



The Rt. Hon. Greg Clark MP
Secretary of State for Business, Energy and Industrial Strategy
Department for Business, Energy and Industrial Strategy
1 Victoria Street
London
SW1H 0ET

21st July 2016

Dear Greg,

Congratulations on your move. I was at DTI when it included energy and the re-incorporation makes a lot of sense. For the sake of future industrial strategy, though, you will need to keep skills, apprenticeships and universities as close as you can to BEIS. Similarly, there are key regional, combined authority aspects of your previous department that also need to stay well on your radar. You will, in effect, be developing a revised concept of economic growth which requires new thinking and departure from Whitehall orthodoxy. The economic consequences of Brexit will fall squarely into your lap and responsibilities.

The national strategy we have pursued since the 1960s, and when we entered Europe in the 70s, based on the benefits of the Single Market, has been dealt a hammer blow. We should also recognise that the referendum result was a real cry of pain and anger of those people and localities feeling left behind, particularly but not only in the old industrial and seaside towns and mining districts.

It is pretty clear that we need to develop a new political economy that spreads the gains of economic growth more fairly across Britain. This should have been a bigger social priority for both Labour and Coalition governments before Brexit - it is now an economic necessity in the light of it.

I am sure you are thinking this through but we need a comprehensive analysis of the UK's key competitive strengths in a post Brexit world, sector by sector, nation by nation, as well as city region by city region. Michael Heseltine provided the basis for this in his earlier report to the government and it now needs to be even more searching and developed identifying where there are research and innovation opportunities offered by universities and business in each region. The catapult centres which I first imported from German practice in 2009-10 have even greater potential and promise now.

These analyses should also inform Britain's priorities for future trade deals. These will be the other side of the coin you are minting. In this area there are no simple or quick analyses or solutions. Negotiating trade deals is a long hard slog, usually started by liberals with great ambition and concluded by protectionists embracing the realities of life.

The British Business Bank specialising in support for growing firms in all parts of the country will be another important instrument of policy as will decisions on outstanding infrastructure projects in transport, airport capacity, energy and digital.

Needless to say, full access to the Single Market for British produced manufactures (parts as much as final products) will continue to be vital to the success of sectors such as the car industry, just as it will for financial services.

I know you will be conscious of the fact that almost no sector or activity of the UK economy is untouched by the operation of the Single Market to an extent that we will only start to recognise as we start the process of exit.

I say all this not in order to warn but to advise and offer to help. The national interest now dictates that we should modify or qualify the decision of the referendum if we can but if not make it work as best we can for the UK economy as a whole.

I am sure there will be no shortage of advice to you and, as I know, you have clever and experienced officials available to you. But you have a colossal task and challenge ahead of you – the Treasury will not be an easy or willing handmaiden - and if I can help in anyway, alongside others, I will do so.

Very best,

and good luck,

A handwritten signature in dark ink, appearing to be 'John', written in a cursive style.

Lord Mandelson