

**British American Business 28 September 2016**  
**“The Special Relationship in a changing World”**  
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## **1. Introduction**

Ambassador, my Lords, ladies and gentlemen.

Good evening. It's a pleasure to be here to speak to you at the Gala Dinner of British American Business.

First, let me thank the ambassador for his distinguished service to the Court of St James. It has been our pleasure to host you, Brooke, and your family here in Britain and I hope the experience has been a rewarding one.

I want to talk this evening about something which, during this period of low growth, international tensions and now the UK's decision to leave the EU, is more important than ever.

That is the special relationship that exists between our two countries, the UK and the US.

It is a relationship between a small nation and a larger friend that has been a long time in the making.

I see its origins every day as I come to work. The Centrica offices are in Windsor, very close to Runnymede where, in 1215, Magna Carta was signed.

The site embodies interesting connections between our nations on a number of different levels.

The most important is that Magna Carta codifies ideas about power and democracy that thrived and were then exported to the US five centuries later. Ever since, the precious inheritance of liberty and open trade have tied us together.

It is the site of the J F Kennedy Memorial.

Then, amusingly, there is a story that Bill Bryson tells in *“The Road to Little Dribbling”*, his sequel to *“Notes From A Small Island”*. In the 1920s, Runnymede was about to be sold off to a property developer.

It only remained in trust to the British nation because of the generosity of an American businessman who bought it and left it to the UK.

Runnymede is symbolic of how interconnected our two nations are.

I don't think we need to debate *whether* we have a special relationship. It's a fact. We do.

I saw that for myself when I was on the Board of BP and we were embroiled in the Deepwater Horizon crisis. I don't believe anyone plays me in the film, thank

goodness, but it was certainly one of the more challenging and dramatic periods of my business career.

I recall having been summoned to the office of your predecessor ambassador, Lou Susman, when he leant across the table and said to me: “Mr Conn, do you realise that your company is destroying this Presidency”. To which I felt it necessary to stand up and reply “Mr Ambassador, do you realise that your President is destroying this company?”

Neither of us quite knew what to do next. However, we established a dialogue and a channel to the White House and we have been friends ever since.

As I say, the relationship is a fact.

The US remains a splendid place to do business and the trade and investment links between us are legion. I spent last week in Silicon Valley, and witnessed huge innovation and capability, and also clear evidence that other locations such as London are becoming important nodes in what is a rapidly changing and increasingly digital economy.

As with BP, Centrica is an American company as well as a British company. We are British Gas in the UK and as Direct Energy we employ over 5,000 people in the US. We are a leading independent energy and services company in the US and in energy markets we are symbolic of UK/US collaboration and innovation every day.

The question for all of us now is, in a world that is as dangerous as it has ever been, how do we take the special relationship forward?

## **2. A Dangerous World**

Today’s world is very complex, with very real flash points and dangers.

The euro crisis is not over. There is mass migration onto the shores of Europe. To many, the actions of Russia and China do not always appear benign. North Korea is seeking a nuclear future. Islamic State has not been turned back.

I could, unfortunately, go on.

And in dangerous times it feels like the world lacks sufficient numbers of “police on the streets”. So many nations are looking inwards. There is a fear that, scared off by recent military adventures and preoccupied with internal politics, the US may not be as engaged as it once was.

China and India are growing fast but America will remain the world’s leading economic power for many years yet.

It is the American consumer, rather than the Chinese consumer, that is still the leading innovator and economic power.

Of the ten largest tech companies in the world seven are based in the US.

American research universities and scientific institutions are considered the best in the world, with two or three in the UK ranking alongside them.

America remains the world's unrivalled military power, accounting for more than a third of all global spending.

All of this shows that the US is far from disengaged. Its influence and power goes on.

Change, though, is constant. Power is shifting in the world.

This has been a unipolar world for some time. Increasingly, power will have to be shared.

The world needs its moderating voices. And it needs alliances. To moderate one needs power. The beauty of our great alliance is that it is powerful, and its power is greater than the sum of its parts.

### **3. Brexit**

Recently here in the UK, we have taken the view, which is in my view curious, to leave the European Union.

Leaving is a lot harder than it sounds. Extricating ourselves from all the European treaties is a task of immense complexity.

