HOUSE OF LORDS

Select Committee on the European Union

International Agreements Sub-Committee

Oral evidence: General FTA provisions

Wednesday 2 December 2020

4 pm

Watch the meeting

Members present: Lord Goldsmith (The Chair); Lord Foster of Bath; Lord Gold; Lord Kerr of Kinlochard; Lord Lansley; Baroness Liddell of Coatdyke; Lord Morris of Aberavon; Lord Oates; Lord Risby; Lord Robathan; The Earl of Sandwich; Lord Watts.

Evidence Session No. 2 Virtual Proceeding Questions 13 - 23

Witnesses

I: Dan Guthrie, Director-General, Alliance for Intellectual Property; Gilane Tawadros, Chief Executive, Design and Artists Copyright Society; John McVay OBE, Chief Executive, Producers Alliance for Cinema and Television; Geoff Taylor, Chief Executive, British Phonographic Industry.

Examination of witnesses

Dan Guthrie, Gilane Tawadros, John McVay and Geoff Taylor.

Q13 **The Chair:** Good afternoon. This is a meeting of the International Agreements Sub-Committee of the House of Lords. We have the pleasure this afternoon of having witnesses with us in relation to issues concerning the protection of intellectual property and the creative industries in international trade. I am very pleased to welcome Mr Guthrie, Ms Tawadros, Mr McVay and Mr Taylor to our meeting this afternoon. You are very welcome and thank you very much for giving us your time.

This session is being broadcast and there will be a transcript taken, but you will have a chance to review the transcript before it is finalised and make any corrections that you need to. When members ask questions, and they will do it in turn, they may declare relevant interests. I will start by telling at least Mr Taylor that my wife, many years ago, worked for IFPI as an executive, which is the international federation of which BPI[1], as I recall, was a member. I declare that interest, although it was many years ago.

Geoff Taylor: I do not think we crossed paths.

The Chair: I will flatter you. You are too young to have crossed paths on that occasion, but it is very good to have you here. I will start the questioning by asking you to give us a brief overview of how the legislation we are concerned with operates in each of your respective areas. We know that the UK's intellectual property framework consists of a number of different rights and regulations.

Dan Guthrie: Quite often, IP laws are seen as quite complex, but actually they are quite simple. They provide the basis for ownership and, quite often, as importantly, control over people's creativity. They cover some broad areas including copyright, designs, trademarks, patents and, perhaps less well known, trade secrets. Sometimes, people include geographical indicators as IP rights, but we see them as a slightly quasi right.

They can be seen as quite complex but, if we bring it into a practical place, I am currently speaking to you over Zoom. Zoom will have invested heavily in its marketing, advertising and sales for its service. As a result, it receives a trademark so others cannot take that off. The technology will have patent protection. Either it will be proprietary or they will have licensed it, so the technology is patented. The audio-visual and audio content from today's proceedings will be controlled and owned by the parliamentary authorities so that it can be used only in the way that they see fit.

Ultimately, although quite often IP laws are seen as very complex, they apply to things that we do in everyday life and give people the ownership. Quite often, we focus on the ownership and the monetisation,

[1] British Phonographic Industry

which is clearly hugely important, as is the control. If I am a musician and I do not want my music played in a party-political broadcast, I have that right. The economics of them is also about that control.

Gilane Tawadros: At DACS[2], we represent 100,000 artists, so I am speaking from the perspective of visual artists and the rights protected by copyright. To put that into context, it is important to understand the economics for visual artists. We are talking about an essential part of the UK creative industries, which, overall, are worth £111.7 billion. Yet, on average, a visual artist in the UK earns £5,000 from their work. When we think about the money earned through royalties, that is an enormously material part of the earnings of visual artists.

At DACS, we support artists by distributing royalties that are generated from copyright and artist's resale right. Artist's resale right is a law that enables artists to receive a royalty on the secondary sales of their work. You can be a young artist and sell a work for £100; it could sell again in five years' time for £10,000. Artist's resale royalty enables the artist to have a continuing stake in the value of their work. To give you some context, last year DACS paid out £18.3 million in royalties to 81,000 artists, so this is a very significant income stream for artists who are earning very little. Also, to give you context, we paid more out in royalties to visual artists than they received in funding from the Arts Council. That should give you some sense of the importance of these rights and the remuneration that comes from them.

Q14 **The Chair:** What do you hope to see in the intellectual property chapters of free trade agreements, which would particularly be of importance to those whom you represent or your members? Mr McVay, perhaps you could talk about the rights that you are concerned with.

John McVay: The UK is the world's second-largest exporter of content next to the US. We do that through licensing finished programmes, formats and copyrighted work to multiple buyers around the globe. North America and Europe are our two biggest markets, so copyright is very important, from our large vertically integrated domestic broadcasters right through to the small individual production companies that I represent, whose ability to protect, exploit and monetise their copyright in various global markets is often the main margin they make on any of the domestic product that they produce. I imagine that might be a similar issue for some of Geoff's members as well.

We are always looking for agreements that would basically support the UK's copyright regime, because we have one of the best copyright regimes. There are lots of issues in how that is applied and protected, but we would always seek to make sure that we have robust protections in free trade agreements. I am also particularly interested in what goes into those free trade agreements, let alone just issues of copyright.

[2] Design and Artists Copyright Society

Geoff Taylor: The economics of the music business are, in some ways, similar to those that Dan, John and Gilane have talked about. Record companies make enormous investments into new talent, and they make recordings and music videos, but the only way they can get any return on their investment is through intellectual property. It is therefore fundamental to their success how well that intellectual property, which is largely copyright but also trademarks to a degree, is protected both in our domestic market and in international markets.

At home, we are fortunate that we have quite a strong IP framework in the UK. That has meant that the UK music industry has grown to a GVA[3] of about £5.8 billion. Overall, we feel like we get a good level of protection domestically. When it comes to international markets, however, our export success is severely impacted by the absence of rights in many third countries or by the inability to protect those rights through enforcement in those countries. I imagine those are themes that we will come on to later, so I will leave it there for now.

Dan Guthrie: It is worth explaining why the IP chapters are so important for IP-intensive industries. I know that members of the Committee will have heard from many other sectors about the importance of tariffs, for example. Clearly, the aim of a free trade agreement is to reduce the levels of tariffs under WTO. For the creative industries and other IP-rich industries, the IP chapter is the equivalent of our tariffs. If we can get positive change in IP frameworks, as Geoff described, in third countries through trade agreements, that would bring significant economic benefits to our members.

