Members present:

Lord Howell of Guildford (The Chairman)
Baroness Armstrong of Hill Top
Lord Foulkes of Cumnock
Baroness Goudie
Lord Hodgson of Astley Abbotts
Baroness Hussein-Ece
Lord Janvrin
Baroness Nicholson of Winterbourne
Lord Ramsbotham

Examination of Witnesses

Rt Hon Maria Miller MP, Secretary of State for Culture, Media and Sport, Department for Culture, Media and Sport, and Rt Hon Michael Fallon MP, Minister for Business and Enterprise, Department for Business, Innovation and Skills

Q329 The Chairman: Good afternoon. You are two extremely busy Ministers, and the affairs with which you are concerned are also the matters of great interest to this Committee. Our remit is Britain’s influence overseas and the deployment of so-called soft power in all its meanings. We are extremely grateful to you for being with us. I should just formally say that I have to state that the clear interests of the Committee are before you, so you know where we are all coming from. If we have a Division, we will have to break for five minutes, but let us hope that we do not. Could I begin with a rather obvious question, but a big one? It covers both the briefs and concerns of both your departments. In your case, Mr Fallon, you cover the work of more than one department. I do not know how you have time to do it but you do. The creative industries are said to produce 10% of our export earnings—about £36 billion, which is enormous; and you, Secretary of State, are on record as saying—I will get your actual words to quote back to you, if I can find them—“we are using our arts and culture as a calling card, as a foot in the door, when we are trying to land trade deals abroad”. All that means, I think, is that you see yourself as part of the spearhead of the whole international image and trade business that puts you right at the forefront. I will start with you, Secretary of State, if I may, and then I will come to the Minister of State. Is that the way you see it?

Maria Miller MP: Yes, Chair, that is very much the way we see it in our department. Culture, heritage, sport and the creative industries are a very important part of our economic growth story, both at home and abroad, particularly the use of culture and heritage as a way of engaging with both established markets and the new and developing markets that we are developing those trading links with. I saw this very much at play last week in a trade delegation to China, at which we had 120 people—the largest ever trade delegation to China—which had a very healthy cohort of creative industries and a programme with a very strong series of cultural meetings to ensure that we were both supporting British cultural activities in China and encouraging more Chinese cultural activity at home.
The Chairman: Would it be right to say that there are three legs to it? First, the creative arts themselves are huge export earners. Secondly, the proposition, which the British Council, among others, has put to us, is that activity on the creative arts leads to big trade deals of business. Thirdly, it all adds up to making Britain an attractive place in which people want to invest their money. Is that a reasonable division of the possible goals and objectives of your work?

Maria Miller MP: Yes, although I would go one step further and say that a great deal of what I am trying to do in my department is to build the reputation of the country abroad, both through the direct work that we do as a department and in support of other cultural institutions. I could draw on my recent visit to the US to bring that to life. The British Museum has supported the Cyrus cylinder by going not only to the very far flung corners of the world but to the Getty Museum in the US to continuously underpin our reputation as a strong country in the US and to build that trust. This is about building reputation but it is also about building brand trust. Ultimately, as we face an increasingly global business environment, we have to view our British brand as something that we build and guard jealously. Part of that is building the trust in our brand, and culture and heritage are ways in which we can build trust in our brand, which I think has a very strong reputation internationally.

The Chairman: In a sense, one can almost see a bridge growing between you and the Minister, because it sounds as though you are in the same business in a way. Would it be fair, Minister of State, to say that that is so, and do you have lots of meetings with the Secretary of State and her Ministers about these common aims, which are to promote British industry, business and exports around the world?

Michael Fallon MP: Good afternoon. The Secretary of State has put it extremely well: this is about building trust in a global trading environment that is increasingly competitive. We have a very strong brand in Britain, and it is absolutely right to use every means we can to draw attention to it. It of course gets you in the door, but it does not guarantee the contract or anything like that. Companies still have to get on and do that, but cultural activity and artistic exchange are all part of making other countries aware of the attraction of doing business with Britain and making them feel better about us. The word “trust” probably hits it on the head. It is extremely important.

The Chairman: Of course, this is in a sense an enormous family. The other day Keith Nichol, head of cultural diplomacy in your department, remarked that there were 1,400 arts and cultural organisations. How on earth do you shepherd them all together, or do you not try?

Maria Miller MP: Those 1,400 institutions—I am sure there are many more—do not necessarily look to our department for support and help in the work that they are doing overseas. It is important that they have autonomy. The work that they are doing is hugely important and is very much driven from their ethos and objectives as independent organisations, but those that have public funding attached to them in some shape or form have a great understanding of the need to work together wherever possible. When I became Secretary of State just over a year ago I asked to see a list of the activities that might be happening in different countries, and it became apparent that it was not necessarily something that was regularly pulled together. So in the past 12 months we have established a system, which we will roll out as of April, for pulling together the huge array of activities of our cultural institutions, whether it is the British Museum, the Hallé orchestra, the Birmingham symphony orchestra and every organisation in between, to try to get a feeling for what activities are going on in which country, so that we can not only support them as
Ministers but play them into the work that we are doing to develop those countries as trading partners.