The effect is like a bomb disposal exercise. For business, it is by no means obvious which wires need to be snipped and in which order, and which should be kept. And indeed, many of them seem to be the same colour.

Personally, I was clear that Britain's strategic and economic interest lay in remaining in the EU. But the decision has been made and we need to get on and make it a success. We will always be European and I doubt a "hard Brexit" will be the outcome.

I hope, in fact, that we can make an opportunity out of it. There are some foundations for a constructive path forward as a more independent UK.

Britain is the world's 6th largest economy and the 4<sup>th</sup> best funded military force. It remains a member of the UN Security Council and a member of NATO.

In a recent survey Britain's cultural achievements saw it ranked top of the world for soft power.

So post-Brexit, Britain will also not be vacating the stage.

I also hope that Britain can become even more valuable to the US as an independent partner with shared values. In Europe, but not in the European Union.

Perhaps it will be possible for the UK and the US to align interests even more closely without the dilutive involvement of 27 other European nations.

### **4. What might the special relationship look like?**

So, in the short time I have left, I want to begin to suggest what that relationship might look like in the future.

In my view, there are four focus areas for the special relationship in this next phase.

First, security and intelligence: we need to be active together in helping to police difficult situations across the world. The combined influence of the US and the UK still counts, and we have a strong track record. The UK is also a leader in projecting diplomacy and soft power.

Second, we need to stand foursquare for free trade. It is fundamental to global prosperity and to the efficient functioning of international markets. My only specific regret is that TTIP without the UK will suffer. I am a believer in transatlantic alignment on markets and regulation, to minimise market distortions. I fear without UK pragmatism it will not be as valuable and Brexit negotiations will be a distraction.

The third item on my agenda for the special relationship is a problem that we share. The rise of social inequality. Globalisation has been on average good for the world but has left significant segments of society behind. The returns to capital have grown as the returns to labour have shrunk. Over time this brings capitalism itself into disrepute. In my view this was the real issue behind the Brexit vote. I fear it is the real issue behind the rise of nationalism in the US. Many other countries are seeing the same.

We need to find mechanisms to address this, including longer-term thinking, improved collaboration between business, government and civil society, and develop shared experiences around industrial strategy, R&D and market development. How to do this without going counter to free trade can be difficult, but not impossible.

Finally, the fourth purpose we can give to the special relationship is addressing the vital question of climate change and associated energy policy. Although I am confident we will eventually progress to a solution on average for the world, we will risk leaving a number of countries behind who will be forced to adapt. Our shared pragmatism and market innovation are needed if we are to mitigate this.

## 5. Conclusion

So, having laid out these four dimensions, let me conclude.

The relationship between the US and the UK is indeed special. There are undoubtedly other aspects to which we can apply this special relationship but these four are, I think, vital: security and intelligence; the promotion of free trade; dealing with social inequality; and tackling climate change.

I believe US/ UK alignment on all these will significantly enable progress.

We should move on quickly from debating whether the relationship will endure. Of course it will.

The special nature of the relationship is an established fact, something to be relied upon.

A Chinese friend of mine once gave me the perfect metaphor for a relationship in which you can trust.

It is a situation in which you can stand back to back with someone, unable to see one another, but without the need to look over your shoulder wondering what the

other is doing. You are content in the knowledge that your trust in the other is absolute.

That means you can concentrate on the infinite space in front of you, safe in the knowledge that your partner is there watching your back.

The qualities that allow us to stand back to back are by now innately understood because they go back so far.

They go back all the way to the ideas embodied at Runnymede in 1215.

Winston Churchill put it well when with Eisenhower in Richmond, Virginia in March 1946. He talked of “a union of hearts based on conviction and common ideals”.

More recently, Barack Obama and David Cameron said in a joint article in 2012, “what makes our relationship special... is that we join hands across so many endeavours”.

The alliance between the UK and the US is vital, to make a dangerous world that little bit safer, and to contribute to global progress.

It has a great history and a firm understanding in the present. It is also the foundation of a bright future.

In short, it is priceless. Perhaps post the Brexit decision it could have become even more so – and for both nations.

Thank you for listening. It has been an honour to speak to you this evening.