerships“¦

“¦to strengthen our links with these key markets around the world“¦.

“¦leveraging existing tools ““ such as our bilateral dialogues, and regulatory cooperation“¦

“¦with new tools ““ such as market access agreements, through our future third country regime“¦

“¦across capital markets, banking, asset management, and insurance“¦

“¦to reinforce the UK´s position as the pre-eminent centre for global finance.

We have worked hard on our Global Financial Partnerships plan and we are gearing up to begin discussions with potential partner countries from April 2019, as soon as we have left the EU.

In conclusion, Britain is, and will remain, a great place to do business.

Of that, I have no doubt.

And our financial sector will remain in the vanguard ““ with a regulatory system that is among the most open, transparent, and agile in the world ““ adapting, innovating, driving change, influencing“¦

“¦and as Chancellor I am determined to go on pushing us to do even better“¦ “¦to develop new products and services“¦ “¦to reach out to new markets“¦ “¦and to rise to the opportunities and challenges ahead.

I have spent the last two years on a path of unswerving commitment to a Brexit deal that protects jobs, businesses, investment, and growth;

So that we can go on investing in the technologies and skills of the future;

And secure our place as the world´s leading financial centre in the years and decades to come.

So that we can go on investing in the technologies and skills of the future;

And secure our place as the world´s leading financial centre in the years and decades to come.

I remain committed to that cause“¦

“¦I am grateful for the huge support from the Financial Services industry“¦

“¦and look forward to continuing to work with you as we deliver Brexit“¦

“¦manage the transition smoothly“¦

“¦and go on to reinforce the global network that will underpin London´s position in the future.

Thank you.

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