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Address to the United States Studies Centre\*

Economic Policy in a Changing World

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## Opening

I would like to thank the United States Studies Centre for inviting me to speak today.

I acknowledge the Traditional Custodians of the land on which we are meeting, the Gadigal people of the Eora Nation, and I acknowledge their ongoing connection to Country.

I pay my respects to their Elders – past and present – and extend my respect to any First Nations people who are with us today.

When the US national security advisor, Jake Sullivan delivered his speech on renewing American Leadership at the Brookings Institution last year, he started by thanking the audience for indulging a National Security Advisor to discuss economics.

Today, let me thank this audience of international and national security experts for indulging a Treasury Secretary to discuss strategic policy.

My discussion follows and builds on the Treasurer's recent address to the Lowy Institute.

Discourse between economic and strategic policy experts is not new. It has long been accepted that economic strength is a key foundation of diplomatic and military weight.

But increasingly, these connections are moving from the abstract to the practical. From textbooks and journals to the heart of government decision making.

Henry Farrell and Abraham Newman captured this well in their 2023 Foreign Affairs article when they observed 'in the past decade, economics and national security have collided, turning government inside out and upside down.'<sup>1</sup>

This reflects the global environment we face. An environment that is vastly different to the one most predicted just a decade ago.

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\* I would like to express my appreciation to Luke Yeaman and Katrina Di Marco for their assistance in preparing this address.

<sup>1</sup> Farrell H and Newman A, 'The New Economic Security State: How De-risking Will Remake Geopolitics', *Foreign Affairs*, Vol. 102, Issue 6, 19 October 2023.

Released in 2012, the 'Australia in the Asian Century White Paper' painted a relatively benign picture of the future in our region. Instead, we are facing a more contested, more fragmented and more challenging global environment.

Where trade is increasingly seen as a vulnerability as much as an opportunity.

This is further complicated by the urgent need to decarbonise the global economy. A task that requires a high degree of global coordination, trade, investment and innovation.

In light of these challenges, it is incumbent on Australian policy makers to work together to develop sound policy frameworks and institutional arrangements that match the times. That take the long view and protect both our economic and strategic interests.

This is not a simple or trivial task — we must strike a fine balance.

If we fail to adequately adapt and respond to the new reality we face, we risk exposing our economy and our country to excessive risk or missing important growth opportunities.

If we over-correct and adopt a zero-risk approach, shutting ourselves out of global markets and seeking to be overly self-sufficient, we will quickly undermine the productivity, competitiveness and dynamism of our economy.

This will ultimately be self-defeating — eroding our economic, fiscal and national strength.

Today, I would like to discuss the Government's Future Made in Australia agenda, and in particular the new National Interest Framework that Treasury will administer.

The Framework outlines the Government's approach to responding to these major global challenges in a sound, rigorous and effective way that strikes the right balance.

Supporting the Government to navigate these major challenges has been a key focus for Treasury over recent years and the Framework draws heavily on this work.

### Economic security and resilience

Let me start with the challenge of economic security and national resilience.

The Australian economy has benefited from decades of rising prosperity as international economic integration flourished under a stable, rules-based international order.

Peace and political stability laid the foundations for global trade and investment liberalisation, supporting strong employment growth and improving living standards in Australia.

At the same time, economic reforms opened the Australian economy to global competition by cutting tariffs, floating the exchange rate and deregulating the financial system.

These stable conditions and important reforms have served us well — with Australia avoiding recession for nearly 30 years prior to the COVID-19 pandemic.

Many of our traditional economic policy frameworks implicitly rest on assumptions of a benign international environment that is stable and conducive to Australian interests.

However, tectonic shifts in the global economic order are underway.

Engines of global growth have shifted from west to east.

China has gone from accounting for around 6 per cent of growth in 1981 to more than 25 per cent today. Over the same period, the United States share of global growth has fallen from 26 per cent to 13 per cent, and the G7 countries' share has fallen from 43 per cent to 17 per cent.

With the integration of China into the global economy, it is no longer possible for G7 economies alone, to steer global economic fortunes.

This increased integration, in and of itself, is not a problem.

However, the move to a more multipolar global order has brought with it a sharpening of geostrategic competition and a far more contested set of global rules, norms and institutions.

