

Speech: Jo Johnson: delivering value for money for students and taxpayers

I'm delighted to speak at Reform, an organisation with a relentless commitment to improving public services.

The wider student finance debate

In recent weeks, there has been an intense public discussion about the way we finance higher education in the UK.

Today I would like to look at some of the misconceptions in this debate.

Let us begin by reminding ourselves of the three goals of our student finance system. To be fair and sustainable, the system must:

- provide the resources to sustain our world-class HE sector
- fairly share costs between the general taxpayer and the individual student
- remove barriers to access, especially for the most deprived.

Sustainability of our world class system

Sustaining excellence is only possible if we have a system that delivers sufficient funding to meet increasing student demand and to invest in quality.

The 2012 reforms have delivered a 25% increase in university funding per student per degree. University funding per student is today at the highest level it has ever been in the last 30 years.

It is no wonder that the OECD described the English system as "one of the few countries to have figured out a sustainable approach to higher education finance".

The international reputation of the UK's university system, evident in our position in league tables and appeal to international students, has been hard-won, and we must protect it.

Our drive to secure greater value money for all students through the further steps I am announcing this morning will help our universities to maintain their global as well as their domestic standing.

Fair balance of costs

Let's turn to the second objective, which is to achieve a fair division of the cost of higher education between its beneficiaries.

We all gain from living in an educated society, not just culturally or

intellectually, but materially. The nurses and doctors who staff our hospitals and the programmers who code our software benefit all of us with their degrees, as do the many graduates who enjoy a higher income and pay more tax as a result of their studies.

But at the same time, a degree confers a significant private benefit. Over a graduate's lifetime, a degree is on average worth an additional £170,000 in salary for a man, and £250,000 for a woman.

It is fair that some of the costs associated with these significant benefits should be borne by graduates rather than by taxpayers, not all of whom will have had the opportunity to go to university.

Our system delivers just such a balance. Students pay on average roughly 65% of the cost of the system through fees, while the taxpayer bears around 35% of the cost, through teaching grants and loan subsidies, and a much higher share if we were to consider also the government's £6 billion investment in research.

This is a fair split of the cost of higher education.

Removing barriers to access

The third objective of our student finance system is to remove barriers to access to higher education, especially for prospective students from disadvantaged backgrounds.

Our finance system ensures that graduates only begin to pay back their loans if they are earning over £21,000. Unlike commercial loans, they are available to all students, regardless of background or financial history.

The result is they are now going to university in record numbers— last week's UCAS application figures showed that the overall number of 18-year old applicants in the year to June 2017 is higher than it has ever been at the June deadline. UCAS data also shows application rates among BME 18-year-olds, and application rates among young people from disadvantaged backgrounds are at their highest recorded levels.

The application gap between most and least advantaged is still too wide, but thanks to our reforms to the student finance system young people from the poorest areas are now 43% more likely to go to university than they were in 2009/10.

Because we are committed to our goal of improving access, we continue to watch these data carefully for any areas where we are not seeing this welcome progress.

The same UCAS data showed a fall in older applicants.

Some of this fall is a direct result of the successes of the current system. Because more 18 year olds have had the chance to go to university in previous years, the stock of older potential applicants today has fallen. The buoyant

job market has also reduced demand for study among older students.

But we recognise that older applicants wishing to study part-time need additional financial support, which is why we are introducing for the first time, starting next year, a maintenance support package for part-time students. The decline in nursing applications has also caused alarm.

We need to remember that our old funding model for nursing education, which asked the health department to fund these degrees from its budget, was failing to provide the NHS with the nurses it needs.

With arbitrary limits on numbers, it choked off supply of nurses to the NHS, denying thousands a shot at this rewarding career. In 2014 alone, we turned away 37,000 applicants to nurse training places, even though the NHS needed a great number of them.

Under the new system, universities will now be able to offer up to 10,000 more nursing, midwifery and allied health professional (AHP) training places over this parliament.

Applications remain high – with almost two applicants for every place. The new system will allow us to fill the training places we need and ensure that trainees who need the support most will receive at least 25% more funding support during their studies.

With the new masters' loan in place, demand for which has been exceptionally strong in its first year of operation, with new doctoral loans on their way, and with legislation now passed that enables us to provide a new alternative student finance system compatible with Islamic principles, we are widening access to higher education to a broader range of people than ever.

Taken together, this is a transformation of our student finance system.

We believe its core principles are sustainable and fair.

