

by Rt Hon David Cameron MP addressing the Lord Mayor's Banquet in London

Tonight I want to explain what focussing our foreign policy on the objective of Britain's national interest means.....a strong and open approach to the world... ...one that both helps us and helps others.

There are those who look at the upheavals in North Africa....or the crisis in the Eurozone... ...and conclude that for Britain the best way forward is to draw back.

"Stay out of Libya, because nothing good ever comes of such interventions."

"Cut the aid budget, because the money is wasted."

"Europe is heading in the wrong direction without any chance of reform, so think of giving up."

"Promoting trade with economic powers like Russia and China always means walking away from values we believe in."

I think those arguments are fundamentally wrong for three reasons.

First, they fail to appreciate that in today's world, others' problems are our problems too.

Second, they forget that our strength as a country is built on our economic strength, and that means engaging in the world economy, fighting for free trade, making sure British interests get heard.

Third, we have advantages we should make the most of, like one of the most open economies on earth or our brilliant armed forces, whose sacrifice and service we commemorated this weekend.

So tonight I want to explain how we can use our influence and confront the pessimism that claims we can't make a difference.

LIBYA

The Arab Spring is one those extraordinary moments when the will of the people changes the world. But it also directly matters to us. Yes, change brings risk, and no one expects a simple straight line progression from dictatorship and stagnation to democracy and prosperity.

But in the long-term, developing the building blocks of democracy is the best way for the Arab world to secure stability, progress and prosperity, which is in all our interests.

In Libya, it's true, we didn't have to get involved. Some told us we shouldn't because they said it would only end in failure. Some said we couldn't because they said Britain didn't have the military might any more. Well, to those who predicted failure, look at what we have achieved.

We saved civilian lives as Gaddafi's tanks bore down on Benghazi. We helped the Libyan people to liberate themselves. And we now have....the prospect of a new partner in the Southern Mediterranean, stronger alliances with our friends in the Gulf, and a refreshed defence relationship with France.

I would argue that our action helped keep the Arab Spring alive.

And it's also worth noting that although Gaddafi agreed to declare and dismantle all his weapons of mass destruction...

...and although we made real progress diminishing the threat he posed...

...in the last few days we have learnt that the new Libyan authorities have found chemical weapons that were kept hidden from the world.

Some will look at Libya and ask 'is this a new British doctrine for intervention?'

Next time, will we just charge in regardless?

My answer is "no." Look at the reasons for the success of the Libya campaign.

We set limited goals and stuck to them. We worked with allies. We went through the United Nations. We had the support of the people.

We didn't presume to tell people what sort of government they should have.

But we held our nerve when critics here said we should give up.

We should be grateful for the incredible skill of British and other coalition pilots who ensured that the number of civilian casualties of the air attacks was so low.

The role of the Arab League was crucial. And on that note let's welcome their decision this weekend to suspend Syria's membership.

To those who said Britain didn't have the resources to intervene in Libya, let me just say this.

We deployed 8 Typhoons in Libya. We've got 72, with more on the way

We deployed 16 of 136 Tornados and 5 of our 67 attack helicopters

This operation was well within our capabilities and will remain so.

To those who question the Strategic Defence and Security Review let me tell you....

...those of us responsible for it didn't spend a single day of the Libya campaign wishing we had taken things more slowly.

On the contrary, Libya underlined the need for us to reshape our armed forces as rapidly as possible.

Fewer main battle tanks, more drones, more helicopters, more transport aircraft.

We are going to need a different kind of military to meet different kinds of threat.

AFGHANISTAN

Deployment of our military brings me directly to Afghanistan. Ten years after 9/11, and after 385 of our servicemen and women have given their lives, the whole country wants to know the answers to two questions.

Why are we still in Afghanistan? And for how much longer?

Let me answer. We are there to prevent Afghanistan from ever being used again as a base from which to launch attacks on this country or our allies.

Of course, people say you can't make progress in Afghanistan without tackling terrorism and deep-seated problems in Pakistan.

And they are right.