The 1999 Foreign Policy White Paper was prescient in its assessment that 'China's economic growth, with attendant confidence and enhanced influence, will be the most important strategic development over the next 15 years.'<sup>2</sup>

The effects of this geostrategic competition are being felt here and around the world.

As the Treasurer laid out in his address to the Lowy Institute last month, domestically we are facing 'the most challenging strategic environment since World War II' after a difficult 'decade and a half punctuated by the unmistakable signs of climate change, a pandemic and a European war, which ... exposed fragilities in our supply chains.'

The Treasurer recognised that in this changing world, 'economic resilience is an essential component of assuring our national security.'<sup>3</sup>

Earlier 'trade wars' between the United States and China have sharpened into an overt strategic rivalry and a contest for global influence.

The Brookings speech by Jake Sullivan and speeches by US Treasury Secretary Janet Yellen, make clear that a benign environment can no longer be taken as a given, and that it would be naïve to continue to work on this assumption.

Both Yellen and Sullivan articulate a vision for America's role in the global economic order. One that is unapologetic about the role of national security interests in the economic sphere and that seeks to work closely with allies and partners to promote their vision.

Janet Yellen clearly articulated this in remarks to the Asia Society, noting that while the US is not seeking to 'decouple from China' due to the 'significant negative global repercussions' of a full separation, they 'are de-risking and diversifying, by investing at home and strengthening linkages with allies and partners around the world.'<sup>4</sup>

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<sup>2</sup> *In the National Interest: Australia's Foreign Policy White Paper* (1999).

<sup>3</sup> Treasurer the Hon Jim Chalmers, [Economic security and the Australian opportunity in a world of churn and change](#) address to the Lowy Institute, Sydney, 1 May 2024.

<sup>4</sup> US Department of the Treasury, [Remarks by Secretary of the Treasury Janet L. Yellen on the Biden Administration's Economic Approach Toward the Indo-Pacific](#), 2 November 2023.

According to the US Secretary of Commerce, Gina Raimondo, the US policy approach has been driven by 'China's reprioritization away from economic growth toward national security and its assertive military behaviour' highlighting the balance between protecting 'national security interests while also promoting our interests in trade and investment.'<sup>5</sup>

This view is not limited to the United States either. Shadow Chancellor of the Exchequer, Rachel Reeves recognises that 'a growth model reliant on geopolitical stability is a growth model resting on increasingly shallow foundations.'<sup>6</sup>

In this new paradigm, economic and financial tools are being deployed much more aggressively to promote and defend national interests.

According to the International Monetary Fund (IMF), more than 2,500 new industrial policies were introduced in 2023 in response to supply chain, climate and security concerns.<sup>7</sup>

Measures restricting trade flows have outnumbered measures that liberalise trade by about 3 to 1 since 2018.<sup>8</sup>

For Australia, this reshaping presents profound policy challenges, very different from those we faced at the end of the Second World War.

Our primary economic and strategic partners are no longer the same.

In 1948-49, China accounted for around 1 per cent of Australia's two-way trade and G7 countries accounted for 63 per cent.<sup>9</sup> Last financial year, China accounted for 30 per cent of Australia's two-way trade and G7 countries accounted for 26 per cent.<sup>10</sup> This is replicated around the world as China becomes a larger trading partner than the United States in more than 140 countries.<sup>11</sup>

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<sup>5</sup> US Department of Commerce, [Remarks by US Secretary of Commerce Gina Raimondo on the US Competitiveness and the China Challenge](#), 30 November 2022.

<sup>6</sup> UK Labour Party, [Rachel Reeves Mais Lecture 2024](#), 19 March 2024.

<sup>7</sup> Evenett S, Jakubik A, Martín F and Ruta M, [The Return of Industrial Policy in Data](#), IMF Working Paper No. 2024/001, 4 January 2024.