Just as you would look to reduce tariffs through FTAs, we would look to trade negotiations to go well beyond international treaties on IP. That is in many different areas depending on the rights. It could be the length of what they call terms, so how long copyright exists of a work in different markets where the treaties say 50 years. In the US, it is 90 years. Across Europe and the UK, it is 70 years. It is now 70 years in Japan. In New Zealand, it is still 50. I know we will come on to some of these. There are many different areas where we would look for improvements, but, ultimately, we are looking to move beyond existing international treaty commitments.

Gilane Tawadros: Britain is in a really enviable position, because we have such incredibly strong creative industries and we have been able to safeguard those industries and artists because we have a really good copyright system. With the FTAs, we want to ensure that we safeguard those existing rights and do not water them down or undermine them in any way. We also want to make sure that global protection exists for artist's resale right because it does not exist in all countries. It is an important part of the balance of trade to make sure that, if British artists' work is sold in Japan, they benefit from royalties from artist's resale

[3] Gross Value Added

right. We also want to avoid the introduction of wide or unclear exceptions, and we will get on to the detail of that shortly.

The Chair: I am glad you mentioned artist's resale right again. You raised it in your previous remarks, but you have also mentioned it now. We are interested in it and Lord Sandwich will ask further questions. Thanks for underlining that. As you say, we understand that some countries do not recognise those, which gives it a particular importance to your members and to others.

Q15 **Baroness Liddell of Coatdyke:** I am looking for some advice from you. At the moment, we are scrutinising, as you can imagine, a number of bilateral talks between the UK and members of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, which, as you know, the UK eventually hopes to join. It would be very useful to have your assessment of that agreement's provisions and what they might mean for the UK. Perhaps even more importantly, what do you think the prospects are of the UK securing changes to any CPTPP agreement?

Dan Guthrie: This goes back to what I was talking about earlier concerning tariffs versus the IP chapter. Many business groups you might hear from are fairly supportive of accession and application to CPTPP. We are a little more circumspect. The IP chapter is not great, in all honesty. You may remember that, at one point, President Trump pulled the US out of the negotiations for the CPTPP. As a result, a number of the IP measures that we would have wanted are currently suspended. Two of the key measures that we might want to see are not enforced. The creative industries also have quite significant concerns about the rest of the text, particularly on the copyright side. We are quite circumspect and do not think we should be rushing in.

The Biden Administration may take a different view to CPTPP. If they decide that they want to engage, they might even want to apply for accession to the group. Therefore, to your point, Baroness Liddell, about what our chance of amending it is, it might be more powerful if we are doing that alongside the United States. There needs to be more discussion there.

Finally, it is worth comparing it—we are all trying to do this—with the new Regional Comprehensive Economic Partnership agreement that was signed a few weeks ago. You could argue that the RCEP, as I think it is now referred to, might be slightly better than CPTPP, at least from an IP perspective. We think the Government should be looking very carefully at the two, because the RCEP includes some countries where we currently have big issues, such as Myanmar, Laos, Indonesia, and Cambodia, and might provide a better route. I am not saying that that is definite, but it is worthy of comparison before we rush in. We should not be rushing in and more analysis needs to be done.

Gilane Tawadros: I would perhaps be a bit more forthright than Dan and say that we are extremely concerned about the UK entering into this agreement, largely because we do not think that there is any room to

amend the agreement. We pretty much have to take it or leave it. If the intention of signing these free trade agreements is to exercise some sovereignty, that is quite the opposite of what Britain would do by signing such an agreement. The IP chapter is a backwards step. It does not compare favourably with the UK's strong and supportive copyright framework that I alluded to earlier and it does not include a right to remuneration for creators.

The Chair: I want to understand, from what Ms Tawadros has just said, whether she was referring to artist's resale right or something else. Mr Guthrie, can you elaborate upon which provisions were suspended as a result of what the US did that you would like to see something done with? Can you give us a bit more context and detail please?

Dan Guthrie: There was a proposal originally to extend the term of copyright from 50 years to 70 years. That is currently suspended. There are also measures in there about liability that are suspended, which we do not like. This is where the challenge comes. There are some measures that we like and some that we do not. There are also issues about public performance that are suspended, so there is real concern. Gilane explained that there are real concerns with the text that is enforced and with the parts that are suspended. The challenge we have is that, on the tariff side, it might bring some benefits, but we would not necessarily feel those to the extent that we would feel some of the hurt from the IP chapter.

Gilane Tawadros: I would reiterate what Dan said about the term of copyright and the fact that the bad clauses in the IP chapter are not part of the suspended clauses. For creators, even if the suspended chapters were reinstated, that would not really help.

The Chair: What are the bad provisions that you are talking about?

Gilane Tawadros: They are the fact that there is no right to remuneration and there is a bias towards users that prejudices the interests of visual creators.

Q16 **Lord Oates:** I should declare an interest as the chair of the advisory committee of Weber Shandwick in the UK.

You made clear how important the IP rights chapters were. Could you tell us what sort of provisions beyond the IP chapters in trade agreements are also important, such as those related to digital trade, customs, preventing the circulation of fakes and forgeries, or the movement of businesspeople? Which of those would be particularly beneficial to your industries?

Geoff Taylor: I will highlight one particular area, which is mobility. For us, as regards the United States and the EU, the ability of our performers to travel freely is a key concern. We have a fantastic export record. Recorded music exports from the UK went up from about £200 million in 2010 to about £500 million last year. We are on a great trajectory, but that depends on being able to travel to promote your music. I know that

it is not part of the negotiating mandate for the US negotiations, but getting progress on, for example, the cost of visas and procedural issues that impose costs and delays on short-term travel for touring are very important to us, as they are for all third countries.

John McVay: I concur with Geoff's point. It is a concern for the audio-visual economy in the UK as we film a lot of our productions abroad for locations. Something like "Game of Thrones", for example, was filmed in multiple territories that were previously under one visa system. We are concerned that we may end up with multiple visa systems plus carnets. This will become clearer once we know where we have ended up on the Brexit negotiations, but that will add an additional burden and cost.

With the current pandemic, we are already facing increased costs from quarantining if we move people around to different countries, even with the exemptions that we have. That would be a real concern. It would not make it impossible, but clarity and finding the least costly burden on business would be our preferred option in order to retain our competitiveness in the global markets.

