



**Road to the 2013 Lough Erne Summit**

# David Cameron's Speech to the World Economic Forum in Davos

David Cameron, prime minister, United Kingdom  
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It is the UK's privilege to host the G8 this year – and I want to set out our main priorities today.

Right up there on our agenda is – of course – tackling the threat of extremism and terrorist violence that we've seen erupt in Mali and in that despicable attack in Algeria.

I'll put my cards on the table.

I believe we are in the midst of a long struggle against murderous terrorists and the poisonous ideology that supports them.

As we have successfully put pressure on Al Qaeda in Afghanistan and Pakistan, so Al Qaeda franchises have been growing for years in Yemen, Somalia and parts of North Africa – places that have suffered hideously through hostage-taking, terrorism and crime.

To defeat this menace, we've got to be tough, intelligent and patient – and this is the argument I'll be making at the G8.

Let me be absolutely clear.

There is a place for a tough security approach – including, at times, military action where necessary.

The French are right to act in Mali and I back that action.

But we need to combine a tough security response with an intelligent political response.

We need to address the poisonous narrative these terrorists feed on, close down the ungoverned space in which they thrive and deal with the grievances they use to garner support.

This means using everything at our disposal – our diplomatic networks, our aid budget, our political relations, our military and security co-operation and yes: supporting – in those countries and elsewhere – the building blocks of democracy like the rule of law and a free media.

The Arab Spring remains part of the solution, not part of the problem.

Now I want to open up a new debate, too, on how we share the burden of meeting this threat.

The G8 can discuss how we can best divide up some of the work between us – and how we can partner up with the countries worst affected to overcome this threat and like I say, this will be right up there on our agenda.

But today, I want to focus on our economic priorities.

For all the countries in the G8, there is a big, looming, insistent question and that's: how do we compete in this global race we are in today?

How do we succeed when other nations are growing, changing, innovating so fast?

A lot of the answers are clear.

Deal with your debts. Cut business taxes. Tackle the bloat in welfare. And crucially: make sure your schools and universities are truly world-class.

In the UK we've been doing all these things.

Less than three years in and we've cut the deficit by a quarter.

Our corporation tax rate is the lowest in the G7.

In welfare reform we've been radical.

In education – revolutionary, busting open the state monopoly and allowing new schools to start up.

And crucially, to compete in this global race we are making sure that the UK is more outward-looking than ever before.

Yesterday I gave a speech setting out the UK's place in Europe.

This is not about turning our backs on Europe – quite the opposite.

It's about how we make the case for a more competitive, open and flexible Europe –and secure the UK's place within it.

This is how I see it.

Just over half of EU countries are in the single currency.

When you have a single currency you move inexorably towards a banking union and forms of fiscal union and that has huge implications for countries like the UK who are not in the Euro and never will be.

The club we belong to is changing.

We can't ignore this. Change is underway.

And the debate about what this means is live. It's happening now.

As I said yesterday, consent in the UK for the steps that have already been taken is wafer-thin.

Now some say just let those events unfold naturally.

I say no – let's try and shape them in the UK's national interest.

Let's negotiate a new settlement for Europe that works for the UK and then let's get fresh consent for it.

It's not just right for the UK.

It's necessary for Europe.

Europe is being out-competed and out-invested – and it's time we make it an engine for growth, not a source of cost for business and complaint for our citizens.

So I want the UK to look out – not in.

And that's why – for the first time in a decade – UK foreign policy is on the advance.

By 2015 we'll have opened up to 20 new diplomatic posts around the world and employed 300 extra staff in the fastest-growing regions of the world.

We are now one of only three European countries to be represented in every single country in ASEAN and we have the largest diplomatic network in India of any nation.

We are a global nation, with global interests and global reach.

If you think all this is an unashamed advert for the UK and UK business – you're absolutely right.

Everything I do is about making sure that we are not just competing in the global race but succeeding in it.

But my argument today – and the idea that drives the G8 this year – is that competing in the global race isn't just about what we do at home.

It's about the wider economy we all operate in, the rules that shape it, the fairness and openness that characterise it.

We need more free trade.