Q330 The Chairman: This is a question which you are both bound to answer with a yes, but do you feel that you both get enough support from the Cabinet and other departments and from the National Security Council and other co-ordinating machinery in government that realise that this new era of huge emphasis on the softer and more powerful influences on our exports and interests is growing apace?

Maria Miller MP: I think I could answer for both departments and say yes, because we work jointly through the GREAT campaign programme board. I chair that, but we have representatives from UKTI, BIS and a whole host of organisations, including our tourism organisation VisitBritain, to come together to make sure that our approach in this area is co-ordinated. Of course each department will have its own objectives, but we can come together with an understanding that, particularly through the GREAT marketing campaign for Britain, our objectives can very much go together and we can have a common marketing approach.

The Chairman: Is that the way it looks from BIS as well, Minister?

Michael Fallon MP: Yes. If I may say so, since I was last in government about 20 years ago the Whitehall departments are far more joined up now. We have more Ministers who are common to both departments. We have more organisation partnerships between industry and government and involve Ministers from more than one department. The Creative Industries Council, for example, involves Ministers from DCMS and from BIS. It is more joined up.

The Chairman: Can we move on to the image side of this, as we have touched on the GREAT Britain campaign?

Q331 Lord Foulkes of Cumnock: Chair, could I ask a follow-on question, because I am still not absolutely clear how it is co-ordinated within government? When we started taking evidence, it was suggested that the National Security Council had a role. Then we got lots of evidence that the Foreign Office was at the front, because it was the department that had all the embassies overseas. Then we were told that the GREAT campaign programme board, which you chair, co-ordinates it across Whitehall. I am not just talking about the marketing campaign; I am talking about the whole idea of the development of soft power and using it right across the board. How is that co-ordinated?

Maria Miller MP: You are right that the National Security Council takes a clear interest. I have certainly attended meetings and talked about soft power, but if you are looking for one fulcrum where Ministers come together on a practical working level and agree objectives and focus it really is through the GREAT programme board. That is not to say that every aspect of UKTI, DCMS or FCO activity is agreed through that meeting, but it gives us the opportunity to come together and see where our shared objectives are and to co-ordinate them. Hugo Swire is our Foreign Office Minister on it and is a hugely important part of the work that I do overseas, as indeed are UKTI, Lord Green and VisitBritain. For me—I cannot speak for others—the GREAT programme board is a way of coming together. Of course, you are never going to have one place where every detail is discussed, but that is where we really get that common understanding of how we can work together.

Lord Foulkes of Cumnock: I know that Michael says that things have changed over the years in government and that there is much more co-ordination. My recollection, however, was that the officials play a part in putting up the agenda, putting forward ideas and so on.
We had evidence last week from the guy in charge of the GREAT campaign. He had a 
minder with him, Mr Aiken, who is head of government propaganda—sorry, public relations. 
Who comes forward with the ideas?

**Maria Miller MP:** I think you will find that this is very ministerially led. You can hear the 
passion from me on my side about the role of DCMS and culture in the soft power agenda. 
But of course it is multifaceted. Education is a critical part of this. If you talk to David 
Willetts, he will of course talk to you about some of the work that he has been doing on the 
educational side of things. You can talk to UKTI and now Lord Livingston.

**Lord Foulkes of Cumnock:** But that is the point: it is so multifaceted that we are not 
quite clear how everything is brought together. The GREAT programme committee does 
not seem to bring together all the aspects of our image overseas and the Foreign Office.

**Maria Miller MP:** With respect, it does, and of course this is a very new approach. Britain 
has not really marketed itself in such a cohesive way before. Conrad Bird, who is our 
campaign manager, if you like, and is probably the person you were referring to, is helping us 
operationally to develop the campaign on the ground, but I think you will find that this is 
very much led by Ministers because of the great belief and understanding that to be able to 
be successful in overseas markets we have to be able to market ourselves successfully and 
that a great deal of the work that is being done by our cultural institutions softens the 
ground and makes sure that our reputation and levels of trust are high. Equally, the work 
that is being done by educational establishments overseas has a very powerful role to play, 
and if you are looking for a simple answer you will not find it. It is a multifaceted approach 
that really shows the commitment at a very senior ministerial level for all departments to 
play their role in the economic growth of this country, and that at the heart of that 
economic growth is our export focus, particularly into new markets. It is complicated and is 
dealt with by many Ministers, but that is quite deliberate.

**The Chairman:** Image and perception are what I want to move on to now, and indeed a 
lot of other things as well. Baroness Nicholson will start on that.