They are:

- enabling the wider participation in higher education our economy needs,
- sustaining the financial underpinnings of university teaching and research
- all the while sharing the cost fairly between the individual and the general taxpayer

We do not propose to abandon them.

Tackling misconceptions

So we have a system that delivers our three objectives. But three big misconceptions about it remain:

- the idea that the interest rate on student loans is excessive, even usurious
- the suggestion that because a significant proportion of students do not

- repay in full the system is broken
- and most indefensibly, the accusation that the system is deterring the poorest students from university.

Are interest rates too high?

Let us start with the concern that interest rates ranging from RPI+0% to RPI+3% for the highest earners are too high.

We will of course continue to keep the system under review to ensure it remains fair and effective.

But it is important to remember when thinking about the interest rate that student loans are fundamentally unlike commercial loans in key respects.

So it is misleading to compare the headline interest rates with those of mortgages or personal loans.

Because the way that they are repaid is so different, student loans embed invaluable protections for borrowers that have proved impossible for commercial loans to replicate.

In fact, it is simpler to think of the system principally as mechanism for securing an income-linked and time-limited graduate contribution to the cost of a degree.

A graduate contribution is a better way of thinking about it because:

- student loans are available on a universal basis to all eligible students, regardless of their financial history, and do not affect their credit record
- annual repayments are linked to income and not to the amount borrowed so graduates contribute in proportion to their financial success after university
- borrowers earning less than the repayment threshold (£21,000 for post-2012 loans) repay nothing at all. Those with incomes over £21,000 make a contribution of 9% until the loan is paid off
- borrowers are protected – if their income drops, so does the amount of their monthly repayments
- loans are written altogether off after 30 years, with no detriment to the borrower's credit record or further recourse to any other assets they may have.

There are no commercial loans that offer this level of borrower protection. At 7.5%, the Bank of England's reference rate for unsecured personal loans is materially higher.

Is the rate of non-repayment too high?

We must also be clear that the fact many graduates do not repay their loans in full is not a sign of failure.

On the contrary, this is the result of a deliberate choice to share the costs and risks of university education between the student and the state.

Across the loan book, the government expects to write off around 30 per cent of the amount borrowed.

This is part of the government contribution.

It is a conscious investment in the skills base of the country, not a symptom of a broken student finance system.

Graduates go on to careers in many varied fields, with different salary expectations. Many will also take some time out of the workforce to raise families or care for others.

This is right for society.

We will of course continue to work to increase repayment rates,

But the fact that some students will not repay in full will always be a feature of the system – and in a world where society shares the costs of higher education with individuals, rightly so.

Do fees put off the poorest from study?

Students from disadvantaged backgrounds are going to university at a record rate: attendance has risen from 13.6% of the most disadvantaged in 2009, before the current fee system was introduced, to 19.5% in 2016.

Not only are application rates among 18-year-olds in England at record highs, but drop-out rates for young, mature, disadvantaged and BME students are all lower now than they were when the coalition government came to power in 2010.

So the claim that fees have led to a fall in students from disadvantaged backgrounds accessing or completing higher education is therefore simple nonsense.

Value for money in our universities

The critical question now is not how we fund university, but how we ensure a system that is sustainably financed also delivers the highest quality teaching and graduate labour market outcomes for its students.

I want to turn now to value for money, an increasingly pressing issue in higher education.

For a second year, the Higher Education Policy Institute Student Survey has shown more students in England (37%) believing they have received poor value than good value (32%).

Employers are losing confidence in the signalling value of some qualifications, which are failing to hold their worth over time as degree

inflation rips through the system.

While the average graduate earnings premium remains compelling, too many, perhaps a fifth to a third of students, end up with non-graduate jobs.

I recognise these concerns. I have heard them time and again – from students, parents and employers. And I share them.

Students taking out taxpayer-backed loans to attend university rightly expect the highest quality teaching and to secure good labour market outcomes that justify their investment of time and money.

This has been my focus since I took on this role in 2015, and it was a core theme of the new Higher Education and Research Act., which received Royal Assent in the last parliament.

Improving value for money

Today I want to reflect on further steps we are taking to ensure we deliver value for money.

Improving student choice.

First of all, the new legislation improves choice available to prospective students.

We will be making it easier to set-up new high-quality providers, paving the way for more innovative institutions like the Dyson Institute of Engineering and Technology or the planned New Model in Technology and Engineering university in Herefordshire.