Gilane Tawadros: I would support the point being made about movement of artists. We do not want barriers to movement of artists or the free flow of ideas. We think that would be an impoverishment for artists and creativity here. It is also important to note that artists earn very little money and are freelancers, so they could not be sponsored by employers. That is an important point.

Digital trade is an important aspect here. With the pandemic, we saw an extraordinary pivoting of the art trade. People were saying, "No one will buy an artwork for more than £3,000 online". We saw Christie's make sales of $420 million. Many of those artworks were sold for more than $1 million. The digital trade chapters are important. This will continue to be a feature of the art world in future, so it is essential that we make sure that UK sellers and buyers of artworks cannot avoid paying ARR[4] to artists simply because the sales take place online.

The other area where we have concerns is customs. I am sure many of you are aware that between 10% and 40% of the art trade is estimated to be fakes or forgeries. We do not want a situation where Britain is flooded with fakes and forgeries. It is vital that we have a carefully regulated art market and effective customs rules and regulations in place. The Government have regulated for money laundering, but we need to be very cognisant of this.

Dan Guthrie: I agree with what Gilane said. It is a broader point. You can have as many intellectual properties in the framework as you want. Unless those rights are enforceable, there are routes to both civil and criminal prosecutions, and there is active policing of those rights, they are not worth very much. Gilane is right when it comes to customs. When it comes to negotiating trade agreements with countries that have

[4] Artist's Resale Right

freeports, for example, they are often a source of major issues with the transmission of fakes. I agree that discussions about customs and broader enforcement are really important to have during the negotiations.

Lord Oates: Is there anything more in respect of these areas that you think the Government could or should be doing to assist the creative industries?

Geoff Taylor: There is a lot when it comes to the enforcement part that has just been mentioned. I do not know whether we will go into that in more detail. That is perhaps the most important area. There are other things. We have concerns that non-tariff barriers could present more of a challenge to the UK in future even in terms of the EU.

Q17 **The Chair:** What sort of non-tariff barriers do you have in mind?

Geoff Taylor: There are quotas on broadcasting, for example, that say that a certain amount of broadcasting has to be national music, which therefore excludes the export of British music to those territories. There can be quite a lot of creativity in erecting non-tariff barriers. Our concern would be that, while the opportunities are there for us as an independent trading nation, new barriers could also appear.

Gilane Tawadros: I would mention freeports.

The Chair: What do you see as the issues with freeports? It seems the Government are very interested in freeports at the moment.

Gilane Tawadros: In other places in the world, we have seen freeports being prime sites for trading in looted artworks, fraudulent artworks and fakes. We are very concerned that the Government are pressing ahead with the development of freeports but are not allowing us even to speak to them about our concerns.

The Chair: Are you not even allowed to speak to the Government about your concerns?

Gilane Tawadros: It is a very carefully controlled consultation on freeports, let me put it like that. It is very difficult to get our voice heard about our concerns, which are great.

The Chair: Mr Guthrie, you were the one who first mentioned freeports and you spoke of concerns. Are your concerns the same as Ms Tawadros's?

Dan Guthrie: We are not necessarily against the concept of freeports in principle and can understand why the Government are considering them. If you are going to pursue that policy, you also have to invest significantly more in customs to ensure that the freeports are being used in a legitimate way. We are saying to the Government, "If you're going to go ahead with this, you're going to need significantly more investment in customs", but we also know that, over the next couple of years, customs

are going to be very stretched given our departure from the EU. It is about getting the policy right, as Gilane said, as opposed to saying we are outright opposed to it. It is more about how you make sure that it is not used by illegitimate traders.

Gilane Tawadros: The big risk with freeports is that we create a rights-free environment. We can work very hard at getting these trade deals really good and protecting the rights of our creative industries in this country, and then undermine it by not taking the necessary measures to prevent freeports becoming a free-for-all.

The Chair: Mr Guthrie, have you attempted to make observations about freeports to the Government? Ms Tawadros said that she or her organisation had and they have been difficult to make.

Dan Guthrie: We have responded to the consultation. There is quite a bit of work being undertaken by RUSI[5] and other think tanks around the development, so we are as much feeding into them, which are feeding into Government. We are probably not as close as Gilane given her particular issue with the fake-art market.

Sitting suspended for a Division in the House.

On resuming—

Q18 **The Earl of Sandwich:** Gilane Tawadros, I am sorry it has come back to you again. My mother and sister were artists. We know a lot of artists who are in difficulty, so I understand everything you have said. You seem to be pleased with the system as it is in the UK, but can you say more about what currently happens when British visual artists' work is sold in countries that do not recognise the artist's resale right? How might the introduction of it in potential FTA partner countries benefit British artists?

Gilane Tawadros: Thank you, Lord Sandwich, and you clearly know a lot about artist's resale royalty. It might be helpful if I explain a bit about where it came from, because that is particularly pertinent to the moment we are in and the hardship that artists are experiencing. It originally started 100 years ago this year in France as droit de suite. After the First World War, when many soldiers died in the trenches leaving their families in poverty, the French Government introduced it so that, when galleries sold their work at significantly increased prices, the families could also benefit from that. It is really, really, really important.

It is a royalty that provides a percentage of the resale right as I explained before and it is capped at €12,500. It works on the same principle as that of other creators, such as musicians and writers, who can continue to have a stake in their work and revenue from work throughout their lives and, indeed, after they have died. Their families and beneficiaries can benefit.

We have been very keen to see artist's resale right as a clause in all the free trade agreements. Unfortunately, in the case of the UK-Japan

[5] Royal United Services Institute

agreement, all we got was a commitment that artist's resale right would be discussed at some point undetermined, which is very unhelpful. The impact of not having artist's resale royalty in FTAs is that British artists are potentially losing out on thousands, perhaps millions, of royalties when their works are sold in those countries. We have a rich and successful array of British visual artists. We are in a moment of renaissance. Britain now is where France was in the early 20th century or America in the post-war period. We are at the top of our game and it is critical that artists can recoup some benefit from the resale of their works.

I will give you an example, to show you the imbalance of all of this. As I mentioned before, Christie's did a sale that raised $420 million. The auction house will take 25% as a premium on those sales. If you do not have artist's resale royalty and those sales are happening in the US, Japan or Hong Kong, British artists get nothing back at all.

The Chair: Broadly, how many countries recognise artist's resale right?

Gilane Tawadros: It is recognised in the EU and a number of other countries such as Australia, Russia and Brazil. In fact, it is probably around 80. The important thing to say is that we have been working very hard to get an international treaty at WIPO, which Japan and America have been blocking. America has been against any multilateral agreements, but getting artist's resale right into all FTAs would really smooth the path for an international treaty, which would make a huge difference to not just British artists but artists throughout the world.