**Q332 Baroness Nicholson of Winterbourne:** Thank you very much. I was pleased to 
see that the Chinese Government supported global time and so identified tourism and 
overseas study, and Britain being suitable for both those things, so congratulations on those 
points at least. Are we making the maximum use of outside opportunities through the 
department? I am thinking particularly of our membership of UNESCO, where we have a 
tremendous friend in the Director-General, Irina Bokova, who visited a few days ago and has 
just been reappointed and re-elected for the next four years. In UNESCO, Britain having one 
of the prime languages, we have major opportunities. I wondered whether in fact more 
people around us would somehow maximise our unique heritage, cultural, English language, 
educational, BBC and British Council opportunities. Is there more that the department can 
do?

This is a question for Michael Fallon on the same point. It was a little sad to see that the 
Chinese Government chose to make that statement during the time that our Prime Minister 
was taking one of our very best and biggest delegations to China. Is there a way in which we 
can use such delegations or other such activities not just to counter such statements that 
promote our business and industry excellence much more powerfully than we have done so 
far?

**Maria Miller MP:** I also noted the article that you referred to. I just say carefully that the 
Prime Minister had meetings with both the Premier and the President of China the previous
day, so I think our relationship with China goes to a little more than just tourism and education. Although both of those are very important, the fact that we landed £6 billion of trade deals during that delegation’s three-day visit gives you some indication of the growing power of the business relationship between China and Britain at a fundamental level—important deals, including those with JCB and Rolls-Royce. That is not to take away from the importance of tourism and education, because of course the way in which individuals first build their relations or their trust in a country can often be through a visit or learning a language. Those are very important ways to build soft power between our two nations.

You raised the issue of the role of third-party organisations in building a strong brand for Britain around the world. You raise an important point. If you were going to invent a brand called Great Britain, you would want one that had one of the most important languages in the world, English, associated with it. You would want one that had some of the most incredibly established and iconic cultural institutions, like the British Museum, the British Library and the V&A. You would also want to give it membership of wonderful organisations like UNESCO and the United Nations. That is part of who we are as a nation, although I think it is important that as a nation we also stand by ourselves and are able to be individualistic, as well as part of larger groups and bodies. That would be my perspective.

The Chairman: Minister of State.

**Michael Fallon MP:** It was a curious quotation that the UK was only suitable for tourism and overseas study in the week in which the Prime Minister and his delegation absolutely underlined that the United Kingdom is suitable for investment. We saw major trade contracts signed, as the Secretary of State said, but also, I think, the beginnings of a much more intense period of investment by the Chinese here in Britain in our infrastructure, not least in our civil nuclear programme, coming in as partners behind EDF in the new reactor at Hinkley Point C, offering to participate in our railway infrastructure in High Speed 2 and getting involved in a whole series of other infrastructure projects from ports through two airports. So it was a curious quotation not really borne out by the facts.

The Chairman: Why do you think he said it? Had we irritated the Chinese in some way?

**Michael Fallon MP:** It was not said by the Government. Perhaps the Secretary of State can comment because she was there, but it was not said by the Government. It was a remark in one of the papers, the *Global Times*. I think those papers are all quite close to the Government, but it certainly was not an official remark.

**Maria Miller MP:** I think that the wonderful reception that the entire delegation received was probably a strong indicator of a very good and growing relationship. We had a very successful visit and I think that the facts from the visit probably speak louder than words in an article.

**Baroness Nicholson of Winterbourne:** Michael is commenting on the reality. We are talking about what came across, which was not that hard reality. How can we deflect those negative images and put the positive image forward? That is really what the question is about.

**Michael Fallon MP:** It is through intense work. It is through deepening the relationship and intensifying the trade flows in either direction. Taking 130 companies to China is certainly a mark of how seriously we take that particular market. The Prime Minister’s visit followed the Chancellor’s visit the month before. Before that, the Energy Secretary was there, and so on, so there is fairly intense engagement now with China to build up our trade and make it
very clear to the Chinese that they are welcome investors here in the United Kingdom. I do not think that we would be deflected by the odd critical remark.

**The Chairman:** Lord Ramsbotham, you wanted to come in on this?

**Lord Ramsbotham:** No, I wanted to comment earlier.

**The Chairman:** We have already touched on the Great Britain aspect and have had some very useful evidence before the committee about it. That is co-ordinated at the Cabinet Office, is it not?

**Maria Miller MP:** Yes, I chair the GREAT programme board.

**The Chairman:** Sorry, the GREAT programme.

**Maria Miller MP:** Yes, the secretariat is through the Cabinet Office, I think.

**The Chairman:** Do you find that there is a good balance between us telling us what the world what we can do and us puffing up our reputation a bit? Is there a danger on that second front?

**Maria Miller MP:** It is interesting, is it not? We have a great British tradition of being understated. One could look at the GREAT campaign and think that that may be slightly at odds with that. I think that in a global market, you have to be prepared to put forward an extremely positive profile for our country. I think the days are gone when we can be shy and understated. We have to be proud, as I think people are in our country, of what we stand for, whether it is our technological innovations, scientific prowess, our educational expertise or our culture and our heritage.