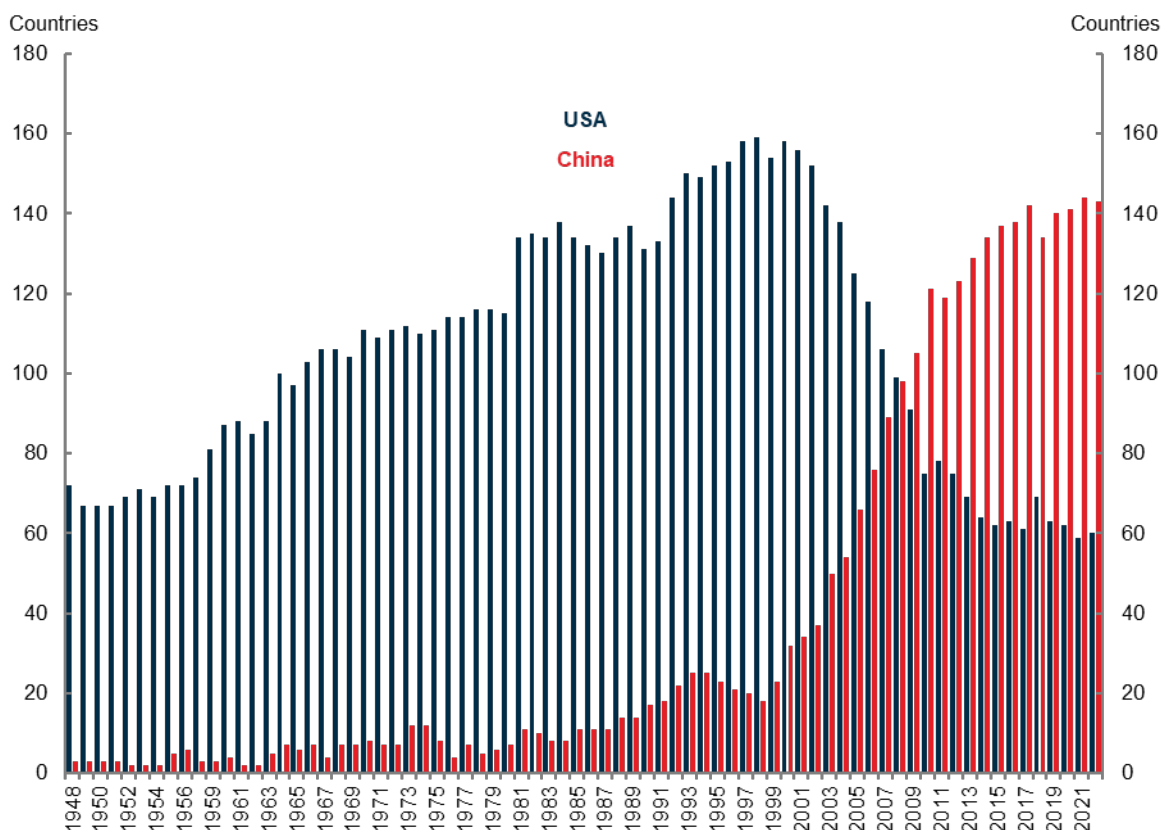
<sup>8</sup> IMF Global Trade Alert.

<sup>9</sup> DFAT, Australia's Direction of Merchandise Trade (Historical Trade and Economic Data).

<sup>10</sup> DFAT, Australia's Direction of Goods and Services Trade.

<sup>11</sup> IMF, Direction of Trade Statistics (DOTS).

**Figure 1: United States vs China greater share of total trade of partner economies**



Source: International Monetary Fund Direction of Trade Statistics (DOTS)

The re-integration of China and India, around a third of the world’s population, into global trading systems has benefitted Australians greatly. China and India’s combined share of global manufacturing exports has gone from 2.4 per cent in 1990 to around 23 per cent today.<sup>12</sup>

It has lowered costs of imports, provided more choices for goods and services and lowered the cost of capital. Reversing this would be disastrous.

But not responding at all, would be irresponsible and leave us economically and strategically vulnerable.

I want to discuss three aspects of a sound and proportionate response:

- a ‘small yard, high fence’ approach for genuinely critical infrastructure and technology
- delivering more resilient domestic supply chains through highly tailored responses; and
- playing our role in strengthening global supply chains.

<sup>12</sup> WTO Trade Statistics.

## Protecting critical infrastructure — ‘small yard, high fence’

As a medium-sized open economy, it is vital that Australia retains access to a wide range of markets and cutting-edge technologies.

