

International Trade Committee

Oral evidence: UK Investment Policy, HC 998

Wednesday 12 Jun 2019

Ordered by the House of Commons to be published on 12 Jun 2019.

[Watch the meeting](#)

Members present: Angus Brendan MacNeil (Chair); Mr Nigel Evans; Sir Mark Hendrick; Emma Little Pengelly; Julia Lopez; Faisal Rashid; Owen Smith; Matt Western.

Questions 202-306

Witnesses

I: Graham Stuart MP, Minister for Investment, Department for International Trade, John Alty, Director General, Trade Policy Group, Department for International Trade and Mark Slaughter, Director General for Investment, Department for International Trade.

Examination of witnesses

Witnesses: Graham Stuart, John Alty and Mark Slaughter.

Q202 Chair: Good morning, and welcome to the fourth and final evidence session of the Committee's inquiry into UK investment policy. This morning we will be hearing from the Minister, and associated aides and allies. It is always best when the Minister brings some form of aide and ally to a Committee. Please introduce yourselves, starting from my left.

John Alty: I'm John Alty and I'm the head of the trade policy group in DIT.

Graham Stuart: I'm Graham Stuart and I'm the Minister for Investment at DIT.

Mark Slaughter: I'm Mark Slaughter and I'm director general for investment at DIT.

Q203 Chair: Thank you all very much for coming along this morning. Minister, the OECD data published in April shows that the flow of new inward foreign direct investment into the UK fell by a third in 2018 compared with the previous year. What were the reasons for the fall?

Graham Stuart: Thank you, Chair. I congratulate the Committee on conducting this inquiry into investment, which is of phenomenal value to the UK economy and thus to jobs and prosperity right across the country.

If you look at the current position, where we have the highest level of employment since 1974, more women in work than ever before in history and the lowest level of youth unemployment, after a rather disastrous spike towards 2010, we now have what generations have dreamt of: nearly full employment, rising wages and a strong situation. In that context, foreign direct investment has played a crucial role. Our openness and facilitation of that foreign direct investment has played a crucial role in bringing those benefits to the United Kingdom.

When those companies come they tend to be more productive than British companies. We can return to that point. They are also more likely to export. The investment again goes through into other parts of my Department's responsibilities, namely the promotion of exports. We promote investment in the UK. Those investors tend to be more inclined to export. Of course, Chair, you will have seen—you are on top of this, as ever—that every nation in the United Kingdom increased its exports in the latest figures. All of that means greater prosperity and security for British people.



HOUSE OF COMMONS

If you would like me to deal with the overall picture of where we are at, I can. In terms of flow—if you want a specific answer to that one—flow goes up and down. That is the nature of things. The better measure to judge how we are performing as a nation—although flow should form part of our understanding—is to look at stock. That is why the goal—

Chair: Stock is the aggregate of the flow of the past.

Graham Stuart: Precisely, coupled with the performance of that investment once it has come in. As one finds in all this data, when one goes into it, everything become more and more complex.

Q204 **Chair:** Can we deal with the point of it falling by a third in 2018 compared with the previous year?

Graham Stuart: The main reason for volatility in flow is that there is volatility in flow—it happens, so just accept it. If you are looking for specific reasons in any one year, I would generally counsel against that. It is easy to come up with a narrative to fit your particular political view—I notice that people tend to want to do that. They are better, perhaps, to stand back. If you want to look at it, I would say, as the UK's investment Minister, that it is primarily down to big global forces and patterns of investment in terms of the approach to trade, and the appetite and approach to risk of companies globally. As you all know, foreign direct investment is a narrowly defined term. As far as we, the UN, the OECD and others are concerned, it is where a foreign entity buys 10% or more of a UK corporate entity.

Q205 **Chair:** In this volatility, it seems from the *Financial Times* two days ago that the EU27 surged 43% while the UK fell by a third, and that the Netherlands has overtaken the UK. Christine McMillan from fDi Markets said in the *Financial Times* that it was “clear that neighbouring countries are beginning to reap the benefits of the uncertainty being caused by Brexit”. Is this the volatility to which you refer?

Graham Stuart: I heard you earlier in this inquiry, Mr Chairman, talk about greenfield—new investment. “Greenfield” is the technical jargon. That is where you build a new factory, a new R and D centre or whatever.

Q206 **Chair:** I hope you hear me at this point of the inquiry when I am talking about the EU27 having a 43% increase. The volatility seems to be negative volatility for the UK and positive volatility for the EU27.

Graham Stuart: It is always important to be clear what one is talking about, and if one is talking about greenfield investment, I just wanted to define that so we are absolutely clear. There is flow, stock, greenfield, and mergers and acquisitions. Different organisations exclude certain elements. If you look at the report from the *FT* or fDi Markets—both names are interchangeable for this particular report—from 3 May, as I am sure you have, you will see that the UK in 2018 had 1,278 new greenfield projects. France and Germany, which are the next highest, had somewhere over 500 and less than 600. In other words, in 2018, multiple years on from the referendum vote and in full knowledge of our exit from



HOUSE OF COMMONS

the European Union, the UK had more than twice as many new greenfield investments, according to the source you just quoted, than Germany and France put together, and they, Mr Chairman, were next.

Q207 Chair: But it's not the number of individuals; it's the percentages. The percentages show the EU27 with a 43% surge and the UK with a 30% drop.

Graham Stuart: Mr Chairman, you can, if you wish, dredge the vast bank of data to try to find ones that align with a particular viewpoint. I see people doing that all the time.

Q208 Chair: Is that what you are doing in front of us this morning by choosing the number rather than the aggregate size?

Graham Stuart: What I was hoping for an invitation to do, as I am the Investment Minister and you are trying to look into this and, I assume, get to the truth of it, is to give an overview of the data and the Department's assessment of it so you can have a proper understanding, if that is what you seek—and I hope it is—of where we sit in investment terms.

Q209 Chair: I think you will find that that is indeed what the Committee will be doing.

Graham Stuart: Would you like me to do that? We can talk about one selective report on one selective year reported by one particular agent if you wish, but it wouldn't take us to the truth.

Chair: There is no straight answer why the EU27 have surged 43% and the UK has dropped 30%, with the Netherlands overtaking the UK. I turn to Matt Western.

Q210 Matt Western: Following on from that, I have a couple of things—I guess they are slightly technical. Looking at the numbers that have just been discussed, what we are tracking, how we track and what we are tracking on for the first half of this year, relative to those numbers we were just discussing. Secondly, Minister—

Graham Stuart: Sorry, I didn't quite follow that first point.

Matt Western: We were talking about 2018 in that first question, but we just discussed the last three years for the European figure, which was up 43%. I think that was reported in May 2019. I am interested to know what we are tracking and how we track that data. Where were we at the end of, say, April for the first four months of this year? Do we have that data?

Graham Stuart: You don't tend to get definitive ONS data for a calendar year until December of the following year, which creates political difficulties, as you are very quickly into 2020 before you can talk about the definitive national data for 2018. We all like to talk in very current terms. We can look at indicators, but this is a bit of a minefield, which is why you need to add up a lot of things to look at it. We do not get real certainty until quite a long time afterwards.



HOUSE OF COMMONS

Q211 **Matt Western:** That's fine, I understand that. When we have disinvestment—for example, when Nissan decides not to invest in something—when would that have been reported as potential investment? When does that get logged? When does Honda's decision to close a plant get logged in the data?

Graham Stuart: Depending on the data set, they would look at a net position. They would take disinvestment and investment together because it is about the flows. It depends on the particular data set. The definitive numbers you would expect, which would net it out for this year, would come out in December 2020.

Q212 **Matt Western:** Is that at the point of announcement, or is it when they shut the factory gate?

Graham Stuart: In terms of the precise timings—it has to be collected and processed, and then it must be verified. It is a long time afterwards, and in a calendar year it will not be brought to a definitive conclusion—in so far as these things are ever definitive—until nearly the end of the following year.

Q213 **Faisal Rashid:** Following that point, Minister, you mentioned greenfield investment—you were separating that out from what the Chair asked you before. An article in the *Financial Times* clearly mentions cross-border greenfield investment, so that does include the labour market. It clearly states: "The increase in foreign investment was broad-based across most business sectors, including in information and communications technology...with about 150,000 jobs created in the EU27 in the three-year period—a 30 per cent increase. By contrast, in the UK there was a 28 per cent drop in job growth in this sector." What is the underlying cause of that huge decline in UK investment when compared with the EU27?

Graham Stuart: There has not been any such huge decline. In 2018, UK FDI greenfield projects grew by 19%, and capital expenditure by 38%—that is according to FT/fDi Markets. Between 2017 and 2018, the UK's foreign direct investment stock—I suggest that is a far more useful measure of overall performance—grew by 5%, according to the OECD, to a record level.

Q214 **Chair:** I think a three-year timeframe was being referred to—

Graham Stuart: Mr Chairman, I will answer as you wish, but if you wish to go through newspaper reports or get a proper understanding of the overall position on UK FDI—in 2018, global foreign direct investment fell by 19% to an estimated US\$1.2 trillion, from US\$1.47 trillion in 2017.

Q215 **Chair:** Mr Rashid is talking about a three-year period and comparing one country with one group of countries. As he said, investment has been going up in the EU27 over those three years, and it has gone down in the UK. Employment is going up in the EU27, and down in the UK. Are those figures a concern in the Department, or is it more interested in playing one year off against another year, rather than comparing what is actually happening in the FDI environment in Europe?