Q333 **Baroness Nicholson of Winterbourne:** Does the Secretary of State see a useful way in which Britain could play a far more prominent role in UNESCO? We removed ourselves from UNESCO for a while, but we are now back and UNESCO has welcomed us back. Can the Minister perceive a way for us to provide a much bigger image for Britain through a much greater intervention in UNESCO’s work internationally? Would be in our interests to do so?

**Maria Miller MP:** I think it is in our interests to make sure that, when we are projecting a reputation or our brand image internationally, we are clear that it is Britain that we are selling. That is important. If we are members of other organisations, whether it is the EU or UNESCO, that can always be of benefit, but ultimately the campaign that we are projecting is in support of our individual country’s trade. It is important that we have that single-mindedness, albeit knowing that in any campaign we will have comments from various quarters. I certainly recognise that some people find our campaign to be quite up front, and it is quite deliberately designed to be that.

**Baroness Armstrong of Hill Top:** We were discussing with people from the GREAT campaign how much it benefited them that this was driven by government, because much of the evidence that we have had, for example from Joseph Nye, who worked out the whole concept of soft power, is that organisations such as the BBC are really powerful internationally in influence about Britain precisely because they are not government-run. How are you making sure in your department that you get that balance right, and what has your experience been of whether something that you say as a government Minister helps or hinders our influence with particular countries?

**Maria Miller MP:** I think Baroness Armstrong has absolutely hit the nail on the head: it is getting that balance right. You draw on the example of the BBC, and I think you are right.
There is a great deal of evidence that suggests that people's knowledge of the BBC adds to their positive image of Britain. Whether or not what they have seen on the BBC has been positive or negative about the Government really does not matter. They know that the BBC is independent, and that says a lot about our country, so the profile of BBC is incredibly important.

I do not think that an organisation such as the BBC could or should be masterminding a campaign for selling Britain as an entity abroad. I know from talking to Tim Davie that he is very supportive of our GREAT campaign and is working closely with my colleague, Ed Vaizey, on a new board that is looking at cultural exports, so we are working very closely with the BBC in that respect. I think there is a very real and important role for government to carefully support the promotion of our country abroad. You are right that we have to do that with great sensitivity. Certainly when I am looking at our cultural organisations, I very much respect, first and foremost, that it is their agenda abroad that is most important. As that fits into what the Government are doing, it fits in, but it is not driven by the Government.

**The Chairman:** No. But you think, Secretary of State, because you said so, that the BBC has damaged itself a bit by some of its recent scandals.

**Maria Miller MP:** But I think you have to take a far longer view of the BBC. It is an organisation of the most incredible credentials. Of course, organisations will go through a tough patch, and it has been going through a very difficult period. I hope it is coming through that now. None of us should underestimate the importance of the BBC as part of who we are as a nation. I am sure that any problems that it has been experiencing in recent months and years will be things of the past very soon.

**Q334 The Chairman:** Time is of the essence, and I want to move on to hard results of all this: namely, our exports. Are exports doing better? Yes. Are they anywhere near good enough and ahead of the game? No. Minister, this is your main concern. I hope it does not keep you awake at nights, but I am certain that it is the first thing you think about in the morning. How do we turn these great soft power assets that we have into earnings and prosperity? Are we doing enough and where should we be doing more?

**Michael Fallon MP:** I think we can always do more. There has been a much tighter focus now on where we can do more to strengthen our performance in some of those emerging markets where traditionally we have not been doing particularly strongly but where we now are. You see that across the board, not simply in trade delegations led by the Prime Minister or the Deputy Prime Minister but a much more intensive effort by UKTI in some of those markets, which is already beginning to yield results. We have seen some quite encouraging increases in the share of our trade with China, Russia, Brazil, and so on, which I think show that where there is greater focus, results will follow.

In many cases, of course, they have followed from the exercise of soft power. When I was in Brazil recently, it was the delivery of London 2012 that opened almost every door. I saw the reputation that Lord Coe, for example, already has in Brazil—he has been visiting quite a number of times since the Olympics—in how to organise a major world-scale event. So soft power certainly helps.

**Maria Miller MP:** May I say, Lord Howell, that I, too, if I were lying awake at night, would be worrying about whether or not what we are doing is actually landing trade deals? Although there are many reasons why we support culture and heritage in our country, because it is who we are as a nation, it is also very important to me that we are supporting
the work of the BIS department. For me, as a Minister responsible for tourism in the
Government, I am also looking to make sure that we are landing hard results there. We are
seeing even now, in these difficult economic times, tourism rising by 6% in numbers and 11% in value. You can see that there are fruits of our labours already.

The Chairman: Lord Foulkes, did you want to pursue the export side of things?

Lord Foulkes of Cumnock: No, I was going to ask about tourism.

The Chairman: That comes a little later, so I think we will leave that for the moment.