However, there are a subset of systems, goods and technologies that are critical to the smooth operation of our economy and the security of our country.

Systems that are vulnerable to interventions and where a disruption could impact lives and threaten our national interest in a time of conflict.

These parts of the economy cannot be left to the private sector alone and there is a clear role for government in regulating their operation and ownership.

This is often described as the ‘small yard, high fence’ strategy,<sup>13</sup> where a strong set of protections are put around a small number of critical economic activities.

This is not a new or controversial point.

Over recent years, a range of measures have been taken to better coordinate and protect our national interests and critical infrastructure.

For example, the Security of Critical Infrastructure Act (SOCIA) was introduced in 2018 to identify and protect important elements of our economic infrastructure.

Our foreign investment regime provides a further layer of protection. Reflecting the global environment, the task of regulating investment has become increasingly complex.

The Government recently announced reforms to further strengthen our protections.

They essentially increase the height of the ‘fence’ by dedicating more resources to:

- scrutinising investments in sensitive sectors
- investments next to sensitive government facilities such as defence sites; and
- investments which might enable foreign companies to access sensitive data sets.

This will include more rigorous compliance, monitoring and enforcement of conditions.

Importantly, we will be more transparent with investors about the circumstances in which they can expect to face greater scrutiny, and the implications for timeframes.

At the same time, this will be accompanied by making investment easier for those activities outside of the ‘fence’, in non-sensitive sectors and where investors have a history of investment in Australia and complying with legal obligations, including tax.

The key challenge in designing and implementing these types of reforms, which seek to better protect our essential infrastructure, is to prevent overreach.

To balance risk in such a way that economic activity is not unnecessarily curtailed.

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<sup>13</sup> The White House, Briefing Room, [Remarks by National Security Advisor Jake Sullivan on Renewing American Economic Leadership at the Brookings Institution](#), 27 April 2023.

Given the nature of technology and the growing potential to exploit areas of weakness or vulnerability, there is constant pressure to expand the range of controls.

When it was first introduced, the SOCI Act covered four sectors, electricity, gas, water and ports. By 2021, this had expanded to 11 including data storage and processing, food and grocery and communication.

And in September 2023, the Government more than doubled the number of critical infrastructure assets deemed to be systems of national significance, adding 87.

I am not arguing that these decisions were unwarranted. I am only seeking to highlight the immense pressure that policy makers are under to expand the 'yard'.

There is also an ever-present risk that these types of regulatory regimes could be used as a quasi-form of industry protection or to respond to community pressure, rather than to address genuine security risks.

This is why our partnership with security and intelligence agencies, including as part of the foreign investment screening process, is so important.

These agencies are best placed to understand the vulnerabilities in our systems and the methods most likely to be used to exploit these.

However, we cannot afford to take a 'zero-risk' attitude or dismiss the cumulative, long-term economic costs of these actions.

In short, there should be a high bar for what Government puts inside the yard and each decision should be carefully weighed, with both benefits and costs considered.

### More resilient domestic supply chains – everything looks like a nail

Delivering economic resilience more broadly, beyond critical infrastructure, requires a more tailored approach, with far greater weight placed on economic efficiency.

Arguments are regularly made, here and overseas, that countries should build sovereign capability in areas of supply chain concentration or risk. Often with little consideration for alternative responses or the associated costs.

As the Treasurer made crystal clear in his Lowy Institute speech, a Future Made in Australia, cannot and does not mean pursuing self-reliance in all things.

Doing so would simply undermine our key economic strengths and leave us less, not more able, to exercise strategic weight. The Treasurer also noted, we are not the United States or China, nor should we seek to be.

In many cases, it will be more efficient for other countries to develop alternative trusted sources of supply than Australia. In the event of a global disruption, we will then be able to access these alternative supplies.

Pre COVID, Treasury developed what we termed the '*Resilience Framework*' to guide analysis of options to mitigate and strengthen Australia's economic resilience, by identifying both existing policy levers and new, proportionate, ones.

We entitled it 'resilience' quite deliberately. Resilience is the ability to absorb, adapt and transform to ongoing change.

Applied to the Australian economy it means our capacity to generate and maintain higher living standards and buffer against shocks.