The act also makes it easier for universities to offer two-year degrees to students keen for a faster pace of learning and a quicker route in the workforce.

I can confirm today that the cost for a student taking an accelerated course, which will be subject to new fee caps, will never be more, overall, than that of the same course over a longer time period. And, in most cases, it is likely to be less.

Our clear intention is that accelerated degrees will cost students less than an equivalent degree, not least because students will certainly claim less overall in maintenance loans too.

Students undertaking an accelerated course borrow less money over a shorter period and forgo less in terms of missed earnings.

This should mean they are likely to repay a greater proportion of their loans than equivalent students on full length courses, meaning the costs should be lower for government as well.

Teaching Excellence Framework.

Second, the act promotes value for money by improving the quality of teaching and incentivising universities to focus on graduate outcomes, through the introduction of the Teaching Excellence Framework.

For too long, institutional incentives have led universities to prioritise research performance over teaching and learning outcomes.

The TEF puts in place new reputational and financial incentives to correct this imbalance, by assessing universities on the quality of the student experience, teaching standards and the role of providers in securing good outcomes for graduates.

We designed the TEF to be an evolutionary process – but we can already see it is having a positive effect on the value that students receive from their university education.

In the words of Simone Buitendijk, the vice-provost for education of Imperial College, the TEF has been “a godsend”, and has forced university leaders to “start paying close attention to the quality of the teaching”.

Dominic Shellard, the vice-chancellor of De Montfort University, predicts that the TEF will lead to a “culture shift” that prioritises “excellence in student experience and teaching”.

And the CBI has said that our “new emphasis on quality of teaching at universities together with transparency and openness to competition should also help in driving up standards among the graduates coming out of higher education.”

The time is right to build on these results.

Today, I am launching the next stage of the [Teaching Excellence Framework \(TEF\)](#).

The next iteration of the TEF will tackle head-on the uncomfortable questions that many young people are starting to ask about their university; that many taxpayers are asking about the support they are providing for the system; and that many employers are asking about the supply of graduates entering the workforce.

This will involve four major new developments.

Firstly, we will incorporate powerful new analysis of graduate outcomes, the Longitudinal Educational Outcomes data set, which looks at employment and earnings of higher education graduates 1, 3 and 5 years after graduation.

This will provide an important source of information for prospective students who are interested in knowing how likely it is that a particular course at a particular institution will lead to sustained graduate-level employment.

Secondly, we will move towards providing subject-level information. The first iteration of TEF has operated at institution level. But it is our belief that

a subject-level TEF can provide even better information to students, and be an even more powerful driver of quality and value.

I am yet to meet a vice chancellor who is unaware of significant variations in quality between subjects and disciplines in his or her own institution. A subject-level TEF will empower them to make targeted interventions where they are most needed. Meanwhile students will be able to make better-informed decisions as they choose between courses and institutions.

Today I am publishing the specifications for how subject-level TEF will work in practice.

Thirdly, I can confirm that we will be piloting a new TEF metric that relates directly to one important aspect of value for money: the teaching intensity a student experiences. This will look at the contact hours students receive, including the class sizes in which they are taught.

Finally, I want to signal that we will be looking carefully at institutional participation in the TEF. To date, the TEF has been voluntary. The overwhelming majority of English institutions, including all English members of the Russell Group, have participated. With surveys showing the importance students attach to TEF judgments, it is essential that the sector continues to embrace the accountability it represents.

We want prospective students to make well-informed and meaningful choices between institutions offering innovative and flexible ways of learning.

It is vital that applicants understand that university is not the only option. We have produced clear pathways for non-academic students to follow, through the apprenticeship reforms and the streamlining of technical routes.

These pathways are of a high quality, with signalling value to employers. The days of degree or bust are long gone and we must celebrate the fact that many may gain more by honing their technical skills than by acquiring an undergraduate degree.

Office for Students.

This brings me on to the third way the act will deliver value for money, which is through the establishment of a new regulator, the Office for Students.

The OfS's first chair, Sir Michael Barber, has made clear his unwavering commitment to the student interest. In contrast to the existing funding council system, the OfS will be a classic market regulator and Parliament has granted it a general duty to promote value for money in higher education.

I am pleased to announce that because of the good progress made in laying the foundations for the OfS, I am today laying an Order in Parliament to bring forward its legal establishment to January 2018, three months ahead of the full launch of the organisation.