HOUSE OF COMMONS

Graham Stuart: Unlike some media outlets, I am looking purely to get a proper understanding of what is going on. The context that I set out is that employment records are not being set by accident. The UK leads Europe for foreign direct investment on foreign direct investment stock, flow, projects, greenfield, capital expenditure, and new jobs. That is according to UNCTAD, the OECD, EY and FT/fDI Markets. The UK is third in the world for FDI stock, behind only the US and China, including Hong Kong, according to UNCTAD. The UK is expected this year, according to EY, for the first time in the 10 years that it has surveyed—one of the largest and most extensive surveys of global executives: the UK has become the mergers and acquisitions top nation in the world for the first time in those 10 years. As the *EY Capital Confidence Barometer* said, “technology is the fulcrum” of that decision making, and companies are embracing uncertainty rather than being unsettled to it, and driven by technology and innovation. That is why they are looking so favourably on the UK.

Q216 **Chair:** The OECD was quoted. It said that the Netherlands has overtaken the UK as a recipient of FDI in 2018.

Graham Stuart: On that flow number, one of the things to remember about that: the Netherlands is about a quarter of the size of our economy, and, because of the number of special purpose vehicles and other financial vehicles that are based there, there is, within the literature, some uncertainty as to whether the reality of the investment, if we are looking at actual investments that employ real people, actually matches that; but, again, when you have these flows that is why you look towards the stock position. I would be confident, Mr Chairman, notwithstanding that technical overtaking of the UK in that one particular year, that none the less the real flows, let alone the stock, which is the more important one, were higher in the United Kingdom. We lead Europe on almost every single measure.

Chair: We look forward to you sharing the correspondence you will inevitably have with the OECD on this with the Committee.

Q217 **Owen Smith:** I do not think there is any dispute—I certainly would not dispute—that Britain is a leading location, on all the measures you just highlighted, for indirect investment, and has been for a long time. I think the historical truth of that is clear to us all. I think the point we are trying to get at is whether the current downturn that seems to be pointed out by quite a lot of the analysis that is being done is merely volatility, or whether there is reason for concern. There may be lots of reasons for a recent downturn, but what I am slightly worried about is that you seem to be denying that there has been a downturn. You highlighted the Ernst and Young report, a moment ago, and I think they were really clear. They said that in 2018 there was a 13% decline in our FDI and we had 18% fewer projects in that year—I think it was about 1,054—versus the previous year. When they looked down into manufacturing the drop was even greater—a 35% fall in manufacturing inward investment into the UK. They were not clear why they thought this was happening. They do think it is about Brexit uncertainty. You mentioned the survey they did.



HOUSE OF COMMONS

That survey, which was a very substantial survey, looking at inward investors' attitude to the UK: it showed that 15% of those surveyed said that they had paused or stopped investment in the UK specifically because of Brexit uncertainty. So I think the thing we are trying to get out of you is do you acknowledge that there is a problem, potentially, in investing, at the moment, in the UK, as far as foreign direct investment, whether that is greenfield or otherwise, as a result of Brexit uncertainty?

Graham Stuart: I would suggest there is nothing in the data to suggest that.

Q218 **Owen Smith:** Ernst and Young think it. Deloitte think it. The numbers seem to bear that out.

Graham Stuart: I don't think the numbers do bear it out—that is what I am saying. If you look across the numbers they simply don't bear that out. The only measure of inward investment that really counts, ultimately, is the stock, and the stock has just reached its highest level. How you fit that into a downturn—there is fluctuation from year to year. None the less, as I say, on greenfield—you have mentioned FDI markets, *FT*. On that, when they look at 2018 they have us, as I say—1,278 projects compared to the 500-odd in Germany and France.

Q219 **Owen Smith:** That is 2017?

Graham Stuart: No, 2018.

Owen Smith: Is that right?

Graham Stuart: It came out on 3 May and it was talking about 2018.

Q220 **Faisal Rashid:** Of course we are looking at newspapers and, as you say, the *Financial Times*; you are looking at Ernst and Young, and stuff like that. Is there any information that can be provided by the Department that can compare the figures for the past three years for the EU27 with those for the UK? If you let the Committee know what your findings are, we can compare them with the figures from the *Financial Times*. You can respond to us afterwards in writing.

Graham Stuart: Numbers are published all the time. The ONS comes out with the most definitive one, and you will see that we have stayed in the lead. When you look across the piece, you will find that we are performing pretty well.

The fundamentals of the UK business environment remain strong. If you read the global survey, the primary driver—"the fulcrum is technology"—is that they are looking to position themselves for the future. That is where our position as the leading nation in the world—leading major economy; I think we are fourth overall—on the global innovation index comes in. It is London tech week, so in the Department we are involved in frenetic levels of activity, with 600 businesses and investors being hosted and us hosting 15 events as we bring them here. British companies are very attractive because of the innovation and the business environment that has been created, based as it is on the rule of law, a stable regulatory system and



HOUSE OF COMMONS

having four of the world's top 10 universities. We are in a pretty good position.

FDI, as I said at the beginning, is making a huge contribution to the very strong economic position, with rising wages, rising exports and a record stock of investment. Ultimately, that is what you want, isn't it—the highest ever level of stock. If you wanted to break it down, you would look at manufacturing. You would ask how that was going. Again, if you look over a longer period, an earlier EY report shows that there has been a significant shift in the past 10 years—interestingly, since the Labour Government left. There has been a move away from London and the south-east and more into the regions. The percentage of FDI coming into financial services, although extraordinarily strong, has reduced compared with manufacturing. If you look over that longer period, you can see greater investment out into the regions. Again, to break it down, I would look particularly at technology and innovation and highlight the success of the devolution settlement. Manchester now has a £3 billion turnover in technology. Belfast is doing brilliantly in cyber. We are trying to facilitate and support that.

Q221 Owen Smith: To go back to that Ernst and Young report that you cited, Steve Varley, the UK chairman, said: "Concerns over Brexit appear to be reducing the UK's appeal currently and are hampering its ability to attract capital that could create a platform for future growth in output and productivity." Its chief UK economist said: "If the trends evident in our report continue then the UK risks becoming 'Branch office Britain'; an attractive market to sell to but not one that companies will commit to manufacture or research and develop in." That seems to be at odds with the rosy picture you are painting. Perhaps you can drill down very specifically on manufacturing. Irrespective of the numbers I quoted earlier, what do your numbers show we are doing? What is the trend? Are we tracking more in this year and last year in manufacturing projects or fewer?

Graham Stuart: I would not look at any one year as being all that definitive; I would try to look more broadly. If you look for the past three years at greenfield projects landed in country per sector—this is from the *FT*'s fDi Markets—tech and innovation is and will be a huge industry and is growing in its own right much quicker than the economy as a whole, but it will inform the rest of our economic competitiveness. I unapologetically—

Q222 Chair: Earlier, I could not get you on that at all. A bit of cherry picking appears to be going on.

Graham Stuart: I was looking for some data to give trends. I was asked about trends over time. I am looking to find this here. I can find textiles, business services, consumer products, industrial equipment—

Q223 Owen Smith: I think the number is a 35% drop, with 140 projects in the latest numbers versus 216 in the previous year.

Graham Stuart: As I say, you tend to get fluctuations year to year.

Q224 **Owen Smith:** It was 240 the year before that and 300 the year before that.

Graham Stuart: I don't think it adds up if you look at the big picture, which is what I am trying to say to you. If you are determined to find a negative Brexit explanation, you can cherry-pick the data.

Owen Smith: I am quoting Ernst and Young.

Chair: I think we are going to have to move on.

Graham Stuart: If I may, Chair, I do not accept that analysis and I do not think that it is borne out in the figures. That particular report excludes a number of sectors as well. When you look at FT fDi, which is the greenfield, it comes out with a very different answer, and if you look over the last three years across all these sectors, the United States landed 3,285 greenfield projects; the United Kingdom, 3,223. The next highest on this was Germany with 2,254. That is greenfield projects landed in country per sector for the last three years, and that is the grand total. In software and IT services, we had 889 over the three years to the United States' 856. We actually have more than the United States over those three years.

Q225 **Chair:** We have cherry-picked the numbers now. Prime Ministers and Ministers come and go, but advisers, Mr Alty and Mr Slaughter, usually stay a bit longer. Are you in your positions at the Department for International Trade as relatively unconcerned as the Minister with the drop in the UK versus the surge of the EU27? Does it concern you, Mr Slaughter or Mr Alty, that the flow is declining like this, while it is increasing in the EU27?

Mark Slaughter: To respond a bit to that, the goal of the Department is to promote inward investment.

Q226 **Chair:** But on the numbers are you concerned personally in your role as director general for investment?

Mark Slaughter: I think concern would be the wrong word to describe it.

Q227 **Chair:** What would be the correct word?

Mark Slaughter: I do not think that we can ever be complacent about the state of inward investment. Uncertainty is a challenge for investors, so to put that in context—

Q228 **Chair:** The uncertainty being?

Mark Slaughter: Uncertainty around anything. We have a global trade uncertainty. We have a domestic uncertainty.

Q229 **Chair:** Is the global trade uncertainty helping Europe to surge 43%?

Mark Slaughter: If you look at the holistic view of the numbers, reflecting the Minister's comments, projects on one measure went up by 19%.

Q230 **Chair:** Which measure?

Mark Slaughter: That was in FT markets for 2018. EU-wide it was down 13%. My point is that each of these numbers measures something different. The stock measures an aggregation of value over time. The flow looks at capital flows, but includes inter-company loans, M&A and all that, and then the projects for greenfield only measure new greenfield projects, newly established after the investment has been made. All that will vary—

Q231 **Chair:** My question is about the percentages over three years. Are you as relatively unconcerned as the Minister that the EU surged 43% and the UK has seen a 30% drop?