The Resilience Framework outlined four steps for policy development:

1. identifying and clearly defining a risk
2. considering proportionate responses
3. considering the suite of existing or new policy actions; and
4. assessing policy actions to best meet our aim.

The National Interest Framework developed as part of the Government's Future Made in Australia policy builds on this.

The Economic Resilience and Security Stream of the National Interest Framework will be used to identify areas where some level of domestic capability may be necessary and the private sector would not invest in this capability in the absence of public investment.

A shock or disruption to supply in the relevant area would need to have unacceptably high impacts on safety, national security, economic stability or wellbeing.

To assess the materiality of these risks, consideration will be given to the following factors, among others:

- the global and domestic concentration of supply
- the vulnerability of supply to disruption or other barriers to access
- how critical the sector or product is to our security and resilience; and *importantly*
- whether the industry can prevent, absorb, adapt or transform processes to limit the consequences of a shock to our national interests.

While the COVID-19 pandemic highlighted weaknesses in our supply chains, it also demonstrated the inherent adaptability and responsiveness of global markets.

- Vaccines came online faster than anyone could have imagined, with the first non-trial vaccine administered in the UK around 9 months after the WHO declared COVID-19 a global pandemic.
- More goods passed through global ports than ever before, with global container port throughput increasing by around 7 per cent in 2021.<sup>14</sup>
- Producers pivoted to making in-demand products, distillers produced hand sanitiser, engineering firms were making ventilators and Ford Australia produced face shields.

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<sup>14</sup> United Nations Trade and Development (UNCTAD), *Container port throughput, annual*, 11 December 2023.



As with its predecessors, the National Interest Framework is focused on clearly articulating the problem, understanding the vulnerability, and ensuring any policy intervention, including public funding, is targeted, better aligns incentives to encourage private sector investment and provides a social rate of return to the Australian community.

Where substantial risks to the national interest are identified, a range of targeted responses should be considered before defaulting to government support for sovereign capability.

In some cases, governments will be able to act by improving coordination across levels of government or playing a brokering role through better information sharing to solve the problem.

In others, industry-led solutions, government-to-government supply agreements with strategic partners, strategic stockpiling or regulation could be pursued.

The national medical stockpile is a long-standing example of where we pursue economic and social resilience through a tailored government intervention.

Legislating the National Interest Framework will enshrine these principles into government decision making, to provide discipline around the deployment of public resources.

### Contributing to stronger global supply chains — playing our role

Actions to bolster and diversify supply chains are not occurring in a vacuum. And the costs will be significantly lower if countries work together, rather than alone.

A distinction should be drawn between actions to make the Australian economy more resilient and actions to contribute to global efforts.

The most obvious area where Australia has a role to play at the global level is in the supply of critical minerals, essential to decarbonisation, infrastructure, and Defence.

Australia is one of only a few countries around the world with the natural resources, industry expertise and trusted trading relationships to fill this role.

Expanding our production provides geostrategic value to Australia and key trading and national security partners.

Currently the global supply of critical minerals is highly concentrated making them fragile and vulnerable to disruption, manipulation and dislocation.

According to the most recent statistics, China controls 40 per cent of the world's rare earth element reserves, accounts for 69 per cent of mined production<sup>15</sup> and around 90 per cent of processing.<sup>16</sup>

Even where its reserves are relatively modest, such as with nickel, it still accounts for around 28 per cent of global processing, and more, once ownership of foreign assets is considered.<sup>17</sup>

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<sup>15</sup> US Geological Survey, Mineral Commodity Summaries, January 2024.

<sup>16</sup> IEA, [The Role of Critical Minerals in Clean Energy Transitions](#), May 2021.

<sup>17</sup> IEA, [Global Critical Minerals Outlook 2024](#), May 2024.

Globally, efforts to secure supplies of critical minerals are accelerating rapidly.

There is limited financial market infrastructure to enable transparent pricing and facilitate long-term investment. Together with volatile prices and a lack of recognition of ESG standards in global prices, these factors can pose challenges for securing finance.

Given the large capital needs, the cost structures and the long project lead times in the industry, the capacity to quickly adapt and respond to a supply shock is limited.

The consequences of a serious supply disruption would also be significant.