We need fairer tax systems.

We need more transparency on how governments – and yes, companies – operate.

Let me tell you why.

It's the oldest observation of the modern age that we are all inter-connected.

Communication is faster than ever.

Finance is more mobile than ever.

And yet the paradox of this open world is that in many ways, it's still so closed and secretive.

It's a world where trade is choked off by barriers and bureaucracy.

It's a world where some companies navigate their way around legitimate tax systems – and even low tax rates – with an army of clever accountants.

It's a world where – regrettably – corrupt government officials in some countries and some corporations run rings around the letter and spirit of the law to rip off hard-working people and plunder their natural resources.

There's a long and tragic history of some African countries being stripped of their minerals behind a veil of secrecy.

We can see the results: the government cronies get rich – some beyond their wildest dreams of avarice – while the people stay poor.

So it's clear how this can be devastating for some developing countries.

But actually, all this matters massively to developed countries too.

When trade isn't free we all suffer.

When some businesses aren't seen to pay their taxes that is corrosive to public trust.

When shadowy companies don't play by the rules that drives more box-ticking and regulation and that makes life harder for other businesses to make a profit.

That's why I want this year's G8 to bring a new focus on these issues.

First, we're going to push for more openness on trade.

In late 2008 we saw the steepest fall in global trade ever and the deepest since the Great Depression.

More than four years on, and trade has still not recovered fully.

This should be foremost in the mind of every leader and every diplomat during those long negotiations on trade and there is a huge amount on the table today.

The US is leading efforts on the Trans Pacific Partnership.

In the EU, we are about to embark on our biggest-ever programme of Free Trade Agreement negotiations.

We've agreed the parameters for a trade deal with Singapore.

Negotiations with Canada are in the final stages.

And we're about to launch negotiations with Japan.

Now there is the beginning of negotiations on an EU-US trade agreement.

The EU and US together make up nearly a third of all global trade.

A deal between us could add over £50 billion to the EU economy alone.

Agreeing all the EU deals on the table could increase our GDP by 2 per cent and create over 2 million jobs across the EU.

Trade between developing countries, and within Africa, is growing, and we will work to encourage that further.

And we must also continue to support the multilateral system.

That means working through the WTO to agree a deal to sweep away trade bureaucracy at the Ministerial Conference in Bali this December.

That could be worth around \$70 billion to the global economy and help trade to flow freely across the world.

This is ambitious – but we must seize this opportunity to give a massive boost to trade across the world.

Second, we want to use the G8 to drive a more serious debate on tax evasion and avoidance.

This is an issue whose time has come.

After years of abuse, people across the planet are calling for more action and most importantly, there is gathering political will to actually do something about it.

Again, let me put my cards on the table.

I know there is a difference between tax evasion and avoidance.

Evasion is illegal.

It can – and should – be subject to the full force of the criminal law.

But what about avoidance?

There's nothing wrong with sensible tax planning – and there are some things governments want people to do to that reduce tax bills, such as investing in pensions, start-up businesses or charities.

But there are some forms of avoidance have become so aggressive that I think it is right to say – these raise ethical issues – and it's time to call for more responsibility and for governments to act accordingly.

In the UK we've already committed hundreds of millions into this effort – but acting alone has its limits.

Clamp down in one country and the travelling caravan of lawyers, accountants and financial gurus just moves on elsewhere.

So we need to act together at the G8.

If there are difficult questions about whether existing standards are tough enough to tackle avoidance, we need to ask them.

If there are options for more multi-lateral deals on automatic information exchange to catch tax evaders, we need to explore them.

And we want to work with developing countries on this too.

The fact is the poorer the nation, the more they need tax revenues, but often the weaker the capacity they have to collect them.

But we must not let them off the hook – it can be done.

The UK has worked with Ethiopian authorities to help on tax collection and in the last decade the amount of tax collected increased by around seven-fold.

All of this – in developed and developing countries alike – comes down to a simple issue of fairness.

I believe in low taxes.

That's why my Government is cutting the top rate of income tax.

We've cut corporation tax.

[Political content removed.]

Individuals and businesses must pay their fair share.