Mark Slaughter: What they have analysed is a market share diminishment of the capital associated with new greenfield investment.

Q232 **Chair:** So you are as unconcerned as the Minister.

Mark Slaughter: We are trying to do the most that we can to increase that number. Do I want to see a market share drop? No. Do I think it is a cliff edge, or a sudden issue that we need to address? It's not a sudden one. We have to look at the competitiveness of the UK over time in aggregate, and a bunch of factors are associated with that.

Q233 **Chair:** Mr Alty, do you share the view of your two colleagues on the panel that it is fine, relatively speaking?

John Alty: I really defer to Mark because he is the responsible person for investment. I am covering the policy on investment treaties and international agreements, so I may have something to say on that.

Q234 **Julia Lopez:** What we have learned from the last 15 minutes is that politicians will use investment data as a proxy to have a big row about Brexit, and it does not take us far along in understanding where we really are.

It would be helpful if you could let us know what discussions you have had internally in the Department about which areas are a cause for concern in terms of investment flows and which ones you feel pretty comfortable about, and how that is informing your strategy as a Department in terms of what the UK needs to do to attract different kinds of investment and where you are trying to take us as a country when you have those discussions with international investors.

Graham Stuart: That is an excellent question. We have tried to organise the Department in the right way to do that. One of the things that we have done is appointed nine Her Majesty's trade commissioners around the world so that they lead a regional trade strategy and have a regional trade plan. Their brief is to identify those areas that would offer from an investment perspective the highest economic value to the UK. We have tried ruthlessly to focus on that which will bring the greatest economic



HOUSE OF COMMONS

value to the UK. By having Her Majesty's trade commissioners in nine regions of the world putting that together, we hope that, rather than a one-size-fits-all analysis from London, we have regionalised well-informed, well-led insight there.

In each of those nine, rather than just having priorities for the world, we have the nine setting those priorities in conjunction, with Mark as the director general here. Through that we target certain sectors. When I was in Bogota in Colombia recently, I saw they had certain priorities there—technology, for instance. It was great to see people I met at an entrepreneurs' breakfast. We have a global entrepreneur programme that seeks to attract people looking to go global and to come to the UK to do it. People who were at that tech entrepreneur breakfast in Bogota were at our global entrepreneur programme event, which I spoke at yesterday as part of Tech Week. Different parts of the world will have different focus, led by the HM trade commissioners.

Overall, the fact that we continue to have more foreign direct investment than any nation in the world, except the United States and China/Hong Kong, is a remarkably positive thing. There is ferocious competition. Since President Macron has come in, he has looked at the UK success and is trying very hard to attract more, and there has been an uplift in the French performance. The Spanish have done pretty well, too. The Irish have upped their investment in promotion.

It is a phenomenally competitive environment. Of course, in terms of global flows, it has been a challenging environment of late. I would just say, objectively, particularly in the context of Brexit, that the UK's performance is pretty remarkable. I don't think anyone, the most positive person, if they had known before the referendum that we wouldn't have resolved our relationship with the EU, or even left at this point, would remotely have predicted that we would have stayed here.

Going back to the EY report, I read their 2012 one that said on current trends Germany would overtake the UK within two or three years. They seem to write that as a narrative every time. I am pleased to say that so far the UK retains its No. 1 spot.

Q235 Julia Lopez: You talk about increasing competition from places such as France and elsewhere. Where do you see that they are pushing us in terms of competitive edge that we have or had, and how are we reacting to that competitive pressure?

There must be a broader discussion to be had about the extent to which we would welcome certain types of investment, particularly as we have seen regarding the Chinese and the security aspects of that. What discussions is your Department having with other parts of Government about the extent to which we do welcome some of the kind of money that is coming to this country?

Graham Stuart: I will deal first with your first question on how we see it. If you go to CES, probably the world's largest tech show, in Las Vegas, I am pleased to say that DIT led the largest delegation we have ever taken

there. It was led by the Secretary of State, which was great. We are the European leader in technology.

Last year, venture capital investment in technology in this country was far more than in any of our other rivals in Europe, and that is a pretty positive sign. But, if you went there, our estimate—I am not saying this is definitive—would be that the French spend is probably 10 times ours with a much larger delegation, though spend does not always result in outcomes.

People are trying very hard because they have the same analysis that we have. At the moment, we are the No.1 place for the big global tech firms to invest in Europe and that helps to create a talent pool, a cluster and a start-up and innovation sector, linking in with our universities.

That is going to be so fundamental to every other area of the economy going forward, and our ability to make contributions in healthcare, education and all sorts of other areas. Other people share that analysis and they are really upping their effort.

I know that in this inquiry, you have looked at our ability and capacity to tackle that. Perhaps that is something we will have the opportunity to look at under the spending review. The CSR was concluded before this Department was even formed. While we have built up our trade policy capacity, which basically the Government didn't previously have, it disguises and masks a significant reduction in what I would consider the core function of the Department, which is to promote exports and investment. That has seen a £30 million reduction from what was happening, in the old DTI days, since 2015. If we are going to compete as we leave the EU, we need to make sure that we are able to do so and that we have the right people, of the right seniority, right round the world, to go in and see those C-suite executives and get them to invest here.

Q236 Julia Lopez: Beyond delegation size, which could be a good or bad thing, according to your view, where are the French and others doing things better than we are, and how can we respond to that?

Graham Stuart: In terms of the sort of market sectors—again, it fluctuates. Overall, they aren't. Overall—

Q237 Julia Lopez: But where are they?

Graham Stuart: Well, if you look at the data on major manufacturing and advanced engineering, Germany is currently ahead of us. It depends on the sector. You can go across them and different people will be ahead. You can't win on everything. When you do it collectively, you find that, overall, we are maintaining our position as No. 1. But I take every sector seriously. That is why, in addition to Her Majesty's trade commissioners in the rest of the world, we have our sector teams and they have sector plans; we have those as well. We are recruiting at the moment and we are having more senior-level, director-level leadership for those sector teams and making sure that we have the expertise to understand those sectors.



HOUSE OF COMMONS

Then, sector by sector, there is, again, a plan to optimise—to look at where we are strong, at the areas where we are not going to be able to compete so well and at areas where we can, and to make sure that we get our resource in the right place and that we have co-ordination between those industry sectors and then the regional trade plans globally and try to pull all those pieces together. We are less than three years old, and I think the Department, thanks to the excellent leadership it has in those HMTCS and not least the directors general, is making significant progress, but we can do better over coming years and I look forward to doing so.

Chair: Thank you. It is interesting that Colombia featured once more in UK politics, but we'll maybe glide on rather quickly from that.

Graham Stuart: You don't necessarily expect to meet a quantum scientist at a Colombian tech breakfast. He is still wearing a bow tie; he was here in London yesterday and hopefully will create a unicorn in future.

Chair: That's very interesting, but we'll not pursue that line any further; thank you. *[Laughter.]*

Graham Stuart: I don't think our Latin American business is to be sniffed at, Mr Chairman. *[Laughter.]* Maybe I shouldn't have said that.

Q238 **Matt Western:** Minister, you rightly highlight that one of our strengths in this country is in the tech sector. In my own constituency of Warwick and Leamington, we are very much leaders in the video games industry and associated ARVR. But what we have seen is a lot of investment from the US—that is, M&A investment. People are buying up companies established here, because they are very good, very attractive businesses, but also because of the depreciation of sterling. M&A is the major significant contributor to FDI. To what extent is the currency depreciation the major driver of the current investment in M&A?

Graham Stuart: It will be a factor, but I don't think it's a major driver. Certainly if you look at that EY report, in which we have come top in the world for the first time ever, and you look at their analysis, it's—for the third time of saying, technology is the fulcrum. They are looking for the great technology, and what we have is that we are tremendous at doing original research and in the early application. They are investing here primarily because businesses now are desperately trying to get themselves aligned with future growth, and the way to do that is also to find the right talent, and we have the talent.

As Mark will find as well, because our job is to meet investors all the time, the No. 1 reason why people, regardless of sector, invest here is because of the talent. So we need to have the talent. Also—I think this goes to the heart of perhaps where you're looking, quite rightly, Mr Western—are we doing something so that the next Apple or Facebook could be British and they don't just sell out to an American acquisitive firm, good though that could be for an investment? We are not trying to stop people doing that, but have we got in place the right ingredients here? That is what the patient capital review, led by the Treasury, is all about. It is why I am very



HOUSE OF COMMONS

supportive of venture capital trusts—I spoke at a thing for them a couple of weeks ago—and the Venture Capital Trust Association.

We have to make sure that the funding is there so that when companies go through what NASA call the valley of death, which is the various stages of growth, we ensure that in our environment, the money is there, the liquidity is there, and we have investors prepared to take the risks, so a company from your constituency can grow into being a global giant and ultimately be buying American firms rather than the other way around.

Q239 Sir Mark Hendrick: Mr Western specifically made reference to the exchange rate and the fact that the pound is very weak, due in obvious part to Brexit uncertainty. I take your point, Minister, about fantastic universities and skilled engineers and scientists up and down the country, but in effect, what is happening is that the extremely excellent companies—the small and medium-sized companies that are growing and developing—are now prey to predators from the United States and elsewhere, and can be snapped up at bargain basement prices, because of the depreciation of sterling. This is the time to buy, before we are out the other side of the Brexit situation.