This makes the arguments for government intervention compelling.

Importantly, this is not a situation where classic trade theory can, or should, be applied in a simplistic or naive manner.

Often, if another country wishes to subsidise the production of a good to export, it is most likely to hurt them and help us. We receive cheaper goods, while taxpayers in the source country foot the bill, not our own. Under normal circumstances, as Treasury, we would advise to let this play out to the benefit of Australian consumers.

However, in the case where the goods are genuinely critical to global prosperity and security, and where the actions of one large country are distorting the efficient operation of the market, preventing long-term investment and diversification, we and trading partners should not stand idle.

In many ways, this situation is more akin to corporate predatory pricing practices. Where a large company seeks to sell into the market at an artificially low price, driving out potential competitors, increasing concentration and then wielding market power.

With global trade remedies slow and cumbersome, there is a role for governments to help ensure alternative, trusted markets and suppliers can develop.

To put this more plainly, when a nation state is seeking to dominate particular markets for broader aims, the response should not be viewed primarily through an economic lens, but through a national security lens.

Intervening to support global efforts will not be easy or costless, but, if done well and in a coordinated way, it can lead to better functioning markets and improved risk management over time.

Achieving this aim can be done in different ways.

Ideally, countries and businesses seeking alternative trusted sources of supply will commit to long-term off-take agreements, with a price premium, or invest directly.

Progress is being made in this area, with Australia signing a range of critical minerals agreements with foreign governments such as the EU, France, United Kingdom, US, India and South Korea, but more can be done to lock in firm off-take arrangements and commercial deals at sufficient scale.

While these interventions are important, there is a case for further well-designed government intervention.

Announcements in the recent Budget aim to further reduce costs over the life of projects to encourage higher levels of investment, including through:

- boosting precompetitive geoscience data to help support exploration;
- pre-feasibility studies for common-use infrastructure; and
- a time-limited production tax credit for critical minerals processing.

This example shows how the National Interest Framework can be used in practice to help Australia make a material contribution to global economic resilience and security.

### Achieving net zero – Australia uniquely placed

Let me now turn to a brief discussion of the climate change objective before concluding.

There is an urgent need to decarbonise the global economy and our own domestic economy. This will require an unprecedented economic transformation across energy, transport, infrastructure, agriculture, finance and industry in an extremely rapid timeframe.

The true cost of carbon emissions has not been priced into our markets and economic structures. This continues to be the case in large parts of the global economy.

Australia was a policy leader with the introduction of an economy-wide Emissions Trading Scheme in 2011.

Whatever your policy position, the uncertainty surrounding climate policy in Australia has done significant damage to our efforts to decarbonise, undermining trust among business and the community and driving up transition costs.

The emergence of a bipartisan commitment to net zero by 2050 was a crucial step forward.

It allows the debate to focus on a common goal that is clearly in Australia's national interest.

Domestically, we are broadly on-track to achieve our legislated emissions reductions target of a 43 per cent reduction below 2005 levels by 2030.<sup>18</sup>

Policies are in place to achieve this, but implementation risks remain.

Beyond 2030, the task will get harder again. Achieving net zero by 2050 will require a further round of policies to drive the necessary emissions reductions in harder to abate sectors. New technology breakthroughs will be critical to achieve this.

Attempts to embed an explicit, market-based carbon price have largely failed. According to the IMF, explicit carbon pricing-schemes cover only one-quarter of global emissions at a low average price of \$20 a tonne.<sup>19</sup> Political and community support has not been forthcoming.

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<sup>18</sup> Department of Climate Change, Energy, the Environment and Water, *Net Zero*, 24 May 2024.

<sup>19</sup> IMF Fiscal Monitor, [Climate Crossroads: Fiscal Policies in a Warming World](#), Chapter 1, October 2023.

There seems to be little prospect of a broad-based carbon pricing mechanism emerging any time soon.

Instead, most governments are pursuing a suite of policies, comprising market mechanisms, regulations, incentives, and subsidies and tax expenditures to drive decarbonisation.

There are real challenges in ensuring such approaches deliver the most efficient transition but nonetheless they can be effective in driving the needed transition, if well designed.

