



## **REPORT OF THE RT HON THE LORD MAYOR OF THE CITY OF LONDON'S VISIT TO NORWAY: 15-16 MAY 2018**

### **Background**

The Lord Mayor visited Norway on 15-16 May. The objectives of the visit were:

- To demonstrate confidence in the future of the City of London as a global financial centre following Brexit, and to express appreciation for Norway's continued commitment to London as expressed in their Capital Markets Day in the City in April.
- To explain how the City is preparing for Brexit including plans for a smooth transition for business, and to reassure Norwegian investors and borrowers about the stability and continuity of operations.
- To engage with policymakers and regulators including the Ministry of Finance and Central Bank (which share responsibility for the Sovereign Wealth Fund).
- To project the City's leadership in developing innovative financial services, in particular FinTech and Sustainable (Green & Blue) Finance, and to explore opportunities for collaborating with Norway in these areas.
- To promote the Lord Mayor's Business of Trust agenda and gather views from innovative firms on how to increase trust in financial and related professional services.

### **Programme and Participants**

The Lord Mayor spent two days in Oslo. The programme was arranged and supported by the British Embassy. The Lord Mayor was accompanied by Dan Fairweather (Director, Livestock, Aquaculture and Fisheries, Willis Towers Watson) as well as officials of the City of London Corporation.

The Lord Mayor met the Central Bank Governor and the Director-General and other senior officials at the Ministry of Finance. He chaired round-table discussions on FinTech and Sustainable Finance with policymakers, practitioners and civil society representatives. The Sustainable Finance event was led on the Norwegian side by the former Environment Minister and current Ambassador for the Oceans, and included a number of other maritime experts. The Lord Mayor used the FinTech event to discuss his Business of Trust initiative.

The Lord Mayor met a broad range of business leaders and senior civil servants over dinner at the British Ambassador's residence. He delivered a major speech on the City's future after

Brexit to an audience of 150 business executives and commentators, hosted by Deloitte. He gave a media interview to Norway's leading financial newspaper.

### **Key Themes**

At all his meetings, the Lord Mayor expressed his appreciation of Norway's continued confidence in and commitment to the City, and congratulated policymakers on their sound management of the economy which had demonstrated resilience since the global financial crisis and decline in international energy prices. He had been delighted to speak at Norway's second Capital Markets Day in the City in April, and to have hosted a dinner for participants at the Guildhall.

He emphasised that the UK financial and professional services sector, centred on the City of London, was a national, European and global jewel, which served the EU and world economies. It comprised a unique ecosystem based on a range of assets that were collectively difficult to replicate elsewhere and should ensure that the City continued to thrive.

While the City had not voted for Brexit, it respected the democratic process and accepted that, as matters stood, the UK would leave the EU in March 2019. But it wanted to ensure the best possible Brexit deal to help preserve and enhance economic prosperity in the UK, Europe and with all our global partners.

The City had therefore made the case for an agreement with the EU that delivered the three Ts: agreement on a period of Transition as close as possible to current arrangements; a migration system which allows the City access to the Talent it requires and reassures EU citizens already in the UK; and a bespoke UK-EU Trade agreement that provides mutual market access in financial and professional services. The City had endorsed the recommendations of the International Regulatory Strategy Group, representing the full range of international interests in the City, that mutual market access between the UK and EU could be based on regulatory alignment, close supervisory cooperation, and an independent resolution mechanism if disputes arose. The City was pleased that these suggestions were now informing the UK government's negotiating position, and that a transition period to the end of 2020 had already been agreed.

The UK would find it difficult to become a rule-taker in financial services, due to the sheer size of its financial centre. EEA membership on Norway's model was not attractive to the industry and therefore to the City. However, there was little appetite among market participants for regulatory divergence. Having won the race to the top on financial regulation, the City had no interest in initiating a new race to the bottom. Given the UK's unique starting position of complete regulatory alignment with the EU (and the fact that the UK and EU were both members of G20 regulatory fora), it should be possible to negotiate a trade deal that preserved mutual market access in financial services and minimised future divergence of regulatory outcomes.

While the City continued to plan for Brexit, it was also evolving and innovating to provide world-class services in new areas. The UK's FinTech sector – some fifty thousand jobs in

London alone, drawing talent from all over the world – was recently valued at £20 billion. And the City was proud of its progress towards becoming the global centre for green finance, building on the recommendations of a taskforce chaired by Sir Roger Gifford. 64 green bonds were already listed on the London Stock Exchange raising more than \$20 billion. The City would host a Green Finance Summit in July.

The Lord Mayor's interlocutors expressed admiration for and confidence in the City and its continued pre-eminence, and underlined the importance of the City for Norway's economy, particularly in raising capital and managing Norway's substantial overseas investments. They expressed regret that the UK was leaving the EU, as it would deprive Norway (which, as an EEA member, is obliged to follow EU rules) of one of its closest like-minded allies within the EU. There was also some apprehension about the slow progress and uncertain outcome of the Brexit negotiations, and the rather excitable tone of UK media reporting on the political and economic aspects of Brexit. The round tables on fintech and sustainable finance attracted an impressively large, diverse and articulate range of participants and underlined the considerable scope for deepening UK-Norway collaboration in these areas.

### **Conclusions & Follow-up**

This was a productive and timely visit, which helped to amplify the messages and deepen the relationships established at Norway's Capital Markets Day in the City in April.

It secured a strong, unequivocal and unprompted high-level endorsement of London's future role in managing Norway's capital requirements and investments.

The visit gave the Lord Mayor an excellent opportunity to express appreciation and reassure Norwegian policymakers, financial executives and the media about the City's preparations for and continued pre-eminence after Brexit; to explain the City's proposals for an ambitious post-Brexit EU-UK trade agreement covering financial and professional services; and to showcase the City's emerging strengths in the relatively new areas of fintech and sustainable finance, both of which have significant interest for Norway.

Norwegian officials expressed strong interest in continued dialogue with the UK on international regulatory issues, while fintech practitioners expressed great interest in the possibility of a UK-Norway fintech bridge.

The Lord Mayor took away a substantial list of suggestions for following up and building on the success of the visit which colleagues at Mansion House and the Economic Development Office are now pursuing.

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