Q335 Lord Ramsbotham: I must admit that I am still slightly confused about this. When we had people from the Foreign Office here and we were talking about the UKTI, they said that each of their embassies overseas was home to every ministry from London that was coming through, and they were helping them to follow their own particular aspect in the country concerned. I have to say that we did not form a very favourable impression of UKTI’s skills, abilities or numbers. Indeed, it appeared that there was a disconnect because it did not have the contacts in the countries concerned compared, for example, to Germany, which had a huge number of people who were able to help their businesses. Then we heard that the NSC was co-ordinating. Now, Secretary of State, you are the co-ordinator of the GREAT campaign and it seems that everything is emanating from there. Where does the Foreign Office and UKTI fit into all that, and what you are co-ordinating?

Maria Miller MP: I will answer first. My colleague may want to follow up. I think it is reasonably straightforward in its structure. Our embassies are obviously ultimately our sales team on the ground. They work with UKTI and have representatives from UKTI to convert those sales leads into practical deals and contracts. In terms of marketing support, that is where the GREAT campaign comes in, and you cannot have a marketing campaign that is not joined up with your sales campaign: UKTI and the FCO. It is very much as it would happen in a private sector organisation. We come together around a table as equals. I chair the meeting because it is convenient for me to do that, but people around the table each have an individual role, whether that is UKTI in developing the business leads, the FCO in the knowledge on the ground, or my department, DCMS, with its tourism or cultural responsibilities. You have a number of people here who have skin in the game. Of course it will be that way because we are undertaking a highly complex activity, but I have to say, having spent 20 years in marketing and advertising before becoming a Member of Parliament, that that very much echoes my experience in the private sector.

Lord Ramsbotham: But who masterminds the policy that the United Kingdom is following with, say, Brazil, in enhancing marketing and other opportunities?

Maria Miller MP: The trade deals that are to be followed and pursued?

Lord Ramsbotham: No, our whole soft power approach to Brazil. Who will do what to enhance our national reputation in Brazil and so on?

Maria Miller MP: The person most responsible is of course the ambassador on the ground, who is the person who masterminds what is happening in market, whether it is in Brazil or any other country. Then, of course, I will be looking very closely at the sort of activities we have going on in Brazil to understand where our cultural organisations are putting their weight. Obviously it is for cultural organisations to decide what activities they put on. One of my visions for my department is for us to be able, where possible, to augment that in future, but at this point it is very much driven by the cultural organisations that have for many years been undertaking activities in these markets. I give you an example. In Brazil, the Science Museum is working with the Brazilian Government post the Olympic Games in the
establishment of a science museum in Brazil. That is driven by the Brazilian Government but is enormously helpful to the relations between our two countries.

I think that what has been an organic process to date will increasingly become something that we will want to try to augment, if it is strategically appropriate to do so.

The Chairman: Minister, do you want to comment on that?

Michael Fallon MP: Yes. Brazil is a very good example of a country where we have intensified our effort. You can say that we should have done that years ago, and so on, but we have certainly done it now. We have increased the number of UKTI people in post. There are ministerial visits extremely regularly. I was there in September as part of the UK-Brazil energy dialogue that we now conduct, seeing more opportunities for British companies that have developed techniques in the North Sea to assist in the development of the deeper waters off the Rio basin. There is another potential co-operation in nuclear—Brazil is building a nuclear station at the moment—and in shale, which it is also examining, and there are well established British companies in Brazil, notably BG Group. My experience is that the small and medium-sized British companies that have been out in Brazil recently have nothing but praise for UKTI and the efforts that have been made there.

If you are implying that we as a country were a bit slow off the mark in tackling some of those emerging markets 10 or 15 years ago, that is possibly true, but Brazil is certainly a key target market now.

Maria Miller MP: If I may slightly broaden the comment that I made earlier, think about the way we are now using years of culture to throw a spotlight on to markets. At the moment, we have the UK-Qatar year of culture. Next year, we will have the Russian year of culture. I signed a cultural agreement with the Chinese last week. That provides a little more of what I think you are looking for, which is a more structured approach to our cultural engagements. We see that as an increasingly important tool.

Q336 Baroness Hussein-Ece: Are you satisfied by the United Kingdom’s ability to invest in and establish cultural programmes and institutions in the way in which China, which we were just talking about, and others such as France, Germany and Japan are doing? Is there a view that we do not need to do that because we already have very good links with many Commonwealth countries, for example, or is it because of a resource issue that we are not doing as much as other countries? Surely by putting so much emphasis on China we might now be accused of neglecting other markets—emerging powers in Africa, for example, which we have heard a lot about? I should be interested in your views on that.

Maria Miller MP: I think the important thing is to recognise how much activity is already going on in a unilateral way between our prestigious organisations in the UK and organisations abroad. The Committee should not be concerned that there is an over-dominance of any one particular country. I am very struck by how organisations such as the British Museum, the British Library and the Victoria and Albert Museum have developed their reputations, rightly so, in a great number of both emerging and established markets, whether that is Brazil, Russia, India and China or beyond. They have done incredible work developing those relations over many years.