This head start will enable the OfS board to begin taking decisions on the

new regulatory framework which we will be consulting upon this Autumn.

One of the first things I will be asking the OfS to do in exercising its new powers is to consult on the system-wide introduction of student contracts between students and universities.

These would set out what students can expect from their providers in terms of resource commitments, contact time, assessments, support and other important aspects of their educational experience.

Although contracts do exist in various forms in some institutions, most of them do not provide enough detail to be useful, or to allow students to know what they can expect from their providers in terms of resource commitments, contact time, assessments, support and other important aspects of their educational experience.

I intend to consult on whether a systematic use of an improved student-contract would help ensure effective consumer protection for students paying what will for many be their third largest life-long expenditure after a home and pension plan.

By providing students with greater contractual certainty over these key aspects of their own experience, the OfS would help to address much of the dissatisfaction over seeming poor value-for-money of undergraduate education.

Vice chancellor (VC) pay.

Another area where I want to see further action to improve value for money is vice chancellor pay. There are vice chancellors earning nearer half a million pounds – in some cases more than three times the Prime Minister.

Swelling vice-chancellor salaries lift those of their deputies and other senior managers, diverting millions from universities' core mission of teaching and research. There seem to be institutions in which over 100 people are earning more than £100,000.

Each year that I have been in my role, I have used my annual grant letter to the funding council to call on universities and their remuneration committees to exercise restraint on top pay.

I am calling on the sector to put an end to the accelerating upward ratchet in vice chancellor pay. Groups that claim sector leadership, such as the Russell Group, must lead the way.

I do not want or expect the OfS to cap VC pay, let alone to set pay levels. Our universities are autonomous and this is a job for them to undertake in a responsible manner.

Rather I want it to examine senior pay from a value for money perspective and to offer advice on the considerations to be taken into account by remuneration committees.

Performance against benchmarks in the TEF is a potential indicator of value-

added that remuneration committees might consider before approving high pay awards.

The essential principle must be that exceptional pay can only be justified by exceptional performance.

Universities must justify the exceptional circumstances for pay awards that exceed the pay of the PM – and where there is no justification, they must exercise greater restraint.

And I can announce that I will be issuing new guidance to the OfS to use its powers to address this problem.

Conclusion

So, to conclude:

Make no mistake: if fees were abolished – we would almost certainly see the same dramatic fall in per student funding that we saw in the UK in the decades before fees – a fall of the order of over 40%. This would lead to the humbling of currently world-class institutions, and widespread closures of departments and even whole universities.

At the same time, receiving so much of their funding directly from central government at volatile annual government fiscal events would make a mockery of the concept of university autonomy, the key to our system's success on the world stage.

With students numbers capped once again, the poorest and most disadvantaged would miss out, as they have done in many parts of Europe and in Scotland. Life chances would be irreparably damaged, social mobility thrown into reverse.

And all of this would come at eye-watering cost to general taxpayers, including those who have not had the chance to go to university, to subsidise degrees that will increase the income of what, under a student numbers cap, will be an increasingly privileged cohort of student.

Now more than ever, we look to our universities to help drive national prosperity and advance individuals' life chances. But we will only succeed if the sector remains sustainably financed, adapts to meet the high expectations of its fee-paying students and retains the support of hardworking taxpayers.

We are part of the way on that journey.

The steps we have already taken on student finance are working. We have seen record participation rates and increased sector income, all while ensuring graduates only repay loans in line with their income. This is the progressive student finance system that enabled us to abolish the student number cap we inherited from Labour. We must not hit reverse.

Instead, we need to look forward. Our universities may top the global

research rankings, but public unease over value for money for undergraduates across the system as a whole cannot be allowed to continue.

That is our focus as we implement the Higher Education and Research Act, establish the Office for Students, and deliver the Teaching Excellence Framework at subject level.

Students applying to university this year, and across this parliament, will have more information, more choice and more flexible ways of learning than ever before.

And underpinning all this will be a new contract between student and university – a contract that underpins their rights as consumers, and ensures value for money throughout their course and during their working lives.

Thank you

[News story: Process for applying to register a trade mark](#)

To help our customers better understand how to apply for a trade mark, we've developed a trade mark timeline.

We've listened to your feedback following on from the successful introduction of the [patent grant timeline](#), and we've now created the [trade mark timeline](#).

This provides an overview of the process for applying to register a trade mark and gives an indication of your responsibilities and what happens next, once you've submitted your application.