Graham Stuart: One reason that we are economically strong is that we are so open to investment and we do not allow protectionist sentiment to make us go round blocking people, because we are selling our crown jewels that could have been billion-dollar companies and have now been bought by someone else. We stay open, but what we are trying to do is build a system where those who wish to, and can take it up there, can do so.

Obviously, some mergers and acquisitions do not bring a great deal of value to the UK—it is certainly not my Department's job to support those where that happens—but an awful lot do. As part of Tech Week, I went to Infosys' new creative and innovation studio. Infosys are a gigantic Indian company that bought a British start-up and are now investing heavily to create phenomenal facilities in Shoreditch where they will be taking their clients. They are doing AR and a whole series of other things that that start-up on its own probably would not have been able to do, so I would not stigmatise—

Q240 Chair: Have you a view on the thrust of the question, that now is an easy and one of the better times to buy in the UK, because it is a bargain basement time, relatively speaking?

Graham Stuart: All I can say is that I do not see, in the behaviour of investors and where they choose to invest, that it is driven primarily by that. If you look at the patterns of the mergers and acquisitions that are going ahead, I do not see a commentary or a particular driver on that. Again, if you go back to that Ernst & Young global one, they are not primarily driven by synergies and bargain basement costs; they are looking to find the best technologies—

Chair: Okay. If you can keep it short, Sir Mark.



HOUSE OF COMMONS

Q241 Sir Mark Hendrick: Obviously, they are looking to get value, but when you talk about your Facebooks, Googles and Apples, they are doing the acquisitions and they have global champions, albeit American champions. How are we going to get to that situation—if we can ever get to that situation—when we are quite willing to give away the likes of ARM to the Japanese? You call it investment; I call it selling out.

Graham Stuart: DeepMind is a very successful business, and with Google owning it, it has continued to be so and is a major contributor to our being one of the top four countries in the world for artificial intelligence, which is really important. I fundamentally share your frustration, which is why, when I spoke to Mark, who came in as director general, I said, “Important as it is to go round the world and meet the investors, look after them and make sure we have all the right relationship management, the biggest single job is to work across Government to basically make sure that we are creating a business environment that is as facilitating as possible to allow that new British business to grow into a giant of the future.” In 20 years’ time, I would judge our success by seeing more big British companies growing as well.

Sir Mark Hendrick: We won’t have many companies left in 20 years’ time.

Graham Stuart: Do not sneer—I went to Battersea the other day—

Chair: Not another anecdote, please, Minister. I want to move on to Owen Smith.

Q242 Owen Smith: We have obviously looked a lot, retrospectively, at data, Minister. Thinking into the future now, prospectively, what does the Department see as being the trend for FDI? Do we see that ticking upwards in the years to come? What is your understanding of business sentiment about whether Britain will be a better place to invest, and therefore a greater recipient of FDI in years to come?

Graham Stuart: Clearly, conversation is dominated by the Brexit issue at the moment. Once we get to a position of clarity on that, the blip—as I think one of your witnesses said—will be over. In truth, you can follow the narratives and analysis whether from the likes of EY, the FT or whatever, but when you follow the money, the money is remarkably resilient in terms of what is coming in. It is all about getting our environment right. That is why we have our BEAT team for the business environment. Mark spent so much effort, and is leading competitiveness work across Whitehall, which he might be able to talk about. If we get that right, I think we are in the right place.

Self-praise is no praise; I think your previous witnesses have said that actually, the positivity towards Brand Britain is extraordinarily strong, and if we don’t screw up, if we don’t start doing things—I mean, the biggest single threat is not Brexit. The No. 1 worry for global investors who we speak to is not Brexit, although it figures on their risk register—it is the



HOUSE OF COMMONS

threat of a hard left, nationalising Government that would seek to expropriate assets at less than market price. That is definitely figuring on their risk register and it is already costing British jobs and opportunity; and that is far more material, I have to say, than the current and the temporary uncertainties of Brexit.

Q243 Owen Smith: Leaving aside Mr Johnson's forthcoming Government, does your Department have a projection as to whether you anticipate that we will have more or less FDI in the next five years, say?

Graham Stuart: What we have done—one of the benefits of creating a dedicated international economic Department—is to build the analytical base. We have got them to work on future projections of exactly the sort you are talking about, so that we can have a better idea. Predicting the future is a mug's game, but you need to try to identify the major forces. What you have seen over the last 10 years is that the FDI numbers generally have grown significantly. I wondered before I appeared here whether I should mention the numbers compared with the numbers during the—

Q244 Chair: It was total amount of capital we were most interested in.

Graham Stuart: Yes, but both project numbers and capital in FDI have massively gone up. Going forward, that depends on what happens in the global trading arena. This Government are committed to supporting—

Chair: Time is our great enemy, as ever, on this great morning. It is good to hear your views, Minister, and we are hearing them quite expansively, but let's move to Faisal Rashid.

Q245 Faisal Rashid: In March, we asked Dr Fox about distinguishing between greenfield investment and mergers and acquisitions, as well as DIT's lack of reliable data on net investment and net job creation. He replied: "If we are able to improve our database we will." What work is being done specifically on that?

Graham Stuart: I arrived at the Department to be told that the main measure is the number of projects. When I asked, they said, "Yes, that's the global measure, Minister, of how everything is measured by UNCTAD, OECD—everybody." I said, "So does that mean that a £1 million investment is the same as a £1 billion investment if it is number of projects?" I was told, "Well, yes." I thought that was mad. So what we are looking at in the Department is how better to capture it. Interestingly, since that day, I have come around rather more to recognising the utility of the project number, because everything else is so hard and elusive to get hold of. As long as you measure the same thing over time, at least you get a decent sense of trend.

We are looking at GVA—gross valued added. We are doing work on that and we hope we will be able to publish details on that, going forward. As you are getting at, Mr Rashid, we want to work out the real economic value—what difference does it make to your constituents and mine, and what does it tell you about the likelihood that they will get a better-paying



HOUSE OF COMMONS

job and are more likely to keep it? That is what we want to know. It is extraordinarily elusive, but we have got a lot of people working on it and I hope that we will be able to share results of that with you in due course.

Q246 Faisal Rashid: I will move on to another question, related to international agreements. How successful have the Government been in securing rollover EU free trade agreements that include investment chapters?

Graham Stuart: As you will be aware, most of the investment treaties we have pre-date the EU taking over competence for that, which was in 2009, I think. Most of them pre-date the EU competence. In terms of the rollover—John can come in on this because trade policy is more his bag than mine—with the signing of the agreement to a deal with South Korea the other day, to roll that over, I think it is over 60% of the trade that was covered by the EU third-party agreements—

Q247 Faisal Rashid: Would that include the investment chapters?

Graham Stuart: John can go into the specifics—CETA, the Canadian deal and Vietnam and so on have those elements, but John can give you chapter and verse.

John Alty: In fact, there are only three agreements where there are investment chapters. In one of those, which is the Canadian one, so far the agreement has been implemented, but the investment part of it has not been implemented, because as you may know if you have been following these things, the investment bit has to be approved by all the member states and so the rest of CETA was provisionally applied.

The other two cases are Singapore and Vietnam, which haven't actually been ratified yet. Obviously they are not being rolled over by us because they are not yet in force. This will be an issue for the future, but it hasn't actually been an issue in relation to the current agreements that we would be rolling over.

Q248 Faisal Rashid: How difficult is it to roll over these EU free trade agreements, including the investment chapter, and what would the consequences be moving forward if we have difficulties?

John Alty: As I say, our position in relation to Vietnam and Singapore will be probably post exit from the EU. That depends on the timetable, but certainly on the current timetable. At that point, because we will have left the EU, we will have to discuss with those countries how we cover the investment provisions.

As I say, the investment provisions for Canada are not yet in force. The member states need to approve them. So we will want to discuss—that is what we have started to do with the Canadians—what sort of provisions covering investment we should have. Should we have exactly the same ones as the EU? Or should we achieve the objectives in our own way?

Q249 Faisal Rashid: Would there be any impact in that time of negotiation, when nothing has been agreed? What will the impact be on the



HOUSE OF COMMONS

investment and the business?

Graham Stuart: That's probably a better question for me. I would suggest very little. Mark, do you hear from investors concerned about that? I don't think there is a great deal. It is not material to British companies investing abroad in my experience, so I don't imagine it is going to be a big concern. It is of great interest to academics, but less to business people.

Q250 **Matt Western:** Following on from that point and moving on to where the Government see their priorities for concluding other international investment agreements, we were just talking about several countries there. Are there any others?

John Alty: We already have more than 90 investment treaties at the moment. It is not like we are starting from a blank sheet of paper. We have not yet taken a view, post exit from the EU, which of those we might want to upgrade or whether there might be any new ones. We already have very substantial coverage through our existing bilateral investment treaties of investment protection.

Q251 **Chair:** The UK's original model for bilateral investment treaties—this was from before it became an EU competence in 2009—did not oblige investors to stick to international human rights and environmental instruments, or indeed to the host country's national laws. I would imagine that would be changing as we go forward. How far do you think the post-Brexit UK investment treaties—if indeed we ever get to a post-Brexit point—will adhere to that model, and how much will they change on human rights, gay rights, women's rights or whatever?

Graham Stuart: Let us hope that the decision of the British people—I know no one is more of a democrat than your good self—

Chair: The Scottish people voted to remain.

Graham Stuart: —will be honoured, as the Scottish people, along with the rest of the people of this United Kingdom. The Scottish people also were part of making that decision to leave, which most certainly should be honoured. But let us not have a Brexit—

Q252 **Chair:** The Scottish people remain a partner nation in the United Kingdom, but let's not have that debate. We will move that on.

