

Speech to the National Association of Steel Stockholders

11th October 2007

Normally in politics, as soon as you are an expert in something the system is sure to put you in charge of something else.

So it is a special treat to be in charge of a department which matches my previous experience as an oil trader.

I am glad to be speaking to you here in Birmingham, the centre of the industrial heartland of Britain.

Birmingham has a long and proud history of innovation and manufacturing excellence from the iron masters of the 18th century to today's world leading research in nanotechnology at Birmingham University.

This region is the powerhouse of British industry producing 7.1 percent of the UK's total exports. Manufacturing is key to this region's prosperity and the prosperity of the whole country.

The West Midlands can also be seen as one of the political heartlands of the UK; it is the cluster of local marginal seats which will make a crucial difference to the results of the next election. This time last week I thought we'd be fighting that contest this week, but it turns out that the polls are so good for the Prime Minister he no longer wants one.

As Conservatives, however, we realise that the lack of representation in our big cities is a real weakness for us. This is why David Cameron as appointed members of the Shadow Cabinet as city Shadow Ministers. I am responsible for Tyneside, and my colleague Andrew Mitchell is your Shadow Minister here in Birmingham and I know that he has been working relentlessly to build links with the local business community.

The old saying that 'a week is a long time in politics' has certainly been proved right. The terms of political debate have now changed; the Brown bounce has come back down to earth; and we probably have two years before the next General Election. It is a pity we have to wait. I was really up for it a raring to go.

This enforced delay does, however, give us the opportunity to build on the announcements we made in Blackpool and continue the process of policy development and honing our manifesto.

I therefore have more time to get to grips with what used to be the DTI. It is now beguilingly called DBERR.

Changing the name hasn't changed its culture, but choosing the name was just plain dumb.

I'm glad to be responsible for regulation – which I mean reducing regulation- but adding 'Regulatory Reform' to the title doesn't mean that the Government are actually going to do anything about it. What on earth is the point of advertising to the rest of the world that the UK faces a real problem with over regulation by sticking in the name of the country's flagship for business?

I want to see a department which stands up for your interests in Whitehall, not a department which is a tool for big government to bludgeon business.

I want a department which will lead a change in the culture of Whitehall to end the tidal wave of regulation which is sapping our competitiveness.

I have made the commitment that we will reduce regulation by defining a coherent concept of what regulation actually means, and we will inject sense into our understanding of risk.

We will make DBERR the clearing house across Whitehall for all legislation which has a regulatory impact.

We will ensure that for any regulation that is introduced two or more existing ones will be removed.

And above all, we will end the practice of turning a one page EU directive into a hundred pages of UK law.

I want a department which provides the framework to deliver clean and secure energy supplies.

I also want to see a UKTI which is a powerful and effective promoter of British exports and the 'British brand' which we have lost, and a equally

powerful magnet for real inward investment rather than just the acquisition of our existing companies.

I want a system of business support which actually works in the interest of business and I want to submit RDAs to focused scrutiny so as to assess whether they really change the underlying economy of their regions for the better.

The views of business will be key to this process and my message to you is that businesses of all sizes need to play a role in this. We want to see the business community engaging constructively with us to prepare for what I hope will be the next Conservative Government.

As I said earlier I am a big fan of Birmingham. Every time I am here I think of one of the city's most esteemed sons. Lord Jones of Birmingham!

The city should be proud of him; he is a man who holds very sensible views.

He said about the Prime Minister's term as Chancellor:

"From taxing utilities to taxing pension funds, Gordon Brown is taking substantially more out of business than his predecessors ever did"

Dead right Digby!

He said about the growing burden of regulation:

"This government has been one of the most regulatory-minded governments."

And again:

"How can an enterprise economy break through when the government presides over systematic, stifling red tape."

There is one other thing he is dead right about; he said he would "never join the Labour Party"

So despite refusing to join the Labour Party and believing that Gordon Brown is to blame for undermining this country's competitiveness, he has been enticed to join Brown's Government!

Poor Digby's somersaults do provide entertaining political knockabout, which I won't indulge in this evening, but the fact is that he was right to be worried about the growing constraints on the UK's success. Should he regret his move, I have a chilled bottle ready for him to share at anytime!

We are now in a new world which is undergoing revolutionary shifts of economic power with the rise of both India and China and the growing importance of countries like Brazil to the global economy.

The steel industry is a sector which is already feeling the effects of these shifts of economic power.

Two of the sponsors of this evening ArcelorMittal and Corus Group are examples of international consolidation and the growing importance of Indian companies in world markets.

I am strong believer that these global economic changes offer a great opportunity for the UK. If the new industrial giants of Asia want to invest into UK companies, we should welcome them.

These new industrial giants have emerged out of growing economies, which should provide new markets for British goods and expertise.

Globalisation will, however, be a threat to our prosperity if our economy is not in a shape to take advantage of the new circumstances.

Gordon Brown's spell at the helm of the British economy has seen the growth of serious structural weaknesses.

We have failed to use the years of strong economic growth to ensure that we are in a shape to ride out any cyclical down turn. We have allowed levels of public and private debt to reach unacceptable levels and on Tuesday Alistair Darling announced that government borrowing is to increase further.

Over the past decade the UK has fallen from 4th to 10th in the international competitiveness league table. In 1997 the UK had the 4th lowest

corporate tax rate in the EU, now it is the 19th lowest and we now have the longest tax code in the world.

Since 1997 we have seen £56 billion of extra regulation imposed on business.

These burdens have had a real effect in constraining the growth of British business.

The need for real change in the way in which our economy has been run will be understood all too well by the steel distribution Industry.

Despite the recent recovery, it has been a very difficult decade for the manufacturing sector with over one million jobs lost and business investment as a proportion of GDP has fallen below 10 per cent for the first time since records began

and R&D activity declining by 9 percent since 1997.

I believe that a healthy manufacturing sector is essential to the future of the UK economy.

No healthy economy can be one dimensional or over-dependent on the economic success of one area.

I want to see a reduction of the growing geographic distortions which mean that a quarter of people in cities like Liverpool, Manchester and Glasgow are on benefits.

Britain may have more jobs than at any time since records began in 1959; but there are more workless men in this country than ever before and twice as high a proportion of 16- to 19-year-olds not in education or training as in France or Germany

I want to see world beating manufactures creating high quality hi-tech jobs and driving growth in all areas of the country.

The only way in which we are going to achieve this is by Government working with industry to ensure that the manufacturing sector can compete globally by increasing the valued added element of UK manufacturing and by offering greater expertise and specialisation.

We need to see Government and industry working to ensure the provision of skilled employees, investment in research and development and ensuring that we lead the world in converting scientific discoveries into marketable products.

I was disappointed by the Government's pre-budget report. There was nothing on offer to deal with the real problems that that British Business faces.

It was a damp squib of a document - the only headline grabbing announcements we saw on Tuesday were mere counterfeits of Conservative proposals.

Rather than helping business succeed, I am concerned that this week's changes to Capital Gains tax will act as disincentive to investment.

Rather than clobbering private equity multi-millionaires, the changes will mean a near doubling of tax for young entrepreneurs and those risking their own money on business start ups. This tax hike comes on top the increase in corporation tax for the smallest companies in the last budget.

Conservatives are serious about government and we are serious about business.

We want to see the changes we need if we are to thrive in this more globally competitive world.

We want to see Britain as one of the best places in the world to do business, and we want to work with business to achieve these aims.