Each stage of the process is hyperlinked, allowing access to relevant information easily and quickly.

This is intended to give an indication of the process only, and all timings are approximate and will vary according to each individual mark.

[Speech: Beyond Brexit: Britain and the](#)

global economy

The United Kingdom is opening a new chapter in its history.

For the UK, our departure from the European Union is about setting our sights wider, and embracing the realities, and opportunities, of globalisation.

We are not turning our backs on Europe. The 27 nations of the EU will remain our close allies, on defence, security, and trade.

The UK will not abandon our commitments to our European partners, and will always work tirelessly to protect our mutual interests.

But Britain has chosen to embrace a wider world.

The fact that trade, prosperity and globalisation are inextricably bound together is hardly a revelation.

The Silk Road, the earliest and, for centuries, the most successful paradigm of international trade, flourished not only through the movement of goods, but through the transfer of cultures, ideas and scientific advances, that flowed along its length.

It is a pattern that we see repeated today. The world may have changed beyond all recognition, yet the benefits brought by free and open trade, not only in jobs, technology and prosperity but in arts, literature and science, would be instantly recognisable to our ancestors.

The lesson of history is unequivocal – free and open trade is fundamentally beneficial to humankind.

As history ebbs and flows, we have sometimes forgotten this message. In the 1930s, nation states and great economies across the world turned their backs on one another, closed their markets, closed their minds, and succumbed to protectionism.

It was not until the 1940s, when the old order had been shattered by global conflict, that these lessons could be re-learned.

It is a source of pride in the UK that it was in London that the architects of what would become the Havana Charter gathered in the aftermath of the Second World War, rededicating themselves to the purpose of creating a world that was more open and more interconnected, more stable and more secure than the generation that had preceded it.

At that time, one of my predecessors as President of the Board of Trade, Sir Stafford Cripps, opened the meeting by observing that “The world had experimented long enough with the chaotic conditions that existed after the First World War”.

The time had come to establish some degree of organisation to world trade.

The world, as he saw it, “was full of good intentions, but [had] signally failed to translate them into wise actions”.

Those who met in London foresaw that their task would not be easy. Nations would have to face down vested and special interests; to abandon the old protectionist certainties and commit to trading liberalisations in pursuit of a greater good.

We have come a long way since the London PrepCom. The resulting General Agreement on Tariffs and Trade proved its worth as a stabilising influence on the development of global trading practices, and became the crucible of the international rules-based trading order.

Countries, at first relatively few in number, but increasing over time, began to dismantle the barriers that had hindered trade in the interwar period. Progressive rounds of pro-free trade agreements went side by side with a dramatic expansion in global trade, and the wealth and development of technologies that went alongside it.

Jobs, companies, industries, were continually remodelled as private enterprise boomed and global GDP grew rapidly.

On the 1st of January 1995 the UK, along with 124 others, created an organisation to protect and advance the ideas behind the Havana Charter. This continued the liberalisation of the trade in goods, but also extending the scope to include agriculture and, for the first time, services and intellectual property.

Underpinning all of these advances was the creation of a dedicated dispute settlement system – a forum where disagreements between member states could be solved through cooperation.

Importance of WTO to the UK

To the United Kingdom, a nation that has for centuries been dedicated to the principles of free trade, the World Trade Organization retains both a vital symbolic and practical significance.

It is not only the home of the rules-based international system for global trade that has been the foundation of our post-war prosperity, but the repository of our values, resolutely championing free trade in the face of setbacks and opposition.

And, while they may be difficult to achieve, all of us in this room all recognise that multilateral agreements are the gold standard of trade deals.

Fundamentally, such agreements offer a common platform of rules and a guaranteed minimum level of market access to all trading partners.

They are the simplest for companies to navigate, and perhaps because of this they offer the greatest economic and social benefits.

The international trading system that we created in 1995 may be in need of some refurbishment, but our commitment to its fundamental goals and principles remains unshaken.

The UK has been a WTO member since the organisation's inception and I am proud to stand here today and say that the UK remains, to its core, committed to multilateralism, and to the WTO.

While much political activity in Europe has been focussed on Brexit, it is essential that we don't lose sight of the big picture, and the potential for all of us to benefit from another round of liberalisation under the WTO.

This organisation, and the wider cause of global free trade, will face formidable challenges. But you will find no firmer ally than the United Kingdom.