That is why we are squeezing the problem of terrorism from both sides of the Durand line...

...and Al Qaeda has been seriously weakened with the death of Bin Laden and so many of its senior leadership in the Tribal belt of Pakistan.

Terrorism feeds on broken countries, so our response must go far beyond tackling the leadership of terrorist groups.

That's why Pakistan is set to become the biggest recipient of British aid.

It's also why we have been engaging at every level, not just politicians but security and military chiefs as well.

We are now reaching the point when the Afghans can secure their country for themselves.

That is why I have been very clear - and I repeat here tonight - by the end of 2014 there will be no British troops serving in Afghanistan in a combat role.

SOMALIA

Somalia is a failed state that directly threatens British interests. Tourists and aid workers kidnapped. Young British minds poisoned by radicalism. Mass migration. Vital trade routes disrupted.

Meanwhile Somalis themselves suffer extreme famine, made worse by violence and some of the worst poverty on earth.

We shouldn't tolerate this.

Somali pirates aren't invincible: they are violent and lawless men in small boats and it is time we properly stood up to them.

That's why British vessels can now carry arms.

But there is a real and pressing need to pull together the international effort.

That is why Britain will host a major conference in London next year, to focus attention on protecting merchant ships passing through the Gulf of Aden, tackling pirates, pressurising the extremists, supporting countries in the region, and addressing the causes of conflict and instability in Somalia.

AID

The next area where the pessimists say Britain should pull back is aid.

I believe in the moral argument for aid, that we have obligations to the poorest in the world, but I also believe that it is in our national interest.

Isn't it better to help stop countries disintegrating - rather than end up dealing with the consequences for our own country: immigration, asylum, terrorism?

Aid can help us avoid crises before they explode into violence, requiring immense military spending.

And the answer to the legitimate concern that too much aid money gets wasted - isn't to walk away. It's to change the way we do development.

By 2015 UK aid will secure schooling for more children than we educate in the UK but at one-fortieth of the cost.

And we will help vaccinate more children against preventable diseases than there are people in

the whole of England. That's the kind of aid I believe in, and will secure for the future.

EUROPE

In Europe, these are times of change. Old assumptions are collapsing.

It was said that no exit from the Euro could ever be envisaged.

That membership of the EU would always lead to ever closer union.

That rules and structures were like a ratchet - always getting tighter. Powers would only ever go one way - to the centre.

And now everything is changing. Right now, fears about Europe's economic future are understandably intense.

Think how the European Union - as it is tonight - looks to those with growing economies watching from Sao Paulo, from Delhi or indeed Washington.

Not - as it should be - a place to admire and emulate, but a source of alarm and crisis.

Britain is not some dispassionate observer We are a member of the European Union. The strength of our own economy is closely linked to the rest of Europe.

So we have a profound national interest in ensuring the swift resolution of the crisis in the Eurozone and a return to growth.

What was the European Community, now the EU, has been an effective anchor for democracy and prosperity.

It has helped transform Eastern Europe, build alliances, boost trade, knock down old obstacles to freedom and success.

But today - to the outside world and to the citizens of its own countries - the EU's achievements are dramatically overshadowed by its problems.

It's not just the crisis in the Eurozone - urgent and all consuming though that is.

It's how out of touch the EU has become when its institutions are demanding budget increases while Europe's citizens tighten their belts.

It's the pointless interference, rules and regulations that stifle growth not unleash it.

The sense that the EU is somehow an abstract end in itself, immune from developments in the real world, rather than a means of helping to deliver better living standards for the people of its Nations.

It does not have to be like this. Out of crisis can come opportunity for the European Union, if its Member States are ready to grasp it.

Now is the chance to ask: what kind of Europe do we actually want? For me, the answer is clear.

One that is outward-looking - with its eyes to the world not gazing inwards.

One with the flexibility of a network, not the rigidity of a bloc - whose institutions help by connecting and strengthening its members to thrive in a vibrant world, rather than holding them back. One that understands and values national identity and sees the diversity of Europe's nations as source of strength.