Q19 **Lord Watts:** It is very similar question, but it is about musical artists. How could British music artists benefit from trade deals, for example, if performing rights were recognised in FTAs? Could any other particular provisions be negotiated in trade deals that would be of benefit to musical artists? Can you say a bit about the American position? As I understand it, they refused to sign the Rome convention, which means that they do not pay rights. The situation is likely to become worse because the EU court has ruled that we will have to pay even though the Americans are not paying. Could you talk about those issues?

Geoff Taylor: As you say, broadcast and public performance rights are a very important revenue stream for the music industry around the world and, in particular, for performers. In the UK, we have full rights covering broadcast and the playing of music in public at bars, clubs, shops et cetera. There are a number of countries that have either not implemented those rights at all or taken reservations under the treaties. It is interesting when you look at those countries—the United States is one, as you say, Lord Watts—and that is costing British musicians a huge amount of money. Artists such as Ed Sheeran and Dua Lipa are incredibly popular in the United States, but they do not receive a penny when their music is played on a radio or in shops, bars or grills.

When one looks at the other countries that fail to accord public performance and broadcast rights, you are talking about countries such

as Iran and North Korea, so the US is in unusual company. It is an issue in other markets. In Australia, for example, there are public performance and broadcast rights, but they are capped at a very low level. I believe there is maximum 1% royalty, which is capped through their copyright tribunal. That massively reduces the value of the rights.

Regarding other provisions of trade agreements that could help the music industry, the term of copyright is very important. That was referred to earlier and there are still countries such as New Zealand with a 50-year term, which is much shorter than international norms. We would like to see more countries come up to the US level of 95 years. There is a massive issue about the liability of tech platforms. Online platforms have a huge influence on digital industries such as the music industry. If they can evade liability through broad safe harbour provisions, that means that there is a much bigger piracy problem.

In negotiations where online platforms such as Facebook and YouTube use music, if they can hide behind these safe harbours they end up paying very much less for the music than would otherwise be the case. We need to avoid those safe harbour provisions being adopted around the world and to make sure that there is a good term of copyright, widespread implementation of public performance and broadcast rights, and measures to tackle piracy, which I think we will come on to.

Lord Watts: The USA and Britain are two of the leading performers in the world. The situation is going to get worse, because the American artists will have protection, as I understand it, from Europe. Should the Government set the situation as a high priority?

Geoff Taylor: Yes. You asked that in your original question, Lord Watts. The United States is asking for national treatment, as it calls it, in Europe. As you mentioned, there has been a European court decision on this issue recently, but the UK should be able to choose its own policy on these issues now that it has left the EU. It would be profoundly wrong for the UK to start paying American performers while UK performers are not paid when their recordings are performed in the United States. Absolutely, protect all performers, but do so on the basis of reciprocity.

The Chair: Before we leave this topic, you talked about the safe harbour provisions. Your concern is that there will be a change somewhere, but the previous regime will be allowed to continue to the detriment of those who would otherwise receive some sort of payment.

Geoff Taylor: We think that, overall, it would probably be best that the UK avoids provisions on safe harbours in free trade agreements. We want the UK to retain the ability to control its own law in this regard. There is a concern that the US provisions on safe harbours could get imported into the UK, which would be profoundly damaging. I talked a bit about the effect of those safe harbours. It is worth discussing with the others at greater length, but they are a big source of piracy and underpayment to all producers of content because they effectively act as a subsidy to the tech industry from the content industries.

Q20 **Lord Oates:** How easy do you or your members make it for people who want to use music online to pay rights? I have heard that that is sometimes the problem. People do not want to pirate music, but they do not know how to pay for it.

Geoff Taylor: In the case of music, that may have been an issue if you go back to the beginning days of Napster et cetera, when licences were not in place. Now, you have platforms such as YouTube and Facebook that are licensed for any content that their users may upload. That is the way we have dealt with the problem. We have aggregated the problem through licensing big platforms where users can use the music in their own way. They can create UGC[6] videos, for example, using our music, which will then be identified by the platform and the people who created the music will get paid.

Lord Watts: Does that money going from music platforms go to the artist to the record companies? As I understand it, there is a two-way problem here. Some of the platforms do not pay, and those that do are paying the record companies rather than the performing artists.

Geoff Taylor: Those platforms are generally licensed, as you say, through record companies and music publishers for the songwriters and they have deals with their artists. Royalties are paid through the record company to the artist. That is one way in which the record companies recoup their investment. They get paid by the digital service and then they pay a share to the artist that reflects the deal they have negotiated.

Lord Watts: Do they negotiate fair deals? It seems to me that they are in a much better position to negotiate with their artists. I know we are diverting from some of the topics, but I would like to understand where this money, if we negotiate a deal, would go to. I would not like to think that it goes to record companies and not to the performing artists themselves.

Geoff Taylor: Royalties are paid on to the performing artists. The main characteristic of the digital age has been an increase in power for the artist and improving royalty terms for artists overall. We have seen a huge amount of competition for talent as growth has returned to the music industry. That has led to artists being able to negotiate better terms than they did in the era of CD or beforehand. We believe that artists are getting a fair share of the revenues from these platforms. The biggest problem is that, in many respects, not enough money is coming into the music industry at all from the platforms, partly, as I mentioned, because of the safe harbours where platforms such as YouTube pay a fraction of what a service such as Spotify would pay for a stream of music.

Q21 **Lord Foster of Bath:** It has been quite remarkable that, in the evidence that the various representative bodies of different parts of the creative industries have given to us and no doubt to the Government, there has

[6] User-Generated Content

been a fair degree of unanimity on all the various issues. The one area where we have found disagreement is in relation to whether there should be an audio-visual chapter in a trade deal. We are aware of the concern that some people have about our ability to fund our public service broadcasters, but it would be really helpful to hear from all of you what you see as the benefits or the disbenefits of including an AV chapter in a trade deal.

John McVay: We are very sceptical about AV being included. In fact, we would probably argue collectively across the UK industry for it to be excluded. There are two key foundations that enable us to compete globally. As I said earlier, we are the world's second-largest audio-visual economy. We are worth about £15 billion a year. Over £3 billion of that is from inward investment from Disney, Netflix, et cetera. This tiny little island has carved a place globally as one of the world's most successful audio-visual economies. That is underpinned by two key foundations. One is access to the EU market. That is a third of our exports and very important for deficit-financing domestic production. We pre-sale programmes into that market and use that money to make our great dramas, factual programmes and documentaries.