Graham Stuart: Yes, and fully and democratically engaged with the United Kingdom as it is in coming to that conclusion.

Q253 **Chair:** We have an example of the human rights of the Scottish people to make sovereign decisions, but can we stick to the question we have here?

Graham Stuart: Fortunately the Scottish people, in no small part thanks to your work, Mr Chairman, had that democratic chance, and when they were offered it, they rejected it. As with the EU referendum, that is a democratic choice that we should all accept, and as a democrat I know you will.



HOUSE OF COMMONS

Q254 **Chair:** You will be glad to know, Minister, that I am not finished with that work yet; we will give you the update of the next referendum. Can we go back to the bilateral investment treaties and where the UK will be going with them? It should be a reasonably straightforward and easy question: have you given much thought to the possible change from your approach pre-2009 to the approach you might have in the event of any post-Brexit treaties?

Graham Stuart: We are under a duty, which we scrupulously observe, of sincere co-operation with the EU while we are a member of it. We are looking at that policy and will, in due course, at the appropriate time, be happy to share our thinking and indeed look for input, most importantly from this Committee so ably led by yourself.

Q255 **Chair:** Do we have any idea when “due course” and “the appropriate time” might be?

Graham Stuart: I think that time would be when we get out of the European Union, which of course cannot come soon enough, given how long it is since the British people, including the Scottish people, the Northern Irish people, the Welsh people and the Cornish people, collectively, jointly and democratically came to a decision that we should quit.

Chair: I am glad to hear the signal to Cornwall as a nation there; I am sure the Cornish people are glad, too. I will turn to Matt Western to pick up the baton.

Q256 **Matt Western:** I want to look at sustainable development, which obviously plays an important role in EU investment policy. How will we include sustainable development in our future investment agreements, in order to further the United Nations’ 17 sustainable development goals and the 169 targets under Agenda 2030?

Graham Stuart: As I have said, Mr Western, that policy is something we are working on and will be able to say more about in future. I am delighted today that we are legislating to become the first country in the world that will look to be net zero by 2050—something that I have long supported—but this is not a time when we are in a position to share any particular thinking on those issues, although you make good and interesting points and I would hope that all aspects of what we do would contribute to projecting the UK as a force for good in the world, not least on human rights, environmental and other issues.

Q257 **Matt Western:** On the environment, picking up on the announcement made this morning, while international trade is a good thing—don’t get me wrong—how will international transportation, aviation and so on be included in this and offset in the proposals the Government are making?

Graham Stuart: Thank you for asking me for the fine detail of an announcement that was made by another Department this morning, but obviously all that will have to be included, and international trade has a tremendous part to play. One of the ways of communicating to some of our constituents who might be sceptical about this bold vision is that when



HOUSE OF COMMONS

you set that kind of ambition and set out the paths in aviation, transportation and all the others, you set the direction of travel and set goals along the way, advised as we would be by the Climate Change Committee. Then you will actually trigger innovation and technological investment, just as I have seen off the coast of my constituency, where offshore wind was moved from on land, where it was not always popular, into the North sea.

I was sceptical whether we would be able to drive the cost down, which is the central challenge in dealing with climate change. We have to accelerate the cost curve down and develop the technology so that we can do what we did before just as cheaply—or nearly as cheaply—but in a clean way. For offshore wind, thanks to the auction system, we have managed over four years to halve the price from £120 per MWh to £57 per MWh. We are about to have another auction.

How is that relevant? Well, when I was in Taiwan last year—I had a delegation of British companies with me—and met the President and other members of the Government, we signed a memorandum of understanding with the Taiwanese Government to take the expertise developed from that and sell it into Taiwan. They will have 5.5 GW of offshore wind by 2025. We need to do that again and again in so many technological areas.

I believe that if we lead on this, we will not only be doing the right thing but DIT can go around the world and sell it, especially if we get better at commercialising it. We will not only make ourselves prosperous but will actually help meet this climate emergency at the same time.

Q258 Matt Western: The Japanese and Koreans were really keen on that when we met them. To go back to the point about transportation, the real cost of transportation—the impact on the environment—is perhaps not being fully considered. If it was properly included in the equation of cost, would that not actually drive greater investment into the country?

Graham Stuart: I very much believe that you need to align markets with the public goods that you seek. The best normal way to do that is not by heavy-thumb intervention but through price. As you say, that would be an area to look at. I cannot give an undertaking from the Government; it is not my part to do so. However, I agree with your insight.

We are a big aerospace nation; people do not recognise just how big an aerospace nation we are. We are putting a lot of Government money into innovation in aerospace precisely to help lower the carbon impact of aerospace going forward.

Q259 Faisal Rashid: The Secretary of State supports including ISDS provisions in international investment agreements to protect British investments overseas. How keen are you to include ISDS in agreements with countries that might actually invest in our country, such as the US and China?

Graham Stuart: As I said, we are part of the EU at the moment. We have not come forward with policy on that. We sincerely co-operate with our partners, and in a positive way.

Q260 **Faisal Rashid:** What is your view on it?

Graham Stuart: As a member of the Government I do not get to express a view, except when the Government have one. It is one of the frustrations of being a Government Minister. Apparently I am part of some Borg collective where we have but one thought, which is something I sometimes struggle with, but I had better resist the temptation from you right now.

Q261 **Owen Smith:** Picking up on the point you made about aerospace, we are obviously a very strong country for aerospace. What more do you feel the Government could have done to support the Bombardier jobs in Northern Ireland? That is obviously an extremely innovative company, with the CSeries being a very innovative plane, and we are losing it.

Graham Stuart: I think you are being overly negative; I certainly hope you are. It is a significant business. Bombardier decided to quit Northern Ireland for Bombardier's own reasons. My understanding—I cannot break any commercial confidences—is that there are a number of interested parties. This goes back to Sir Mark's question earlier about mergers and acquisitions and whether they are just buying up our assets cheaply, which of course can happen, but DIT is working very hard to find exactly the right buyer, which might bring the opportunity for more investment than Bombardier was prepared to put into it, and an ability to grow it.

Q262 **Owen Smith:** There is a big engagement by DIT currently?

Graham Stuart: Yes, and across Government. We supported Bombardier strongly in the dispute with the US. If you remember that case, the UK Government stood behind it—some were surprised how strongly we got involved in that—and we won in the courts there. We stand ready to support Bombardier. I think that business has a very positive future, although obviously it will not ultimately be for me to determine that but for investors. However, I would not talk it down—quite the contrary. I think it will be a very strong unit going forward. It is part of a burgeoning and strengthening aerospace sector and, indeed, space sector in the UK.

The Aerospace Technology Institute is a recipient of significant UK funds, but even relatively small amounts trigger other investments from other companies. I think aerospace has a bright future, and hopefully we will make a significant contribution to tackling the carbon problem while we are at it.

Q263 **Julia Lopez:** How do you think we can better pursue investment liberalisation at multilateral and plurilateral levels once we are outside the EU? Will we gain any tools from being outside the EU that we would not otherwise have?

Graham Stuart: We will be an independent player again. We will continue to be a member of the UN and an independent member of the WTO. Julian

Braithwaite, our excellent lead man in Geneva, has to sit there silently while one person from the EU speaks. The brilliant Julian will be unleashed and will be able to project.

Q264 **Chair:** So the only tool that we've got in this vast arsenal is personnel? The question was quite specific—what tools might we have?

Graham Stuart: No—we will be able to speak at these global fora, and we will do so with a total commitment to a multilateral, rules-based trading system. That system is under threat politically from left and right in different parts of the world. If we do not fight for that, or if it goes to a sort of free for all, everyone will lose. I think there are signs of that happening now. We don't believe that trade wars are easy to win. We believe that working together co-operatively and being a force for reason, working with allies to recognise that we should all accept restraint and a commonality of rules, will make us all wealthier, even when it seems a bit counterintuitive. We will be a strong voice for that, and I am optimistic.

There will be—dare I say this, least of all with this Chairman scowling at me?—quite a number of benefits to us being able to play that role on the global stage as the world's fifth largest economy, champion those values, and not just talk the talk but walk the walk. We want to be a more liberal and open economy, and—if I am allowed to say this while under my duty of sincere co-operation—in some areas there is a bit of a fortress Europe, and we want to be more open. We want to be a force to get everyone to lower their barriers. If we do so, we will make the world a wealthier place.

Morally, it is quite wrong for those who in the post-war architecture managed to lift themselves up, to pull the drawbridge up after them by creating a world of bilateral treaties, and not a multilateral approach. The people who will suffer most will probably not be us, although we would lose too, but those in developing countries. I want a global system that treats everyone the same. The reason so many people invest in this country is, as an Indian investor said to me

“When I invest here I find I am treated for planning as if I had been here all the time”. It is the fairness of a system that treats everyone exactly the same. That is what we need globally. We do not need a system where big is best.

Q265 **Julia Lopez:** On that front, what preliminary discussions have you had with potential FTA partners on specific investment provisions, both in the UK and regarding reciprocal access terms for UK businesses in those countries?

Graham Stuart: As I said, we have investment treaties with a vast amount of the world as it is. Those investment treaties are not a top priority for business—in fact, I don't think a single business has ever raised that with me, which suggests that it is not that material.

Q266 **Julia Lopez:** I mean in terms of UK businesses investing in other nations where we think we could make some improvements.

Graham Stuart: We work closely through the agreements that we have to foster an environment in which companies are treated fairly and reasonably—perhaps John will come in on that.



