

## **Competitiveness Advisory Board**

*Summary of the Competitiveness Advisory Board meeting held on the 29<sup>th</sup> May 2024.*

The Board held its second meeting of the year in May 2024. At this meeting the views of the Board Members were sought on the current position in the UK, the approach to UK and EU / Europe Trade Relationship and the approach to the UK and US Trade Relationship in 2024.

The board received a report from the Managing Director, Brussels Office, Innovation and Growth focusing on UK-EU relationship noting that this had become more stable with the introduction of the Windsor Framework in 2023 and the establishment of the EU-UK Financial Regulatory Forum. The board noted the Corporation's strategic approach to enhancing UK/EU market access and cross-border flows explaining the UK's smart regulatory framework, lobbying for international standards alignment, and promoting the UK as a Global Financial Centre. It was noted that the focus areas for 2024-25 include improving the TCA through a review process, ensuring industry input in EU-UK regulatory discussions, and influencing openness in key EU member states and upcoming EU Council presidencies.

The board discussed the impact of Brexit on UK's financial services sector, especially in terms of market access, competitiveness, and alignment with the EU. Members suggested that the UK should focus on developing its strengths in areas like tech, green finance, and security, and seek partnerships with other countries and regions. The board also raised discussion on the challenges and opportunities for UK's financial services sector in the EU, such as the shrinking of the EU capital markets, the divergence of regulatory frameworks, the competition among member states, and the potential loopholes and waivers that could be exploited. Members suggested that the UK should engage with the national authorities and the European Council, rather than Brussels, and offer solutions that benefit both sides.

The board raised discussion on the prospects of the UK's financial services sector in the global market, especially in the high-growth regions like the global south, the Middle East, and Asia. Members suggested that the UK should leverage its expertise, reputation, and innovation to differentiate itself from the EU and other competitors there was also mention of the importance of the global summit for a potential new UK government.

The board received a report from the Managing Director US Office, Innovation and Growth focusing UK and US Trade Relationship, particularly on the activist stance and election dynamics, which could significantly influence the country's foreign and trade policy. It was noted that the Atlantic Declaration signals both countries' willingness to deepen industry partnerships. Members were informed that the objective was to increase trade flows by influencing decision makers, with a strong commercial backdrop and growth in the bilateral financial services corridor. It was noted that the focus for 2024-25 included developing a network with senior American counterparts,

identifying high-value targets for expansion, and promoting the City of London in America.

The board had the opportunity to reflect on positioning and provide a macroeconomic overview on trade flows over the last few years. The official launch of their presence in the US will enable them to extend engagement in NY and Washington. CPR discussed what to ask of any new government in terms of competitiveness. They gave evidence to the HOL on FCA and PRA growth objectives and campaigned for an agile framework. The news of the general election provides an opportunity to think about their asks and the benefits to the UK.

Members discussed the US's protectionist shift and its implications for UK's financial services sector, such as trade sanctions, export controls, and onshoring, have affected the UK's financial services sector, especially in terms of capital mobility, market access, and regulatory alignment. Members suggested that the UK should change its narrative with the US, focusing on its strengths in data, tech, and insurance, and prepare for different scenarios depending on the outcome of the US election.

*For any enquiries relating to the Competitiveness Advisory Board, please contact [Blair.Stringman@CityofLondon.gov.uk](mailto:Blair.Stringman@CityofLondon.gov.uk)*