Another key issue is regulatory flexibility. The UK has developed a number of interventions in audio-visual, not least the state-funded BBC, the publicly owned Channel 4 and the independent production quota, which is not similar to many other territories and is very dissimilar to the US. These two features are critical to our continued success and continued growth.

Under European works, that guarantees that UK programming is qualified as European and therefore counts against European origination quotas. If we were to lose that, we would become foreign-acquired programming. We would be put into the same bucket as all other foreign programming, most notably programming from the US, which could put our exports at a disadvantage as US studios tend to bundle a lot of programming with big blockbuster programming and films. Loss of European works would not only damage domestic product but would probably damage a lot of inward investment, which, because of the use of our tax credits and qualifying under our cultural exceptions, also qualifies as European and accesses those markets alongside us selling to those buyers.

The second key point is that the AV sector benefits from a very flexible regulatory regime. Don, you have been involved in a lot of this in your career in the other House. That has helped to drive a number of PSB objectives, which are not typical round the globe. It supports our very strong independent production sector, which I represent. It guarantees access to market and ownership of IP, which is why we have an interest in what happens to IP regimes in other free trade agreements. We have screen sector tax relief subsidies, grants and other support to make sure that we have a successful and competitive audio-visual economy. That is enabled by our Parliament, if we are talking about this being about a sovereign nation, looking at what we need as an audio-visual economy and then developing policies that ensure that it is an ongoing success.

We are concerned that if we went to FTAs much like the Japanese one where there is a provision for a review of audio-visual in the services chapter, if audio-visual was included we would end up in most-favoured-nation territory in relation to any future deal with the US. This would limit our ability to have our own regulation. Critically, it could encourage many people in Europe to remove our access to European works because they could see audio-visual being included as a backdoor for access to the European market. That would be very detrimental to our domestic production.

Lord Foster of Bath: Just so I understand, is the continuation of the 30% European works dependent upon us doing a trade deal with the EU?

John McVay: We qualify as European works currently, and that legislation has been adopted into the UK legislation. We are also covered by what is called the European Convention on Transfrontier Television, which is a Council of Europe convention. However, we cannot rely on that in the longer term. Not all member states are members of that and not all of them apply the same rules and regulations that we would as a signatory to that. Our strongest protection in the medium term is to continue with European works.

If we were to do free trade agreements that included audio-visual, that would probably be an incentive for many people on the continent to seek to exclude us from European works, which would be very detrimental to our domestic market. It would probably not impact so much on global platforms. They may relocate some of their production investment. They may not be as impacted but, for domestic production, where we presell a lot of our works into that market in order to finance the product in the first place, that would be a significant loss of revenue. We would find a third of our exports coming under challenge because of losing that status.

Lord Foster of Bath: Mr Guthrie, when you were talking to us in a previous session, you said it might be possible to carve out some aspects of AV to include, while protecting the things that John McVay has been talking about.

Dan Guthrie: I do not want this to be characterised as a big divide, because I do not think it is. We share many of the same aims and reasons, particularly in relation to the PSBs and the unique nature of our broadcasting industry and production sector. John is right that we need to protect that. At the same time, there are, in some countries, significant barriers to foreign ownership in terms of quotas that Geoff was talking about earlier.

Part of this might be about timing and precedent, as John was explaining. If we do some things too soon, will that threaten other elements? In my view, I totally understand and recognise John’s concern. If we do not do it through FTAs, how can we find other means, if necessary, to unblock those issues? If and when we do a trade agreement with Indonesia, for example, will we be at a stage where we can include AV? There are big issues in some countries that have very strict quotas. It is not either/or.

Sometimes we might; sometimes we might not, but I recognise and understand John's concerns.

John McVay: The danger in looking to apply later-on type clauses, non-conforming measures or the like in free trade agreements is that we are undergoing a massive revolution in the audio-visual economy. The pandemic has accelerated that. We are seeing profound structural changes to the market, and no NCM, no matter how cleverly crafted it is between trade lawyers, will be able to give us the flexibility, as a sovereign audio-visual economy, to deal with that.

It is a dangerous road to go down. We do not have enough visibility in any of the free trade agreements of how the global audio-visual market is developing, and we have to make sure we protect our indigenous production capacity. We are the world's second-largest exporter. That has been hard fought for and hard won by British creativity and entrepreneurship. I do not think that some nascent sunny upland for access to the Indonesian market, or any other market, that could have a counterproductive effect on our domestic production is worth putting into any free trade agreement. I have looked at this extensively. We have been consulting on this. I work very closely with all the domestic broadcasters on this and, so far, we have not seen anything that convinces me that there is a benefit to doing that right now.

Q22 **Lord Risby:** We have heard reference several times to the United States, for obvious reasons, because of its significance. We have received evidence that the United Kingdom should avoid shifting its domestic legislation towards a US-style fair-use regime. Some people think that it offers weaker protection to creators; others believe that it is something of a safe harbour to protect tech giants, which is controversial. I wonder if you could talk about what that would look like and how it compares with the existing corporate regime in the United Kingdom.

Dan Guthrie: We said earlier that, if you produce a piece of content, you have the copyright. Therefore, you have control over how it is used and people need to ask for your permission before they use it. In the UK, there are some exceptions to that and material can be used without asking for the permission of the owner, but they are in very limited uses.

If you watch "Have I Got News for You", for example, you will see that it has little clips and extracts of newspapers. It is allowed to do that. News channels can quote and take excerpts from government White Papers without having to get permission from the Government, who own the copyright for those. There are similar allowances, in teaching circumstances, to help the disabled. These were reviewed about six years ago and some minor changes made. They are designed to give consumers access and balance in the system, but they are very prescriptive and very limited.

In the US, they have something called "fair use", as you rightly describe, in which anyone can use it, but the courts have to decide whether that use is fair use or whether they should have to pay for it. As you can

imagine, as technology has developed significantly in recent years, the way copyright material is used has had to go through the courts to get precedent as to whether a new type of service is infringing copyright or whether it can be used under fair use. That takes a lot of court time, which is very expensive, as rights holders have to challenge it, although the US has many years of precedent that you can rely on to understand where the line of fair use sits, although it is always being challenged and rights holders have to defend it.