HOUSE OF COMMONS

John Alty: Yes, I want to make one point about the earlier comments about the WTO, because we strongly support an initiative that was started at the ministerial conference. It is about facilitation. It is not so much about investment protection; it is about reducing red tape and creating more transparency. That is a good example of where we want to make rapid progress. On FTAs, as the Minister said, we are still in the EU and therefore we have not really started to discuss detailed provisions.

Q267 **Julia Lopez:** Have you mapped out areas that could be—

John Alty: Obviously we are looking at the whole of our policy for future trade agreements, which includes investment, but as the Minister said we do not yet have a definitive UK position, and in negotiations with other partners we will have to take account of their views. So, no—we are still at an early stage on that.

Mark Slaughter: It is worth adding that in the context of investor concerns, I have not had a single instance of them citing these aspects as affecting their decision making. Instead, it is much more: “How do I do an economic model of the future of this investment?” All the many factors, some of which have been talked about, play into that.

Graham Stuart: Protecting our investment abroad is an important thing. In my period as the Minister, we have had remarkable co-ordination between the inward investment that we have received, being about £1.3 trillion, and our outward investment, being £1.3 trillion. There is £1.3 trillion of FDI, or ODI as we call it, from British companies.

The No. 1 destination for UK outward investment is the USA, which has £258 billion in outward FDI stock at the end of 2017. The UNCTAD global rankings in 2017 placed the UK as the fifth-largest global outward investor, behind the USA, Hong Kong, the Netherlands and Germany. The net earnings in 2017 of UK companies, and total net earnings from overseas direct investment, was £86 billion. That is a significant amount of money coming into British companies, the pension funds and others who have invested in them.

Q268 **Julia Lopez:** You set out earlier the broad investment strategy that you have, and the need to talk to other Departments about that. I alluded to some of the security concerns that might be at play. I wonder whether you could expand on what kinds of discussion you have with other Departments when it comes to formulating our investment strategy.

Graham Stuart: We have a proud and hard-won reputation as one of the most open economies in the world, and we are, as I said, recognised as one of the best places in the world to do business. In fact, *Forbes* said we are the best place in the world to do business for the second year in a row—I hope that is not too selective—attracting investment that benefits communities and workers across the country.

The UK supports investment screening for national security purposes, although that should not be conflated with screening to control market access. It is very important that we get our messaging right. We

unapologetically seek to protect the UK from a national security and critical national infrastructure point of view, but we absolutely want to ensure that the framework that we create is not, and ideally cannot, be used as a form of protectionism.

The powers that we are looking to use are in line with those of our allies—Germany, the US and the EU—which aim to secure their economies from a small minority of investments where national security considerations should be scrutinised. The Government will report on last year's consultation on national security and investment in due course. We have not come back on that consultation yet, so it is, again, difficult for me to give—

Q269 Julia Lopez: There must be areas where you feel that particular Departments are potentially undermining your broader messaging to investors, and what you are trying to do on a strategy basis. Which Departments would those be, and in which areas have you had discussions where you say to colleagues, "What you're doing here is making our case difficult abroad."?

Graham Stuart: As I say, it is all about the business environment, so that covers a range of things. The No. 1 issue for investors, regardless of sector, is talent, at which point the immigration regime and the visa regime is absolutely critical, but there is a balance to be struck there. I would say that the Home Office has been flexible. Look at education. We export £20 billion a year of education. It is not only good money and employs lots of good, highly educated people; it has a soft power benefit and a tremendous impact as well.

The Home Office came in jointly with us on renewing the international education strategy. They have gone further than the Migration Advisory Committee recommended for post-graduate stay. When that comes through, instead of the current three or fourth months for an undergraduate it will be six months. For a PhD it will go to a year, but they are also keeping it under review because that is a tremendous opportunity for us in education.

We are working closely together. I pay tribute to Mark for his efforts. As I say, Mark is leading a strand of work across Whitehall on competitiveness, with which the Home Office, BEIS and other Departments are working closely. We are all aligned, but people have different perspectives. If you are the Home Office, you have certain duties that are slightly different from ours. What we are trying to do is join up to that mythical beast—one joined-up Government. I think we are actually working at it.

Mark Slaughter: I would say, as a newcomer to Government, that it is actually quite remarkably joined up. People's different views in different Departments are considered in a collaborative fashion. I am happy to say that it is quite consistent. The concern for a competitive UK is universally agreed and felt. It is just how to get the balance right.



HOUSE OF COMMONS

Graham Stuart: The real opportunity of Brexit, as you will always highlight, Mr Chairman, is to use it as a spur. The Cassandras and catastrophists could prove right. We could go backwards, we could get a bit inward-looking, and our GDP could fall. It is all possible.

Q270 **Chair:** That is what the Government predicts. You might have your personal views, but your Government does predict that.

Graham Stuart: I recently watched the video of the then Chancellor describing exactly what would happen in the six months, 12 months and 18 months if a vote was no, every single one of which was found to be wrong. As I said earlier, predicting the future is a mug's game. Rather than simply railing against the endless negativity for the narrow political interest of certain people who only selectively choose the negative—

Q271 **Chair:** Let's go for positivity, then.

Graham Stuart: Exactly. I just want to be positive. I want to embrace people like Angus Brendan MacNeil and say, "Yes, it could go backwards, so let's use it as a spur. Let's make the UK so competitive that every possible investment comes here and every innovation can be here. Let's get the business environment right." If you do that—that's what we have spent nine years doing, constructing from the ashes—

Q272 **Chair:** The ashes of what?

Graham Stuart: From the ashes of the economy after a combination of a global crash, which was not the Government's fault, and the total—

Chair: A decade ago, Iceland—

Graham Stuart: We had, first, a global financial crash and, secondly, a Government that were totally unprepared for it. They said, "I didn't make the storm." No, but you did have an un-shipshape ship. Recovering from that, we have got ourselves in this position. I want to use it as a spur across the Government to build a really compelling economic story that brings in more investment and more jobs so we can continue the remarkable recovery that has occurred since 2010.

Q273 **Chair:** Well, Brexit is predicted to be bad, Minister, but I don't share your despondency that it will be ashes. Anyway, we will wait and see.

Graham Stuart: The prior ashes—the 2010 ashes.

Q274 **Chair:** Describing Brexit as ashes—as you said, predicting the future may be a mug's game.

Graham Stuart: I didn't, if you will check the record, Mr Chairman.

Q275 **Chair:** Well, you said rising from the ashes. It was those ashes that I thought you meant.

Graham Stuart: From 2010, yes.

Q276 **Chair:** Moving away from your despondency and Brexit, can I ask about investment screening? We heard evidence that the UK is the easiest place



HOUSE OF COMMONS

in the world for an overseas investor to buy a company. To what extent will that change under the proposed new UK investment screening system, and what role will DIT play in that system?

Graham Stuart: We will be fully involved, but obviously it goes across Government. In answer to that question, we need to work very hard to make sure our hard-won reputation as being an open economy where investors are welcome and are treated entirely as if they were domestic investors is maintained and that no one gets the misapprehension that we will use our sensible, balanced, proportionate national security screening system in any way for protectionist purposes, because that would cost British jobs and prosperity.

Q277 **Chair:** Will we see a published investment strategy from the Government any time soon?

Graham Stuart: The Government will be responding and, indeed, legislating in due course.

Chair: In due course again. Okay.

Q278 **Emma Little Pengelly:** We have heard that half of the jobs created by greenfield FDI in the UK are in the retail, construction and sales and marketing sectors. Although all jobs are welcome, how do you respond to the view that DIT should have more of a focus on strategic investment in high-value jobs? You have already touched on areas such as high technology, and manufacturing with high-skilled, higher-paying jobs.

Graham Stuart: That is what we are trying to do. One of the benefits of having a dedicated Department—a Department purely focused on the economic piece—is that we are not distracted by other things. We are building the analytical and economic capability within the Department. That is all part and parcel of getting us to focus on what brings the biggest economic benefit to the UK. You are absolutely right. That is what we try to do throughout the organisation, and that is why we have made changes. Through our HMTCS abroad and our sector teams at home, we are looking to identify those things that bring the greatest benefit.

We are trying to use gross value added as a tool, if we can get it right. As I say, it is hard, but our teams abroad are using it now to look at the real benefit an investment brings to the UK economy. If 10 pizza restaurants are bought by a foreign investor instead of being owned by a British person, what real difference does that make? They might come in with a plan to move to 150 quicker than anyone else, to make the UK their European headquarters, as so many companies do, and to build a huge chain across the whole of Europe with lots of high-value jobs here. It is hard to judge, but our GVA tools try to be informed by the history of previous investments so we can make a judgment and say—not for any one investment; they will be put in a basket—whether we think that kind of investment is likely to lead to a longer-term benefit. We want to have a better understanding than anyone else, because then we will be able to take the limited resource we have and target it at that which is most likely



HOUSE OF COMMONS

to lead to better jobs and better opportunities for your constituents and mine.

Q279 Owen Smith: Can I follow up on that? Again, it is a question of what data the Department holds. Two witnesses have told us that they think around half the jobs we attract under greenfield projects—obviously, that is one of the key metrics the Department employs to measure our success—are in retail and other so-called low-value sectors. Is that right? If it is, which way is that going? Is that an increasing proportion of the overall jobs? You have said you are concentrating on innovative sectors and tech. Why are we not getting more of those high-value jobs?

Mark Slaughter: Our focus is what best to do with the people we have available in the Department to try to help the economy of the UK. What we are trying to do, as the Minister said, is to prioritise the use of those people to support those elements of activity that add the most GVA to the economy. We do not want to turn away from helping any company that really needs assistance to make an investment and add jobs, but we do think, as we prioritise and strategise about the future economy, we need to be focusing on that GVA component of things.