In a world of intensifying global competition for clean energy industries, Australia has significant comparative advantages. This includes:

- an abundance of low-cost bulk renewable energy capacity;
- access to, and abundance of, critical inputs and bulk raw materials;
- existing strengths in research and development;
- access to deep capital markets and low sovereign risk; and
- proximity to fast growing Indo-Pacific markets and a strong track record as a reliable and trusted exporter of energy and resources.

As with the Economic Resilience and Security Stream, the Net Zero Transformation Stream of the National Interest Framework will be used to identify domestic sectors that can make a major contribution to emissions reduction, here and globally, at an efficient cost, and in areas of long-term comparative advantage.

In designing these policies, it is also worth considering the market failures we are trying to address. There are many commentators who have discussed market failures in climate policy including more recently Michael Greenstone<sup>20</sup> in the US and Rod Sims<sup>21</sup> in Australia.

Both identify two key market failures.

The first is the negative externality associated with the damage caused by carbon emissions.

The lack of appropriate pricing mechanisms in the global market means that green products are currently more expensive than those made with fossil fuels, resulting in an underinvestment in these goods.

The second is the positive externality that flows from early movers that invest in new technologies for the first time.

The private sector on its own will not invest enough in these early-stage projects, because some of the benefits (the 'learning by doing') flow to the competitors that follow them.

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<sup>20</sup> United States House Committee on Oversight and Reform, Subcommittee on Environment, hearing on "Economics of Climate Change", [Statement of Michael Greenstone Milton Friedman, Distinguished Service Professor in Economics, University of Chicago, Director, Becker Friedman Institute, Director, Energy Policy Institute at the University of Chicago, Co-Director, The Climate Impact Lab](#) [PDF], 19 December 2019.

<sup>21</sup> Rod Sims, Chair, The Superpower Institute, [An open economy prioritises the climate and so prosperity](#) Address to the Committee for Economic Development of Australia, 2nd Annual Climate and Energy Forum, Brisbane, 9 May 2024.

For nascent sectors, research and development grants and support for demonstration or pilot projects may be the most appropriate way to support the sector.

For more mature technologies, where the barriers to private investment are more likely to include uncertainty around project approval processes and financial barriers, capital grants and different forms of concessional finance may be more appropriate to help de-risk priority projects and improve rates of return for investors, crowding in private investment.

In other cases, production incentives may be justified, particularly where the Government is confident in Australia's comparative advantage. In the recent Budget, the Government committed to a temporary, uncapped and refundable production tax incentive for the renewable hydrogen sector. This form of broad support will help key clean industries to grow at scale, by providing certainty and reducing the cost gap between higher emissions competitors.

In line with this approach, the Government has identified green hydrogen, green metals, low-carbon liquid fuels and clean energy technology manufacturing as priority sectors warranting a level of direct support.

Policy will need to continually adapt to new developments throughout the transition, particularly as new technology emerges.

### Conclusion – a defining decade

In conclusion, over the coming decade Australia faces a vastly different global environment to that we have experienced over the past few decades.

Some things have not changed.

Continuing to push ahead with ambitious domestic reforms that deliver a more productive, competitive and dynamic economy remain essential.

A strong commitment to markets, open trade and investment and effective, rules-based institutions also remains vital as a mid-sized open economy.

At the same time, we need to recognise and adapt to the new challenges we face.

As the Treasurer has said, Australia is well placed to do so. To thrive in the period ahead.

Australia has abundant renewable resources, commodities and critical minerals vital to global economic security and the net zero transition, a skilled workforce and is regarded as a trusted trading partner with strong ESG credentials — which is increasingly being valued.

To capitalise on these advantages, address market failures and strengthen the resilience of our economy at the lowest cost possible, effective policy frameworks to guide government actions are needed.

Without this, there is a heightened risk of poorly targeted policies, creating inefficient industries, propped up by taxpayer support while at the same time not addressing global supply chain threats. This would burden the economy into the future and undermine our long-term strength and influence.

The National Interest Framework provides a sound set of tests to guide Government decision making.

Policy advisors will need to continue to better integrate economic and strategic policy, to provide truly joined up advice to Government and strike the right balance.

If the right balance is struck, we can deliver both economic prosperity and secure our national interests. If the wrong balance is struck, neither will be delivered.