If we were to import that system into the UK, we have none of that case law, so you can imagine that every new digital service might say, "We think this falls under fair use. It's not for commercial use, so we're going to ask the courts to say whether it's fair use". There is no backlog of case law here, so we would be creating uncertainty for rights holders: would I invest in content that I am not going to get rewarded or licensed for because it might fall under fair use? That would prevent new investment in content, create significant uncertainty and take up a lot of the courts' time in deciding that.

That is why we would like to avoid it. Even in the US, it is still very difficult for rights holders, and British rights holders have to spend a lot of money understanding whether something is fair use, but the importation of it would be even worse.

Lord Risby: You said that there has been considerable experience over the years in the United States, but is the court system deployed frequently in this context in the United States?

Dan Guthrie: Yes. If you are company wanting to use content, it is almost a hedge against, or at least delays, having to do that.

Gilane Tawadros: I could make it a little more vivid for you by reinforcing Dan's point about the fact that it is unpredictable and requires a lot of expensive litigation. In our view, it is not very fair. I will give you an example. There is an artist in the States called Richard Prince, who makes work very often using appropriated images by other artists. He has been sued countless times and he has won one of his cases on appeal because he has deep pockets and can afford to pay. He sells his work for $3 million; the work that he appropriates, in one instance, was worth about $1,000. It favours those with deep pockets, and with the resources and confidence to litigate.

John McVay: US fair dealing is a rogues' charter. We set up our trade body in America several years ago, which we have now exited. In my discussions with many of the US independent production companies, and indeed British companies that opened up there, this is a cost of business. It is a burden on business, where they constantly have to defend their own programming and their own rights from illicit use.

In a world where costs and margins are already under significant pressure, having to factor additional burdens such as that into the UK would be very detrimental to many of our small creative companies and

entrepreneurs. We already operate with very slim margins, as I have said previously. We would be very resistant to any move to relax the UK's fair dealing regime, which is pretty robust and well respected by all the major users, platforms and, indeed, creatives.

The Chair: Presumably, what it means is also well understood.

John McVay: Yes. You referenced "Have I Got News for You", made by Hat Trick Productions, which deals properly under fair dealing, but I also have companies that complain about fair dealing when other people want to use clips. There is a way to sort that out, and letting the public know what fair dealing should like look and what is an editorial or critical programme that applies fair dealing is well understood across the industry. That is a tradition in the UK that is well respected and does not end up in the courts all the time.

Q23 **The Chair:** Can I ask a couple of questions following on from this? One of them is on how you identify fair use. There was talk there about lots of court cases in the United States, and it has a whole bank of precedent that the UK does not. I suspect I know the answer to this, but would there be a way of tabulating or writing down what allowances for fair use you could attach to, say, a free trade agreement, so as to give clarity and predictability, or is that just an absurd idea?

John McVay: Dan referred to an attempt some years ago in the UK to make fair use, in a sense, more accessible to the public. There is a clear tension between innovation, using clips to illustrate something for specific uses, and downright piracy. The problem is that, even with the best drafters writing it down, you will end up in the courts, with rights owners saying that a line has been crossed. The current regime is pretty clear: if it is critical or a review, you can use lots of clips. I can do a comedy show, use clips and critique that, and that is pretty clear. If I use those clips in a way that really creates a new programme that is not critical, that is a breach of copyright.

Gilane Tawadros: Dan and John have both made the point very well that fair dealing is very clearly and explicitly defined. Fair use is not. We already have problems here with librarians and all sorts of people not understanding the difference between fair use and fair dealing. If we were to introduce fair use into our free trade agreements, I fear that we would just muddy the water even more and make what is currently a very good, working system with fair dealing very difficult.

Dan Guthrie: To your point, Lord Goldsmith, about whether you could define it in an FTA, because it is a permanently moving vehicle in the US, it is therefore very difficult to say that what might be the case law today will be the same tomorrow, because the courts are permanently reinterpreting. As John and Gilane have said, that is exactly why there is certainty here. You can appeal, by the way, in the UK to the tribunal, if you do not believe that the right decision has been made or if there is a conflict. The fact that there are so few of those cases goes to what John said, which is that they are very well understood.

Geoff Taylor: It almost functions to overturn the presumption that one should seek a copyright licence. Some technical innovations are essentially trying to freeride on the value of content. When peer-to-peer file-sharing technology emerged in the late 1990s, they all claimed that they were fair use. It took years and years and many millions of pounds in litigation, in which I was peripherally involved, to close down those services. They were able to start from the premise that what they were doing was novel and was a new type of fair use that therefore had to be reviewed by the courts. What they were doing, of course, was simply trying to build a business using music without paying for it.

Q24 **Lord Lansley:** I wanted to ask two things, but the first is a more particular one. We have heard a bit about copyright infringement and the mechanisms that might be used to tackle that. One in particular that I wanted to ask about was website blocking. Could somebody guide us through how that works, to what extent it either is or might be deployed in free trade agreements and whether it might be a mechanism for achieving action against copyright infringement or online piracy?

Geoff Taylor: The BPI has done website blocking. We have quite a lot of experience of this in the UK. The problem it solves is that piracy is, by its nature, trans-border. Very often, pirate sites will locate themselves in jurisdictions where either there is no proper copyright or it is impossible to enforce your rights. Faced with that problem, when you cannot take down the problem at source, all you can really do is try to protect important markets through preventing access in those markets to the illegal sites.

In the UK, with sites such as The Pirate Bay, for example, we were able to go to court and get a court order requiring ISPs to block access to that site for UK consumers. It has been extremely effective and we have blocked about 63 of the biggest pirate sites. The music industry and many other rights holders use it regularly. The Premier League uses it to block access to illegal streams of its football matches.

It is an important protection. Free trade agreements represent a very good way to encourage more markets to put a website-blocking mechanism in place. It is not perfect, because having to go to court can be expensive and difficult to access for smaller rights holders, but it is extremely important in dealing with the biggest pirate sites and we hope that the UK will push strongly for third countries to implement website-blocking provisions. Even some quite large countries, such as the United States and New Zealand, do not have website-blocking provisions, which we would expect them to have.

Lord Lansley: Sorry for my ignorance, but has the European Union attempted to put any such provisions into any of its trade agreements?

Geoff Taylor: Indeed. The UK provisions came from European legislation. I believe that, when we implemented in 2003, it was as a result of a European directive.

Lord Lansley: In addition, has the EU tried to get them into EU third-country agreements with any success?

Geoff Taylor: I believe it has tried, but with what success I do not know. Dan might know better.