I feel this very personally. The attitudes of my predecessors at this dinner, in previous decades, were understandably shaped by the events of 1945, and the need to secure peace on our continent. The experiences of the Second World War gave birth to the European Union we have today.

But for me, 1989 is the key date - when Europe tore down the Iron Curtain and came together as democratic nations working together across our continent.

So what needs to change? Of course, the immediate answer is growth. Europe's arteries have hardened. As a continent we are slipping behind, growing less fast than the rest of the world.

European countries have indulged in debt and overspending, and looked uncertain - or worse - when confronted with the consequences. Unless we all get a grip on growth the European Union will remain an organisation in peril representing a continent in trouble.

And now every member of European Union can see it. That's why Britain's EU growth plan is focused - together with other allies - on promoting open markets, flexible economies and enterprise. And it's why we must continue to work with the European Commission for the completion of the single market in services, the opening up of our energy markets, and the scrapping of the bureaucracy that makes it so hard to start a new business.

European countries account for 50 per cent of our trade and much of our inward investment. Leaving the EU is not in our national interest. Outside, we would end up like Norway, subject to every rule for the Single Market made in Brussels but unable to shape those rules.

And believe me: if we weren't in there helping write the rules they would be written without us - the biggest supporter of open markets and free trade - and we wouldn't like the outcome.

For too long, the European Union has tried to make reality fit its institutions. But you can only succeed in the long run if the institutions fit the reality.

For years people who have suggested doing less at European level have been accused of not being committed to a successful European Union.

But we sceptics have a vital point. We should look sceptically at grand plans and utopian visions. We've a right to ask what the European Union should and shouldn't do, and change it accordingly. As I said, change brings opportunities. An opportunity to begin to refashion the EU so it better serves this nation's interests, and the interests of its other 26 nations too.

An opportunity, in Britain's case, for powers to ebb back instead of flow away, and for the European Union to focus on what really matters. To underpin prosperity, stability and growth. That is kind of fundamental reform I yearn for. And I am determined to do everything possible to deliver it.

RUSSIA AND MERCANTILISM

Finally, if we are to earn our living in the rest of the world, we also need to forge stronger relationships with countries like Brazil, Russia, India, China, Turkey, Nigeria and South Africa. I have led trade missions to six of these countries and the Deputy Prime Minister has taken a business delegation to Brazil.

Now one former Labour minister called this "low grade mercantilism". That comment says so much about what's gone wrong with foreign policy in the past. We forgot old friends, missed new opportunities and damaged Britain's interests as a result. I'm proud - not embarrassed - to fill planes with businessmen and women and heading off to visit the most vibrant markets on the planet.

I'm not intending to reduce international relations simply to a commercial agenda. In dealing with other countries, their politics matter. But when the politics are troubling the answer isn't to deal with the politics and put the trade on hold. We must be bold enough to try and deal with the politics and the trade at the same time.

In September I was the first British Prime Minister to visit Russia for five years. Of course there are things on which I think Russia is in the wrong. The Litvinenko case. Magnitsky. Khodorkovsky. We can't pretend these differences - of human rights, the rule of law - don't exist. They do. We should always be a champion of human rights - and we should address our differences candidly. But we should not allow them to define and limit the whole relationship.

It's in our interests - and Russia's - to offer British companies new opportunities to trade and invest to support Russia joining the World Trade Organisation and to develop our partnership in key growth sectors like science and innovation. Shared prosperity is one of the best ways to ensure shared security.

I simply refuse to accept we have to choose between politics and trade. I believe we can advance both. Here we are in the City of London - the centre of world trade and commerce from commodities to currencies. This is the place the planet looks to raise capital, float a business, set the price of the goods which power the world economy. No other market on earth can match the City of London for the range and scale of its activities - a place that has always reached out to the world.

CONCLUSION

This country has always been at its best when it projects its influence. When it stands up for its values and defends its interests. Open. Outward looking. Engaged. Knowing that success at home can never be separated from what happens abroad. To get the best for Britain we must always reach out to the world. And that is what this government will always do.