Any businesses who think that they can carry on dodging that fair share or that they can keep on selling to the UK and setting up ever-more complex tax arrangements abroad to squeeze their tax bill right down. Well, they need to wake up and smell the coffee because the public who buy from them have had enough.

And let's be clear:

Speaking out on these things is not anti-capitalism. It's not anti-business.

If you want to keep low tax rates then you've got to keep taxes coming in.

Put simply: no tax base – no low tax case.

This is the argument that has been made brilliantly by the economist Paul Collier – and I am delighted he's been advising my Government on this ahead of the G8.

This is about me and all the other G8 leaders being able to look our people in the eye and say that when they work hard and pay their fair share of taxes, we will make sure that others do as well.

The third big push of our agenda is on transparency, shining a light on company ownership, land ownership and where money flows from and to.

This is critical to developing countries.

Of course aid has played – and will continue to play – an important role in development.

And I'm proud the UK is keeping its aid promises.

I'm also proud we're leading the fight on global hunger, funding nutrition programmes for 20 million children and pregnant women over the next few years.

But at the same time we need to move the debate on, so we're not just dealing with the symptoms of poverty but tackling the causes.

I've argued for years that there's a "golden thread" of conditions that enable open economies and open societies to thrive:

The rule of law; the absence of conflict and corruption; the presence of property rights and strong institutions.

Now as co-chair of the UN High Level Panel and with the Presidency of the G8, there is a chance to put turbo-boosters under this agenda and we're seizing that chance.

I want this G8 to lead a big push for transparency across the developing world.

To illustrate why, let me give you one example.

A few years back a transparency initiative exposed a huge black hole in Nigeria's finances – an \$800 million discrepancy between companies' payments and government's receipts for oil.

This is leading to new regulation of Nigeria's oil sector – so the richness of the earth can actually enrich the people of that country.

And the potential is staggering.

Last year Nigerian oil exports were worth almost \$100 billion, more than total net aid to the whole of sub-Saharan Africa.

Put simply, unleashing the natural resources in these countries dwarfs anything aid can achieve – and transparency is critical to that.

So we're going to push for more transparency on who owns companies, on who's buying up land and for what purpose, on how governments spend their money, on how gas, oil and mining companies operate, on who is hiding stolen assets and how we recover and return them.

Like everything else in this G8, the ambitions are big – and I make no apology for that.



Thirty years ago more than half the planet lived on the equivalent of \$1.25 a day or less.

Today it is around a fifth.

This amazing story of human progress shows what's possible.

We can be the generation that eradicates absolute poverty in our world.

But we'll only achieve that if we break the vicious cycle and treat the causes of poverty, not just its symptoms.

Let me end today by saying this.

I know some people might be thinking: he's talking about cracking down on tax avoidance, making companies be more transparent – doesn't this sound like an old-fashioned, anti-business, bash the rich, tax success agenda?

Absolutely not.

This is a resolutely pro-business agenda.

I am about the most pro-business leader you can find.

I yield to no-one in my enthusiasm for capitalism.

It's an economic system that has generated more wealth, unleashed more human potential, and reduced more grinding poverty than any in history.

I do not believe that one person's wealth, fairly gained through free exchange in an open market, is the cause of another person's poverty.

I will have no truck with those who want to demonise the successful, to level-down rather than to build up, or those who continually seek to turn 'profit' into a dirty word.

But I also passionately believe that if you want open economies, low taxes and free enterprise then you need to lay down the rules of the game – and be prepared to enforce them.

Poor business practice doesn't operate in a vacuum; it hurts the good.

When one company doesn't pay the taxes they owe, then other companies end up paying more.

When some cow-boys play the system all businesses suffer the fall-out to their reputation.

That's why it's not just those in the NGOs who have been lobbying my government on these issues, it's those in the high-rises of the City of London – bankers, lawyers, senior figures in finance.

They've told us to pursue this agenda hard – and that's what we're going to do.

This is a vision of proper companies; proper taxes; proper rules, a vision of open societies, open economies, and open government and we are going to work with our partners at the G8 to achieve it.

Sources: **[Number 10 Downing Street](#)**