Dan Guthrie: It tried, as the UK did, in its negotiations with Japan, and there is one of the famous commitments to ongoing dialogue in relation to that issue, but there has been no movement in the two years since it was implemented. It is also important that, where we are undertaking trade negotiations with countries that have similar legislation, as in Australia, we put that into our shared FTA as an important precedent to show that both countries are very supportive of its use. That will help when we then go on to other countries that do not have it.

In New Zealand, there is a bit of a debate as to whether some of its legislation might be able to be used as a site-blocking mechanism, but it is not as specific as we or Australia have. We have said to DIT, which accepts it, that, particularly in the Australia deal, it is a really important precedent that, where we both have the same legislation, we promote it as an important tool in the armoury.

Q25 **Lord Lansley:** That is very helpful. It leads directly on to the second point I want to ask, prompted by the conversation earlier about the CPTPP. We are looking at the Australia negotiations now and we are anticipating the possibility of the UK making an application to join the CPTPP next year. Presumably, if the CPTPP wants to be a leading agreement on digital trade, this is the sort of thing that is not simply about liberalising trade online but about delivering the necessary protections for trade online. I suppose that is quite a good balancing thought.

I was interested in what you were saying earlier about the extent to which you feel you have been involved in the consultation so far about the United Kingdom's negotiating objectives and the impacts of CPTPP accession. I wondered if anybody had any view on the consultation with the Government about that so far.

Dan Guthrie: There was, probably two years ago, the formal consultation on CPTPP. It is probably fair to say that the DIT has been very focused on Japan, the US, Australia and New Zealand. This is perhaps a capacity issue. The DIT sees 2021 and the next priority as being the CPTPP, so it is shifting to understanding a little more the benefits and drawbacks of the CPTPP. I would not necessarily be critical of the department for that; it has just been prioritising the agreements that have come through and some of the continuity agreements.

That is why I was suggesting that we should not rush to apply before a bit more work is done, particularly in relation to the IP chapter, as to some of the drawbacks, and potentially compare it to the China regional agreement. I do not want to prejudge work that we are already doing in comparing the two, but it is worthy of comparison.

Gilane Tawadros: In answer to your question, we have submitted evidence to the consultation on the CPTPP, as we have to all the trade agreements. Since that consultation, we have not had much interaction with the Government. If they are planning to look at it in more detail in the new year, we would very much like to be at the table to explain our concerns.

One of the important points about the CPTPP is that, as John, Geoff and Dan were saying, we have to be cognisant of how powerful our creative industries are. We are a net exporter of really amazing content, whereas the countries that make up the CPTPP are consumers of that content, so we have to make sure that our creative industries are protected.

Lord Lansley: On the face of it, it is not quite as simple as that in the CPTPP. Japan is presumably quite a significant producer of content in a number of areas, as is Canada, which has quite a big audio-visual industry of its own. To some extent, what I am hearing is a desire not necessarily to liberalise through free trade agreements in this area but to provide protection through such free trade agreements.

John McVay: Lord Lansley, your opening question hit the nail on the head for me. The UK is famously a liberalising country, but it is also a country that respects fundamental laws and trade. That was historically one of our strengths when we were a member of the EU: that we were a reforming country. The creative industries are looking to open up and access markets but not at any price. The Government need to take account of the concerns from the creative industries, which are fundamentally copyright and IP-based and protected, as we go around and do these negotiations. There are many opportunities, but liberalisation as a purpose in itself will probably not help us domestically.

Geoff Taylor: It is about the relative importance which the UK needs to give the IP chapter in these trade agreements. Perhaps the more old-fashioned view was to concentrate on the tariff barrier provisions et cetera, but IP is now of such great importance to the UK economy—it is the fastest-growing sector of our economy and bigger than financial services and all kinds of other areas of the economy—that it needs to be prioritised.

In terms of the Government's consultation with industry, which we touched on earlier, the Government have set up the creative trade advisory group for consultation with industry. I am happy to take part in that, but despite all the members signing NDAs there has been reluctance to provide much detail of either the UK's negotiating positions or the offensive asks, as they are called, of the UK by third countries.

Our ask would be to fully involve the TAG, because business input into these issues is critical. We need some measure of detail. It is all very well being told that we are now in round 4 and have had 25 meetings, but that does not really help you. You need to know what the other side is asking for, what we are pressing for, what the key issues of debate are, and what is and is not agreed. Without sharing that level of information,

it is very difficult for the business advisers on that TAG to be helpful to government.

The Chair: I am getting more and more troubled about the comments that are being made about the Government not really listening, if I am getting the right impression from you.

John McVay: We are not members of the trade advisory group that Geoff is, because we were kicked off for some reason.

The Chair: Was that because there was a problem with the non-disclosure agreement?

John McVay: I have no idea. There was no transparency. Given that I represent a sector worth £3.3 billion to the UK economy, and that it is UK companies, we were a bit surprised. I would echo Geoff's point that there is a lot of reporting on meetings. I recall being at a reception hosted by the then Secretary of State two years ago about how many people he had employed to facilitate trade agreements, which is all very well.

The only problem is that they are not listening very much to industry. We need more people, but we need more people listening to cutting-edge industries such as the creative industries, which are globally focused, and really taking on board our concerns. We are a very passionate, articulate and successful part of the economy. While I know that it is very important that other sectors are also treated with respect, I often feel that we are seen as "the luvvies" and that they will get round to us at some point in the future.

The Chair: I will speak for myself at the moment and not for the Committee. We will have to discuss this, but we might want to follow this up. In that case, if we could get any more detail as to the attempts that you have made to be heard, with that chapter and verse the Committee may like to take it a bit further.

John McVay: I would be happy to.

Gilane Tawadros: I would really welcome your support in getting our sectors heard, and we can provide you with chapter and verse of our attempts.

When we embarked on this road of negotiating trade agreements, it was a very different world. Post Covid, from where I am sitting, visual artists and, indeed, the cultural industries are facing an existential threat. We are naturally, instinctively global collaborators: knowing no borders, travelling, exchanging ideas and working in partnership. The creative industries do that as a default mechanism, but we are in peril. I cannot emphasise this enough. We really need some protection and support at this moment.

The Chair: Let me be very clear: there are limits to what we can do. What you have said is very clear and the Committee will consider it. Our powers are limited, so let us not overpromise.

Q26 **Lord Gold:** This is good timing, because I certainly agree that there should be more listening to the trade associations. It is a point that I raised in the debate we had last week.