Of course, we would all want that work to go even further. It is now a great source of revenue for organisations providing consultancy for the development of new cultural institutions in the Middle East, China, Russia or elsewhere. It would be good to see that influence developed further into new markets. Of course, we are focused at this time on
how we can use soft power particularly for the development of trade links, so inevitably that will draw us to certain markets.

**Q337 Baroness Hussein-Ece:** I am sure you are asked a lot about visas, given that you have a dual role, wearing a tourism hat as well one for culture. We have heard a lot about this. It keeps coming up time and time again. I am sure that people have made representations to you. Do you have views on this? Are you making representations about the fact that visa restrictions are making it difficult for people who want to come over legitimately, say, cultural exchange? It is sending out a negative message that we are not in fact open for business in the way that we could be. Are you making representations on that?

**Maria Miller MP:** I think we have already announced a great number of improvements in our visa regime to make sure that it is exactly as you would want it to be—to be welcoming—but equally to get the balance right, because people want to have secure borders as well. I spent an important period of last week in China working with the Chinese media to underline the already announced reforms of our visa regime to give same-day turnaround for visas and the fact that 97% of Chinese people applying for visas get them. There is a lot of misinformation around, anecdotal information, which one has always to counter. That was an important part of the work that I was doing there: making sure that our visa regime really supports both tourism and business and cultural travel.

**The Chairman:** Does the visa issue come across your desk as well, Minister of State?

**Michael Fallon MP:** Yes, it certainly does, and the Secretary of State is right: there may have been some misconceptions about just how difficult it is to get a visa. We have done a lot of work in BIS, particularly on the student side, to clarify that genuine students are extremely welcome in this country. They are not being capped; we have made that very clear to countries that particularly want to share in our higher education. On the business side, there are some caps on skilled migration, but again I think they are reasonably generous and we continue to encourage companies to send their best and brightest people here. I think we now have a regime that is reasonably stable, although I certainly accept that where there are misconceptions we must work harder to tackle them.

**The Chairman:** I am now in a dilemma, because we do not have much time and I want Baroness Nicholson to pursue particularly hot issues of ethics, human rights and so on. Do you want to ask that question now?

**Baroness Nicholson of Winterbourne:** Yes, very much so.

**The Chairman:** Lord Hodgson wants to get in—on this subject?

**Lord Hodgson of Astley Abbotts:** One quick question. We hear about discussion of BRICs but beyond that, it sounds quite serendipitous: the British Museum is doing this, the British Council is doing that. Would we do better if we provided more focus for what are inevitably limited resources to achieve better trade and economic benefit for this country? I understand that you pick up the BRIC countries because they are self-selecting, but beyond that, is there to somebody to sit down and say, “This is an interesting area. We ought to be getting involved”? If so, who does it and how is it done?

**Michael Fallon MP:** Perhaps I could start on that on the trade side. Yes, we do look at trade patterns, the potential of markets. The Trade Minister, Lord Green, did this when he took up his appointment. I think today is his last day in office. I am sure you will want to wish him well in his retirement. That is exactly what he did when he started in office three years ago. They reviewed all these markets. They looked at those where less attention was being given and that could do with some more resources, and others where the effort could be
scaled back. You have to prioritise where you have your UKTI presence and where you are spending money on trade fairs, supporting exhibitions, and so on. That is done every so often at the top of the Government. I am sure that tomorrow’s Trade Minister, Lord Livingston, will want to have another look to see whether the effort is being directed best.

**Maria Miller MP:** On my side of the discussions, I just underline that a great deal of this activity is happening anyway, often without public money involved, because it is funded by the receiving country. It is really important to understand that. I go back to my earlier comment about how we are increasingly using years of culture and cultural agreements to provide the sort of focus that I think you are asking for. By signing an agreement with a country, one can highlight to cultural institutions that it is a focus and somewhere where there will be reciprocity in cultural exchange.

**Lord Hodgson of Astley Abbotts:** But if I asked to you to list your top 10 priorities, would they be the same as BIS’s?

**Maria Miller MP:** They would be very similar. This is what we do on the GREAT programme board. They will not be exactly the same, because tourism figures are still driven hugely by countries with which we still have strong trading links, such as the US, Germany and France. We get huge numbers of tourists from there, so for me it is important to keep those figures strong.

**The Chairman:** Watching the clock all the time, Baroness Nicholson, would you like to ask about human rights, corruption and other awkward issues?

**Q338 Baroness Nicholson of Winterbourne:** Thank you very much, chairman. Minister Fallon, a number of our competitors do not have to accommodate themselves to the rigours of our Bribery Act or to our human rights reputation and legislation here in Britain. Some of our other competitors should but maybe do not pay quite as much attention to either issue as we do. Yet when we sell to countries that may not have established democracy, the rule of law and the private sector to the extent that we and other western democracies do, there is naturally an outcry. How do you resolve that dichotomy? Is it possible for you to argue that the free market and the private sector bring rigorous rules of ethics and constitutional requirements? Do you see this as a growing problem or one where we can somehow square the circle?