I do not know the exact breakdown of the number of jobs in the economy and how they are distributed. I would say I have seen some evidence that FDI-created jobs are, on average, more productive than the rest of the economy. FDI is a positive force for increasing productivity in the economy, and we are trying to further that as we think strategically.

Graham Stuart: According to the ONS, foreign-owned companies are 74% more productive than UK companies, which is interesting. That not only makes us more productive but it has spillover effects as people leave and take those practices—

Q280 Sir Mark Hendrick: Why is that?

Graham Stuart: That is a very good question. Some 53%—more than half—of businesses with a turnover of more than £250 million are foreign owned, according to the ONS, and over a quarter of all companies that employ more than 250 people are foreign owned. The total value of the investment from abroad comes to about two-thirds of the—

Q281 Owen Smith: It is because we are open and liberal. We have allowed them all to come and buy everything.

Graham Stuart: But you can—

Owen Smith: Not that I am advocating that, but that explains it.

Graham Stuart: Well, exactly. I think it has contributed. Our unemployment rate is well under half that of France, and I think we do have a different approach and attitude. Foreign-owned companies are more productive. They are more export oriented as well, which I referred to earlier. I think you are building a more sustainable economy. It is a bit counterintuitive, isn't it? A colleague was saying to me in the Tea Room, "Isn't it a shame that our companies have to be bought by these foreign



HOUSE OF COMMONS

ones?" I said, "Well, actually, if you take it in the round, it is part of trade. It makes it more likely that our goods will be sold to the country they come from." The more we are engaged, the more the flow happens, and if you believe in a liberal world order then you believe that even when it does not immediately look like you are getting richer, you will. I think the overall evidence backs that up.

Q282 Owen Smith: Although the trend seems to be that we are attracting a lesser volume of R&D-based projects, a lesser volume of manufacturing and a lesser volume of headquarters—

Graham Stuart: In one year.

Owen Smith: Well, I think over a sustained period. Obviously, we would traditionally be very strong in headquarters.

Graham Stuart: Some 40% of all global headquarters of the big Fortune 500 companies, I think it is, are in the UK. I think the next nearest is Paris with six or eight—I cannot quite remember—so again, it is important to keep this in some perspective.

Q283 Owen Smith: Agreed, so the question is whether we can sustain it. Mr Slaughter, you talked a minute ago about the Department wanting to look at how you are deploying your people to best effect. In terms of trade promotion, at the Budget last year, I think it was said on behalf of the Department that you would be deploying more people to do trade promotion in Europe and increasing your network in Europe. The precise quote was that the Department for International Trade would be "strengthening the overseas network in Europe" and "to provide enhanced support to UK businesses, the Department for International Trade will expand their network of advisers in Europe." Has that happened?

Graham Stuart: Yes, it has. We got a budget uplift in the Budget, and that led to, I think, an additional £5 million going into the network in Europe. That is a sensible measure ahead of EU exit to make sure that we have trade diplomats, as well as other diplomats, there to look for and champion the British economic interest.

Q284 Owen Smith: So we now have more trade promotion posts and roles in Europe than we had previously.

Graham Stuart: I am pretty confident we do, yes.

John Alty: Some of these are trade policy people as well. I know, because I was looking at this recently, that we absolutely have a number of those people already in post, and most of the rest of them will arrive shortly.

Q285 Owen Smith: That is precisely the point I was getting at. There have been a couple of reports that what the Department has done is increase the number of trade policy and negotiating staff in anticipation of needing to do more of that post Brexit, and consequently reduce the number of direct selling—



HOUSE OF COMMONS

Graham Stuart: We did have a cut. As I say, we inherited that cut from the CSR, so it was one of those cases where Europe had seen a haircut and had had to reduce the number of posts. Then in that Budget, we managed to get a win and then go back and replenish. It went down and then it went up again; the precise net in which precise area, I do not completely—

Q286 **Owen Smith:** Could you write to us with those precise numbers?

Graham Stuart: I am happy to do so. It is worth saying that the thing about John's world trade policy is that it always sounds like it is all about free trade agreements. Actually, as the second permanent secretary—our chief negotiator—always likes to say, for every one person you have working on free trade agreements, you need three, I think, working on market access.

Market access sounds like some techie thing, but actually it is recognising that there are barriers to doing business in Europe, let alone elsewhere. Having people who are working on it to just get them to change the rules, so that they recognise a qualification from this country and we give mutual recognition—suddenly, those people can come over and they can set up and man a business. It is worth saying, because it is an important tilt for the whole Department across the world and I have not mentioned it, so I should put it on the record.

We are tilting towards market access right around the world, because we are waking up to the fact—I don't know what we were doing previously, obviously pre-2010; we have been moving very fast since then. *[Interruption.]* Looking at it, we did not do enough on that. I do not know how we missed it.

Q287 **Sir Mark Hendrick:** We were part of the EU.

Graham Stuart: I know, but you can go to Taiwan, as I did when I was there, and I spoke to them all about—they were barring British pork. They were not necessarily barring other EU pork. I spoke to every single member of the Government, practically, and in October they dropped that. It is worth a significant amount of money to British farmers.

Chair: So we are bringing home the bacon now.

Graham Stuart: Yes, literally. We have now set up a digital service—you would like this, because it is called MADS. It is the Market Access Digital Service, funnily enough. It is encouraging people right around the world to identify things, even if they are very small—"Why can't we set up an English school here? There's some rule, so although it lets a French school open, it won't let an English school open." Target that and remove it, as we did in Morocco. We have signed a memorandum of understanding with the Moroccan Government and the first schools are going to open, as they pitch to move from having French as their dominant language to English, and all that will facilitate more trade.

Q288 **Sir Mark Hendrick:** We have British schools around the world. We had



HOUSE OF COMMONS

those when we were in the EU, anyway. That is not a new strategy.

Graham Stuart: I did not make any reference to the EU. I was simply—

Sir Mark Hendrick: I am making reference to it and saying that we still had schools in other countries even when—

Graham Stuart: But not in Morocco, because no one had identified the barrier and got rid of it.

Sir Mark Hendrick: Being in the EU is not a qualification.

Graham Stuart: I was not saying that it was. I would say that we did not have our eye on it—I do not know why—but we do now. There are market access barriers all over the world, and when you just make that minor tweak in regulation, you can have tens or even hundreds of millions of pounds of business as a result. That is what we are about and I think you ought to know that.

Q289 **Chair:** And that is happening currently with the UK in the EU?

Graham Stuart: Correct.

Q290 **Chair:** You didn't seem very comfortable with the acronym there, Minister, but we shall move on. Chris Henning, the director of development and growth at Nottingham City Council, told us that the Government could mobilise universities to work together to partner with prospective overseas investors. What plans do you have in that regard?

Graham Stuart: Our university sector, as I have already said, is a tremendous asset to the country. One of the reasons that they are so successful and that we have four of the top 10 is not because they are isolated centres of genius, but because our universities are the most internationally collaborative in the world. We facilitate and support that and want to see that happen. A lot of future economic benefit will come from innovation and technology, which will come from having universities, business, Government and regulators all working closely together—

Q291 **Chair:** Is Erasmus important?

Graham Stuart: When you look at what has happened with something like FinTech, in which we are now the world No. 1—we are not just in the top three; we are No. 1 in the world for investment in FinTech—that is because we had a regulator that was on board with that.

Sorry, that is moving slightly away from the universities point. We entirely accept that and we want to encourage universities and business to have business embedded there. You have seen from the science park in Cambridge and other places that, increasingly, universities have an appetite for that. The Government stand ready to support that. That is why we are putting more into research and why we are seeking to grow our R&D spend to 2.4% of GDP by 2027. We have to raise our game, we are raising our game and I think the fruits are already showing.

Q292 **Chair:** With that past international collaboration that you mentioned, is



HOUSE OF COMMONS

Erasmus important?

Graham Stuart: It is a great programme and one of those that we would like to continue after we leave the EU, but, as with so many things, that is subject to negotiation. I know that you will be absolutely 100% supporting the British interest in that and championing and strengthening our arm at every opportunity, Mr Chairman.

Chair: I think everybody needs to see Erasmus continue. That is one of the frustrations that I know young people at university have at the moment.

Q293 **Emma Little Pengelly:** We are all aware of the massive global success story of the City of London, particularly in relation to investment and foreign direct investment, but I would like Belfast and Northern Ireland continue to grow and thrive in this space, as well. I am sure that my colleagues would make the case for other regions across the UK. The Institute of Directors told us that there needs to be a better join-up between Whitehall and regional and local government, so that investment can be channelled into key areas and sectoral clusters.

You will be aware the Belfast has just been announced as one of the new city deals. We want to use that opportunity to grow, particularly in relation to investment and foreign direct investment. What actions do you and the Department intend to take to ensure that that happens?

Graham Stuart: We work closely with INI and we took the Board of Trade to Belfast recently. I was certainly struck by how the chief executive of the council and others there are absolutely focused on this economic piece and are proud as Punch of the record in creating jobs and transforming the Northern Ireland of yesteryear into a technological and employment powerhouse. I must admit that before I went and heard from her, I was not aware of just how strong the cyber sector was, in particular, with other technologies there.

We want to work really closely with INI and do so already. When I was at the Mobile World Congress in Barcelona last year, we were working in conjunction with INI—Peter and the team at that time—and I was pleased that when Alan Wilson gave evidence to you that he said that INI has a good relationship with DIT. It was not so close years ago, but in the last couple of years we have really stepped up engagement. I am better to quote him than to tell you.