Future approach of the UK to the WTO

For all that this Organisation has contributed to the advancement of free trade, its existence cannot be taken for granted. Barriers to trade are difficult to eradicate, and a particularly worrying report by this organisation has highlighted the acceleration in protectionist measures since the 2008 financial crash.

Fortunately, the WTO has often proved adept at renewing itself, a power incorporated into the Marrakech Agreement.

It has, for example, been strikingly successful in expanding the global reach of its rules. Membership of the 'club' retains a certain cache for those nations aspiring to a greater role in international affairs. As such, the WTO has extended to near-universal coverage, a truly remarkable achievement.

Another method of renewal has been through multilateral or plurilateral negotiation. And again there have been some striking successes.

The Trade Facilitation Agreement, reducing the bureaucracy faced by companies at the border and saving them crucial money and time, was a major achievement.

And the extension of coverage of the Information Technology Agreement – so that now more than 10% of global trade is tariff free was another significant step forward.

As well as recent successes, we have talks on-going to tackle key global issues. For example, there are plurilateral negotiations underway which aim to help tackle climate change, through the liberalisation of trade in environmentally friendly goods. Additionally, some WTO Members have also been engaged in negotiations on what should be the most ambitious services agreement to date.

Yet for all our achievements, we must recognise that some of our ambitions to go further and faster remain unrealised.

Many of the goals that we as ministers set ourselves when we gathered in Doha remain unfulfilled. The world has moved on since 2001, and the Organisation must strive to keep up with the times.

The last 16 years have seen a fundamental shift in the geography of international trade, as economies develop and new markets emerge to change the centre of gravity.

This has been driven, at least in part, by emerging technologies and the digital revolution. Given that businesses across the world are increasingly turning to e-commerce, the organisation must be able to meet the needs of a digitally powered global economy. This is a change for which this organisation must adapt and prepare.

It would be inconceivable, for example, to begin a new set of multilateral negotiations today, that would not mention or cover digital trade.

Yet despite these challenges, by focusing on discrete areas – be that multilateral or plurilateral – the WTO membership has taken some bold new steps.

At the 11th Ministerial Conference in Buenos Aires and beyond we should challenge ourselves to adopt similarly bold measures to refurbish those elements of the multilateral architecture that are perhaps showing their age the most, recommitting ourselves to the principle of a robust, rules-based trading system.

Commitment is not about being blind to an organisation's weaknesses – it is about retaining the will to intervene, to adapt and to improve.

I will never cease to reaffirm the United Kingdom's commitment to this organisation. We are already a full WTO member, with all the responsibilities that entails, and will continue to be so after our exit from the European Union.

As one of the world's major economies, we are dedicated not only to helping the global rules-based system adapt to the wider challenges, but also to leading by example, using our influence to work to advance the cause of free trade, and prepare the system for the economic challenges of the 21st century.

Future developments – addressing the issues

For all the benefits that FTAs have brought to international trade, they are far from the only tools at our disposal – from mutual recognition agreements, to ministerial dialogues, to trade working groups, and greater cross-border facilitation.

For the United Kingdom, the future of global trade will be shaped by 3 things – the digital economy, the promotion of trade as the main tool of development, and unlocking the vast potential of the trade in services.

In all of these areas, the WTO has the potential to set the agenda, ensuring that such developments are approached in a way that remains both mutually beneficial, and dedicated to the principles and values of the organisation.

If we are to continue to effectively liberalise global trade flows, then our approach must be manifold, using FTAs, industry-specific liberalisations, working groups and any other means at our disposal and taking every opportunity to advance the cause of free trade.

Firstly, we want to see modern and ambitious digital provisions in trade, including around e-commerce, data and telecommunications. Not only do these areas constitute the cutting-edge of international trade, but their far-reaching support for consumers and businesses makes them a cornerstone of future prosperity.

It is a telling fact that the principal rules of the WTO have not been significantly updated since 1994, when the internet was barely in its infancy.

Yet, with successful adaptation, the WTO has the opportunity to lead and shape economic governance of new technology.

On the digital economy, we are working with other WTO Member States to achieve a positive outcome at the Ministerial Conference in December. This includes the UK working with developing and Least Developed Countries as a core supporter of UNCTAD's 'eTrade for All' initiative which seeks to improve the ability of developing countries to benefit from e-commerce.

The digital economy, and e-commerce in particular, is a key driver to wider economic growth. It is vital that digital discussions in the trade forum should keep the development and inclusiveness agenda firmly in mind.