**Michael Fallon MP:** I do not see it as a growing problem, and I do not, with respect, see it as quite the dichotomy that you see it as. To my mind, whether it is bribery or human rights abuse, these are both barriers to business, to growth and to our own security and prosperity. Doing business in the right way in these countries benefits them, and benefits us in the end, so I do not see these as choices that we have to make. We send out very clear messages about the standards that we expect of our companies in these third markets, and of course we have the new bribery legislation, which makes it very clear that bribery of the kind that may have occurred in the past will be punished. We have some very clear guidance on that. So I would hope that the shadier competitors who you are suggesting do not pay as much attention to these areas as we do would recognise that it is in the long-term interest of the world trading system and of the western developed countries themselves that we ensure that we have very strict guidance on human rights.

There are examples of sectors where there is very strong public concern. I deal with one of them: the licensing of arms exports. We probably have stricter guidelines than many of our competitors, even inside the European Union, on the rules and circumstances in which we will sell arms to other countries—and defence is a very important industry in this country. If
occasionally we lose out as a result, so be it. I would rather be on the side of having the stricter rules than those that are laxer.

**Baroness Nicholson of Winterbourne:** But given the enormous growth of corruption and the black market and more around the globe today, are the Government doing enough to try to combat that in a way that would assist British business? It is galling when our competitors win hand over fist with ever growing bribery. What more can we do?

**Michael Fallon MP:** Well, we are signatories to the various conventions. The United Nations convention against bribery and the OECD bribery convention required us to criminalise the bribery of foreign public officials, and we do our best to make sure that other countries, having signed these conventions, live up to them. It is extremely important for a country that has a very strong tradition of the rule of law and respect for human rights that we are not just seen to be the good guys but that we are the good guys. That in itself will encourage better standards of behaviour internationally.

**The Chairman:** Baroness Goudie, did you want to come in on this?

**Baroness Goudie:** On human rights? Yes. Baroness Nicholson asked some of the questions. We do have a very strong reputation on human rights, and I feel that sometimes we trade those down, for example over the Dalai Lama in China, and in Russia where we have been dealing with them but are not being up front on where we stand as a country. When we are here we say one thing, but when we are in their countries we say another. I think the issue of China and the Dalai Lama was very clear. China has been difficult with companies from other countries wanting to trade with them, and if they are seen to be dealing with the Dalai Lama, or even some people from Burma, they are quite difficult with those companies. I can give evidence about that.

**Michael Fallon MP:** I think you have put that perfectly fairly. The Chinese have made their position very clear on discussions with the Dalai Lama, but those discussions did take place between our Prime Minister, and indeed previous Prime Ministers, and the Dalai Lama. When our Ministers are in Russia, they raise human rights issues alongside trading issues, and there are other fora in which we can encourage the raising of standards more generally. We saw that at the G8 summit in Northern Ireland, where quite important agreements were reached on the transparency of extractive industries and the need to make sure that multinationals paid their tax properly.

**Baroness Goudie:** It is just that sometimes these things get swept under the carpet. We see them in the press here, but what happens after the visits? I know about the Northern Ireland G8, because I was privileged to be involved in that, but it is on the recent visits, both to Russia and to China, where I do not feel we took them up strongly enough.

**Maria Miller MP:** Perhaps I could interject. Obviously one has to be very sensitive about how these things are handled in market and with the organisations one might be meeting. I can tell the Committee that I met human rights organisations and social enterprise organisations partly funded by the British Council while I was in Beijing and Shanghai. It might not be something that I particularly wanted to draw attention to last week, but I have certainly been speaking about it since. It is important that we do that, and Ministers do that on all their visits because it is not an either/or, as the Minister has already said. It is part of the price of doing business and part of the way we get a successful global approach to business that it is done in an ethical way that pays due respect to human rights.

**Q339 Lord Janvrin:** I want to come back to what is probably government co-ordination but by a rather indirect route. If you were looking ahead at the lessons to be drawn from
the GREAT campaign or whatever it is, how would one want to do this soft power projection in five years’ time? Would you say that things like visa policy, scholarship policy, our aid policy and perhaps local government and their effect on diasporas and the social media et cetera, which will be increasingly important in the future, should all be part of the way in which we look at the GREAT campaigns of the future? If we do that, do you really think that we have the mechanism in place in government to work that kind of approach?

Maria Miller MP: The answer is yes, it should be done in that way. I think we are at the vanguard of the way in which we are operating as a Government now, which is in a much more cohesive way, bringing different departments together through the GREAT campaign and being more co-ordinated than ever before. That is not us saying it in government; that is others saying domestically and in overseas markets that the GREAT campaign is giving us a way of being much more co-ordinated than ever before and probably more than any other country, the evidence being that the French Government are, I understand, quite keen for us to brief them on the way we are running our campaign at the moment—something I am not sure we will be doing very rapidly.