I want to jump back to what Ms Tawadros was saying about resale rights. Where countries do not have them, who receives the benefit of that?

Gilane Tawadros: There is no benefit, because if artist's resale right is not there, there is no mechanism for reciprocity, if I have understood your question correctly.

Lord Gold: As I understand it, a payment is made to the original artist. If there is no obligation to pay, someone can keep the money that is not paid.

Gilane Tawadros: There is no payment made. A royalty is not payable unless there is a legal mechanism for artist's resale royalty to be paid.

Lord Gold: In the countries where there is a resale benefit, who has to pay it: the buyer or the seller of the piece of work?

Gilane Tawadros: It depends. In this country, it is the seller who pays artist's resale royalty.

Lord Gold: It is the seller in country where there is no such obligation who has the benefit, because they do not have to pay.

Gilane Tawadros: In that sense, you are correct. The art market profession also has no liability.

Lord Gold: We do not really have time to debate this now, but it is an international market, with lots of sales taking place online, so there is a particular country that is the home of the sale but the market can move around. One can choose one's place knowing that, internationally, people will just go to the particular sale.

Gilane Tawadros: That is correct. In those cases, the auction houses and the sellers benefit but the artists lose out.

Q27 **Lord Gold:** I fully understand that. Thank you very much.

We know that there are many IP provisions that we are told require domestic legislation if they are to become valid or if it is to work. How can the UK monitor the domestic process where we require changes to be made? Is there some sort of effective mechanism that could be included in FTAs to ensure that this happens?

Dan Guthrie: You are right that quite often, if domestic legislation is required, a period of time is given for that. In our experience, you want to reduce that time as much as you can. If you give someone 10 years to implement a piece of legislation, they will probably do it after nine years and eight months, so you should try to do it early. You also maintain momentum from the signing of the agreement. If you have to implement it in 18 months, you can see that, say, the Government of Japan will start consulting on it, and you can see early the evidence that that is coming.

You need people in country and in the embassy to make sure that they are tracking that process and the dialogue.

It does not end with the signing of the agreement; it is almost where it begins because you then have to implement it. Quite often, there are co-operative committees set up to monitor, and that is always best practice, but the main point is that you do not want to give countries too long to implement those domestic measures because it delays implementation and everyone gets a bit suspicious of each other. If you do it quite quickly, you can see progress very quickly after signing.

Lord Gold: I fully understand that. Is it normal to include such a requirement in an FTA?

Dan Guthrie: Yes. If there is legislation, there is normally a time period within which it has to do that. If you look at the EU-Japan deal, when we talked about copyright term and they increased it from 50 to 70 years, they did it within 18 months, which was a big, significant change very quickly. Of course, the economic impacts also flow from that very quickly. Normally a time period is set.

The other point to make is that you want the text tightly written so that there is no wriggle room. There are arbitration processes in most trade agreements that you can use and, if it gets to that stage, you then get hundreds of lawyers poring over the wording to ask, "Did we mean this or did we mean that?" I would always say that the best is very tight text and, if there is a danger of interpretation, side letters to make it very clear to both sides what that means. Side letters were used in US-South Korea and others. That is a very useful tool to prevent any doubt as to the meaning of the text.

The Chair: I will intervene at this point, not to disclose that I am a lawyer and therefore that I am not so sure what all these comments about too many lawyers are, but to ask Lord Foster to pick up one of the last topics.

Q28 **Lord Foster of Bath:** The Chair has already quizzed you on the issue of safe harbour provisions and this has been raised a few times already. As a Committee, we are now fairly familiar with the concerns about it, perhaps best illustrated when the parent company of Paramount attempted to sue YouTube for $1 billion for allowing its users to put up 150,000 bits of Paramount material. It sued but got absolutely nothing because of the safe harbour provisions.

We are well aware of the danger. In the UK, on 1 November the introduction of the audio-visual media services directive into UK law began to take us in exactly the opposite direction from where the US currently is. Is there anything that you want to add about the vital importance, as I understand you would see it, of avoiding the incorporation of US-style safe harbour provisions into any trade deals? Perhaps you could comment on whether you think the US itself will move away from them. I know that it included them in the Mexico-Canada deal,

but President Trump getting cheesed off with Twitter and so on seems to suggest that perhaps it is also on wane in the US.

Dan Guthrie: There is political and public discourse on this issue across countries. As IP-owners, we have an interest in this, but some of the measures that we would like to see taken would have a broader impact. For example, we think that platforms and digital services should better understand who their customers are, particularly their business customers, and get proper information on them and verify who they are, particularly if they are spending significant amounts of money over their services. That would help us when we try to find out who is behind certain illegal sites, but it would also help with a whole range of law enforcement tackling lots of other online harms.

We would not want a liability shield that prevents the UK doing that, so that is the danger that we are trying to avoid, as you rightly point out. This subject is being discussed in the US, as you say, and in Europe, through the proposals for the digital single market. In our view, we should just avoid having it in any of our FTAs at the moment, because the situation is moving so quickly and very differently in different markets.

Geoff Taylor: The US Copyright Office has also looked at this question and come to the conclusion that the broad safe harbours, which essentially make it the responsibility of content owners to police the entire internet for infringements of their content in an entirely reactive way, are such a 20th century solution.

The time has come to use technology and to put the obligation on platforms to take reasonable measures to prevent infringements occurring and, in particular, once notified of an infringement, to prevent that infringement recurring. For example, obligations for notice and stay-down rather than notice and take-down are entirely reasonable at this point. The counterpart of not having overly broad safe harbours is to put obligations on platforms in the form of a duty of care to do more to prevent their services being awash with infringements, which remains the case.

The Chair: That is a very useful final word from you, if I may say that. Do our other witnesses want to have a final word? I will draw this evidence session to a close shortly.

Gilane Tawadros: No. Thank you for listening and for the opportunity to give evidence to the Committee.

The Chair: That is kind of you.

John McVay: Thanks for the opportunity. I would concur with what Geoff said there at the end. The UK has an opportunity to be a world leader on these issues. It is an important part of our industrial future.

The Chair: Would you go so far as to say "world beating"?

John McVay: We already are world beating.

The Chair: Thank you all very much indeed. As you can tell from how lively this debate has been, the Committee is very interested indeed in these topics and you have given us a lot to think about. You have offered a bit more information afterwards, which we look forward to. If you want to tell us anything else at any stage, please do not hesitate to do so. Thank you very much.