Safeguarding the access of developing economies to digital trade should reflect a wider dedication to economic development and poverty elimination.

After all, trade is a key driver of economic growth and development, helping to raise incomes, create jobs and lift people out of poverty.

Take India for example. In 1993, around 45% of India's population sat below the poverty line, as defined by the World Bank. In 2011 it was 22%.

It is no coincidence that in the intervening period India embraced globalisation and started to liberalise its economy.

It is hard to imagine an international aid programme, even one as generous as the United Kingdom's, that would, or could, have ever been as effective.

That is why we recognise that trade and development form a fundamental and synergistic partnership – trade flourishes where there are high levels of education, developed financial sectors and, hugely importantly, sound governance and minimal corruption.

It is critical that trade works for all WTO Members. We remain committed to

ensuring Least Developed Countries and other developing country trading partners can harness the formidable power of trade to reduce poverty.

That is why on 25 June we announced that as we leave the EU, we will secure existing duty-free access to UK markets for the world's poorest countries and aim to maintain current access for other developing countries which benefit from reduced or zero tariffs.

And this is where the WTO's own Trade Facilitation Agreement has the potential to benefit developing economies.

Yet by far the greatest prize within our reach is the liberalisation of the global trade in services.

Arguably, service-based economies derive less benefit from the current architecture for trade than those trading in goods.

For the most advanced economies, such as the UK, where almost 80% of our economic activity is services-based, we need trading partners who are functionally similar, not necessarily geographically proximate.

But most of all, we need markets that are genuinely open.

Many of the most developed nations, including the US, are seeing rapid growth in services as a proportion of their economic output, and of their international trade.

This has been matched by a similar growth in demand for services, as developing nations around the world produce increasingly sophisticated economic outputs.

If we are to unlock the full growth potential of the world economy, then it is imperative that we give the WTO the tools to liberalise this trade, allowing them to lift barriers and open new markets for services companies across the world.

That is why the United Kingdom fully supports the resumption of TiSA negotiations at the earliest opportunity.

TiSA has the potential to set the standard in the trade in services globally. It will offer not only an improved trading baseline for advanced economies, but will also allow developing nations access to services sectors that will nurture their burgeoning economies.

Yet it is not only in economics where we will see the benefits.

For the prosperity that trade can create is in turn the basis of a social stability that in turn underpins political stability. That political stability, in its turn, underpins our security.

In other words, free trade and global security are part of the same continuum, and you cannot disrupt one element without disrupting the whole.

It is a truth we need to understand in this interdependent, globalised era. Britain, as an independent WTO member, will always defend and champion the cause of free trade and market access for those economies that require it most.

Finally, if the UK and the WTO are to remain committed to the multilateral trading system, we must also rededicate ourselves to the dispute settlement system.

Fundamentally, we begin from the perspective that the system works.

We recognise and want to pay tribute to the challenging and important work conducted by the Panels, the Appellate Body and the WTO Secretariat in assessing compliance with our shared WTO commitments.

Yet we must remain vigilant, and ensure we have an efficient mechanism in place for resolving disputes between members that, crucially, commands the confidence of WTO members.

We stand ready to address these issues through the EU, until we become an independent member of the WTO.

Conclusion

It has been rightly said that if the WTO did not exist we would have to invent it. In the period prior to the establishment of the GATT there was no lack of understanding of the value of free trade, nor did we ignore the link between economic prosperity and political stability. The issue was a lack of political willingness to translate those good intentions into wise actions.

All of us here accept how vital the continued existence of the WTO is to the survival of free trade. But such is the importance of its task, that the organisation must never stop making the case for its existence, nor shy away from lauding its own achievements.

What would happen, for example, if the WTO were to collapse tomorrow?

The idea that the Regional Free Trade Agreements, which have undoubtedly done much to advance the cause of free trade, would by themselves protect the values and principles of the WTO, does not stand up to scrutiny.

Globalisation has eliminated many of the barriers of distance and time that once separated nations. As the global economy shifts towards services, knowledge and digital trade, the geographic proximity that underpins the traditional trade bloc will become increasingly less relevant.

And, aside from these doubts about their long-term viability, it is also important to remember that those countries outside established RTAs would, without the intervention of the WTO, risk being economically side-lined, the benefits of free trade slipping away as more developed nations pull up the drawbridge.

It is incumbent upon all developed nations to extend the benefits of free trade to emerging economies, and offer them a route to prosperity.