London is the world's No. 1 on all these measures, including the No. 1 investable city in the world, which is quite extraordinary. So that is great, and, rather than fighting it, we use things like London Tech Week—let them come to London Tech Week—and get more and more other parts of the UK to come in and tell the other story.

One of the roles for DIT is to identify opportunities around the country that perhaps people do not automatically understand—that is why we came up with the high potential opportunities programme—and ensure that we



HOUSE OF COMMONS

market that effectively to foreign investors so that investment goes out to Northern Ireland and elsewhere and is not concentrated just in London and the south-east.

Q294 Emma Little Pengelly: As you know, Northern Ireland has very high skills, low set-up costs for business and I think the lowest turnover rate for staff in the UK, which is all very attractive to foreign direct investment. The IoD also said that there should be more attention paid to inbound trade missions to better showcase first hand to potential investors the potential for investment at a regional level. Does the Department have a target for ensuring that happens, with a percentage of inbound trade missions going to regions including Northern Ireland?

Graham Stuart: We have done a great deal on that front. Outside of Northern Ireland, there is the northern powerhouse, which has been funded additionally and allows both outward and inward investment missions to come. You can look at the success of Manchester and Leeds and other areas in the north—Hull or Goole, with the likes of Siemens. That is all good; the midlands engine likewise. We are trying to do more, and I think we should do more.

Q295 Emma Little Pengelly: You do not have a specific target to say that the aim is—

Graham Stuart: We should measure the numbers, but no, I don't like setting targets; otherwise they will become this fixed thing or you will artificially have more visits in order to have a higher number. They should just stay focused. They have got specialist, expert teams and they should look at what can bring the maximum benefit to the UK economy and ruthlessly focus on that. Mark is the operational guy.

Mark Slaughter: I think the way we look at that is doing it more by sectors. So, how can we further the financial sector in Belfast, for example? We will have a sector team who have targets for projects and investment around the UK. In a way, our targeting is more starting from the investor rather than where we want it to go, with the exception of the Hi-Po programme. The reason for that is investors do not like to be told where to go, so they have to be gently educated—if that is the best way to put it—as to the opportunities available in the whole of the UK. I have been to Belfast and seen how the financial sector has developed. It is quite remarkable. So I think there is much more to be done, but it is very much in people's minds.

Q296 Emma Little Pengelly: Whenever you know of the intentions of an inbound trade mission, do you contact the likes of Invest Northern Ireland and the other regional bodies at a very early stage to say, "This visit is coming in. What could you offer?" I understand perhaps you are not always successful in getting investors to go there, but is there that level of engagement on a regular basis?

Mark Slaughter: Yes. There is a huge level of engagement. In fact, we have instituted quarterly meetings among all of the devolved Administrations and ourselves to ensure we keep that co-ordination going



HOUSE OF COMMONS

very strongly. I think it is an excellent relationship now and we will continue to grow it over time.

Q297 Mr Evans: You have answered one of my questions—how you attract inward investment to areas where otherwise investors might not want to go naturally. Good luck with Bombardier in Belfast—it is a fantastic facility with great skills, which I toured, and we do not want to lose that.

When you are looking at how successful you are being in the investment business, what marks do you use to work out whether you are being successful? Do you just compare to last year, or do you use other indicators?

Graham Stuart: We are trying to use GVA, but fundamentally we use projects. As Mark said, it is very much done by the sector teams, who will identify it. We have our strategic relationship management programme, where 108 of the largest investors in the UK are managed and have a Minister allocated to them, but there is a pyramid of support going down. We are trying to up our digital content, because there is always going to be a limit to how much face-to-face we can do, yet we want to reach out and tell the story. So great.gov.uk has a lot of resource and we are trying to invest more in that. I hope that going forward we will muscle up for the post-Brexit world and take out a really strong British offer even more effectively around the world. An important part of that is being able to tell those stories outside of London.

If they want to come to London tech week, that's great. Let's bring all the rest of the stories from the UK here and let that be displayed here and used here. If they want to come to this, we are going to use it as a marketing opportunity. Of course, we try to use everything. The cricket world cup is on at the moment. You will be delighted to hear, because I know you want trade Ministers to work a bit harder, Chairman, that on Sunday morning I was there at the crack of dawn hosting a breakfast for Indian investors. Then I spent the entire day working with them to promote the UK. After we left the breakfast venue, we did go to the Oval and we did watch Australia get soundly thrashed by India. On a serious note, it is an opportunity where we are looking to engage with investors. We find something like that. Sport is a great way of bringing people together.

Owen Smith: I am available to help at any of those.

Graham Stuart: Absolutely. Why do people invest here? It is not all about all these technical issues. It is because it is a great place to live. I am told one ambassador said, "London is practically the only place in the world where if you come as a foreigner with a child, two weeks' later walking down the street, they are just a Londoner. They are getting invited to parties at their school two weeks after arriving."

We have got a tolerant and open society and we have great cultural and other offers, and we should be proud of that. We tend only to beat ourselves up at home. Abroad, they see us as a pretty excellent place to be. Crossrail and other initiatives like that, such as HS2 and other



HOUSE OF COMMONS

investments in infrastructure, simply further facilitate business, but not only business, but more importantly, a good quality of life for the people who work here.

Q298 **Mr Evans:** We will wait to see about HS2 when we know who the new leader of the Conservative party is going to be.

Graham Stuart: I thought I would just put in a positive word for it, while I have the chance, on the record.

Mr Evans: I saw the look on Cheryl Gillan's face at the hustings every time one of the candidates mentioned HS2 yesterday.

Q299 **Chair:** Do you ever getting frustrated with the Home Office and visas, and migrant workers not getting into the country? Areas of the economy are closed down because of the Home Office.

Graham Stuart: You will have seen the consultation and the proposal looking at—

Q300 **Chair:** But right now there are areas of the economy closed down because of the Home Office.

Graham Stuart: Sorry?

Q301 **Chair:** There are areas of the economy not operating because of the Home Office policies on visas and migrant workers. Does that frustrate you?

Graham Stuart: I would not accept that. What I can point out is there is flexibility from the Home Office. We work with them closely on this competitiveness piece. I know Scotland has a particular issue and has promoted a desire for a flexible migration system, so that the specific needs of certain areas can be met. That is all being looked at. We have seen the Home Secretary saying—

Q302 **Chair:** I will furnish you with the facts later. You can maybe pursue that with the Home Office.

Graham Stuart: I think there are opportunities—

Q303 **Chair:** There is a real issue and Scottish fishermen will be interested to know that the International Trade Department is not at the moment aware of that.

Graham Stuart: As I mentioned earlier on education, there are opportunities going forward to review further what we do in that piece, in order to help us, using as a spur us leaving the EU to have exactly the right environment for business. Migration is a very fundamental part of that. I am sure the new Prime Minister will be looking at it with great interest.

Q304 **Chair:** In the International Trade Department, you are not aware of any problems that the Home Office are creating for the economy of the UK?

Graham Stuart: I don't think that is a question I can sensibly answer.

Q305 **Mr Evans:** Is the Department sufficiently agile to work out the inward investment that would come if you guys did not exist at all, as opposed to what you need to do to bring in the investment that otherwise might go to France, Italy or somewhere else? Are you that agile?

Graham Stuart: Actually, of the FDI that comes, we support about 80% of it. It doesn't sell itself. I used to have a publishing business and sell advertising. One of the annoying things about advertising was it didn't sell itself. No one just rang you up and booked a page; you had to ring them up and sell it. Otherwise, you literally would not have a single ad in the magazine.

Mr Evans: People always looked forward to that phone call.

Graham Stuart: Especially if it was from me.

I ran my own business. Most of my experiences of Government when running my own business were negative. I am not a natural for industrial strategies or big Government Departments getting involved in the economy. Instinctively, from my personal experience of doing this job, what you find is that first, Government imprimatur is tremendously important to lots of investors, and if the market cares about that, you had better be there, because that is listening to the market. Secondly, on investment, if we were not there to support, sell, tell the story, invite them to the embassy, host the events, advertise "GREAT" in the airports and generally get the message out, we would see significantly less investment than we have and we would have many fewer jobs.

There is a real role for a strong, dedicated, focused Department for International Trade, and in so far as we are in this period before we get a new Prime Minister, I think it would be an egregious and enormous error were we to cease to have a focused international economic Department because for ease of Government it looked sensible to create a bigger fused or cohesive thing. That would be a mistake. I see bits in this Department that were previously in domestic industrial Departments or a broad Foreign Office, but in business, you have to be focused, and you have to be focused on the commercial.

The great thing about DIT is that we have only one thing that we are trying to do, which is to promote the economic interest of the UK. We do only three things under that, which are promote exports, investment and get rid of trade barriers. That is all we do, and our people are commercially focused, so we can build the expertise and get a lot better over the coming years. It needs to be left, strengthened, supported, and brilliantly informed by reports from this Committee. I will read every word of your final conclusions, Mr Chairman.

Q306 **Chair:** On that staggeringly positive note, before you debate too much further with yourself, Minister, I thank you for the information and entertainment you have provided the nations of the UK—Scotland,



HOUSE OF COMMONS

England, Wales and, of course, Cornwall. I am sure the high profile councillor, Councillor Dick Cole of Mebyon Kernow, the leader of the Cornish devolutionist party, will be paying full attention to the—

Graham Stuart: There is no separatist you don't know.

Chair: You have stayed mainly on message, Minister, this morning, although you have been the most delightfully offbeat of Ministers that we have ever had.