That is why it is so concerning to hear the voices of protectionism growing louder.

Research by the OECD that shows that protectionist instincts have grown since the financial crisis of 2008. By 2010 G7 and G20 countries were estimated to be operating some 300 non-tariff barriers to trade – by 2015 this had mushroomed to over 1,200.

Those who have benefitted most from an open, liberal trading environment have a duty to ensure that others are able to take advantage of the same benefits in the future.

After all, such action is not simply altruistic. It develops the trade partners of the future, and allows developed nations to build links to those economies that will become the future drivers of global growth.

This principle underpins our pursuit of free trade.

It is unlikely that a 'system failure' of the WTO would result in a full return to 1930s style destructive protectionism. Yet without its moderating influence, we would likely see the re-emergence of raw power politics, with trade relationships governed by disorder and discrimination.

This vision of the future will, I hope, add some urgency to our actions as we face the scale of the task before us.

The WTO remains the central pillar of global free trade, yet it must, as a matter of vital importance, continue to ensure its relevance and use to the membership.

We are experiencing a period of rapid, and sometimes bewildering change. But within this challenge lies opportunity.

On the digital economy, on services, and on development, the WTO has the chance to take back the initiative, and regain the ability to shape the global trading environment.

I am here to offer the United Kingdom as a staunch ally, a committed member and, where necessary, a catalyst for change, as we rise together to face the challenges of the future.

Thank you.

News story: Creative sector receives record boost of £700 million pounds

Britain's world-leading creative sector has benefited from over £700 million pounds of support from government in the last year, [official statistics](#) showed today.

The award-winning TV series "The Crown" and award-winning film "Lady Macbeth" are among the productions to have made use of the High-End TV and Film Tax Reliefs respectively.

Creative Sector Tax Reliefs were introduced to help UK businesses in these highly skilled and innovative sectors thrive at home and abroad.

This year marks the fifth anniversary of the government's announcement to expand its support for the creative sector. The reliefs enhance the UK's creative sector industries, including video games, animation and high-end television.

Mel Stride, Financial Secretary to the Treasury and Paymaster General said:

From film directors to video game developers, UK creative leaders are championing British culture and innovation both at home and abroad.

This tax relief provides vital support to our world-class creative industries as they continue to boost growth across the country and create top quality entertainment that we can all enjoy.

The creative industries employ two million people across all parts of the UK. These tax reliefs are helping to ensure creative sector companies can continue to hire people and boost local economies.

Creative Industries Minister Matt Hancock said:

The UK's creative industries are one of our biggest success stories. They play a vital role in shaping the UK's image and reputation at home and abroad, and through initiatives like the tax relief scheme, we are creating the right environment for this dynamic sector to flourish and thrive.

Britain's creative industries are growing faster than the rest of the economy and we want to keep it that way.

Amanda Nevill, CEO of BFI, commented:

Worth £4.3 billion to the economy, UK film is the country's fastest growing sector, employing over 66,000 people.

The UK is one of the world's most important production hubs and the tax reliefs for the screen industries have enabled this unprecedented growth across the country, creating jobs and supporting businesses from Belfast to Bradford.

Vitality, they have also allowed creativity to flourish and our world class filmmaking talent to shine with productions from Trainspotting and Lady Macbeth through to Wonder Woman and Game of Thrones.

John McVay, Chief Executive of Pact, said:

The creative sector tax relief has played an important part in attracting inward investment, and helping to grow the successful UK TV production industry, with benefits to all parts of the UK. It has helped our members stay competitive in an ever-growing global marketplace.

Over 2,070 films, 295 videogames and 205 high-end TV productions have benefited from the tax reliefs since their respective introductions. The figures also show for the first time that 1,750 theatres have benefited from the support available.

There are currently seven different reliefs available to the creative sector; film, high-end TV, animation, videogames, children's TV, orchestra and theatre.

[News story: Dangerous occurrence at Broad Oak level crossing](#)

Train passed over Broad Oak automatic half barrier level crossing, with barriers raised, near Canterbury, 29 June 2017.

At around 10:20 hrs on 29 June, a train, already braking because the driver had recognized the hazard, passed over the level crossing with the barriers raised. The last road vehicle had crossed around 12 seconds earlier.

We have undertaken a [preliminary examination](#) into the circumstances surrounding this incident. Having assessed the evidence which has been gathered to date, we have decided to publish a [safety digest](#).

The safety digest will shortly be made available on our website.