You are right that if you are truly going to look ahead and see ways in which you can make it easier for people to buy into Britain, to understand the value of Britain and to grow their trust in Britain, then of course what you are saying is absolutely right: it needs to be drawn together into a single-minded campaign. I would add one further element to your very sensible list, which included visas and education, and that is reciprocity. It cannot be a one-way street. Whenever you are building a brand like this, it has to be a two-way street. It is just as much about bringing cultural experiences and tourism from abroad into Britain to make sure that that trust in our country is deep.

The Chairman: Lord Hodgson and Lord Foulkes both want to catch my eye. Then I want to spend the last few minutes on tourism, which requires hours rather than minutes, but that is all we have.

Lord Janvrin: Can I just finish this question? I just wanted to press you on whether this should simply rest with the GREAT campaign or whether it should be taken to a higher level. Is it really part of the central co-ordination of our security policy and our wider foreign policy, or should it be left, without disrespect, at the marketing level?

Maria Miller MP: The involvement of the Foreign Office in the GREAT campaign is already there and is integral. I understand the point you are making, and I will not take offence from it. Of course as a country we should be very consistent in the way we present ourselves, and this campaign gives us the opportunity to do that. We are breaking new ground here, and I think we are doing it extremely well. I think that what you are outlining as your vision is certainly a very credible way forward in the future.

Lord Hodgson of Astley Abbots: I just wanted to ask Michael Fallon a question, further to his brave speech about bribery and good conduct having its own reward. If we get too far ahead of the herd, we impose a disadvantage on ourselves in the sense that our bribery arrangements now, which unlike any others, including the Foreign Corrupt Practices Act, do not require any other country to take responsibility for its agents, whether or not employed. All I wanted to ask you was whether we cross-check where the rest of the herd are and make sure that we are not too far ahead and therefore imposing a disadvantage on ourselves.

Michael Fallon MP: I have not cross-checked in exactly that kind of way, but I have looked in some detail at whether or not the Bribery Act is now creating more of a burden on our business than it anticipated. The answer is that there have been relatively few cases under
the Bribery Act so far. There was an issue about the guidance when it first came in. Possibly a number—how can I put this—of law firms and consultancies saw the opportunity to hold conferences and to slightly panic people into thinking that they had to do a lot more than they were actually already doing. We have commissioned, jointly with the Ministry of Justice, a survey of small businesses to see whether the Bribery Act is inhibiting small businesses from developing their export ambitions, because that would clearly be serious. You make a very fair point about cross-checking with some of our major competitors, and I am happy to look into that.

**Q340 Lord Foulkes of Cumnock:** I just wanted to follow up Lord Janvrin’s excellent question and ask the flipside of it. How do you involve the devolved Administrations in the GREAT campaign, and generally, in everything? You are Welsh, I think, although you do not sound it.

**Maria Miller MP:** I was brought up in south Wales, absolutely, so I have a great affinity particularly to the Celtic fringe.

**Lord Foulkes of Cumnock:** How do you involve the devolved Administrations?

**Maria Miller MP:** Through the VisitBritain campaign and through VisitBritain. VisitBritain obviously covers selling Britain abroad.

**Lord Foulkes of Cumnock:** I do not just mean tourism; I mean right across the board.

**Maria Miller MP:** Whether it is through tourism or any other aspect of our activities abroad, we involve the devolved Administrations in the usual way. Obviously culturally I want our Welsh cultural organisations or Scottish or Northern Ireland cultural organisations to be as involved as any other in painting a picture of what Britain is doing abroad. We do that as a department in the usual course of doing business. That obviously then feeds through into our work in the GREAT campaign.

**Lord Foulkes of Cumnock:** Do you think it confused the message for Alex Salmond to take a separate trade mission to China?

**Maria Miller MP:** Obviously it is for the Scottish Government to decide whether that is what they want to do. Perhaps that question is more for my colleague than for me to answer in relation to trade delegations, but certainly Scottish cultural institutions—

**Lord Foulkes of Cumnock:** I am not worried about culture; that is all right.

**Maria Miller MP:** —do their own thing when it comes to going abroad, as well as working with English institutions as well.

**Lord Foulkes of Cumnock:** I have my Better Together pen here. We have been in this Committee for an hour and it is only now that we have mentioned Wales and Scotland. That is really quite astonishing when both of you represent the Government of the whole of the United Kingdom, yet the Scottish Government are doing their own thing again and again on so many things that are United Kingdom competency.

**Maria Miller MP:** Having very recently spent a very enjoyable day in Wales talking to them about Swansea’s recent bid for the UK City of Culture 2017, I would say that I take very seriously the support and the work that we do with both Cardiff and Edinburgh.

**Lord Foulkes of Cumnock:** There is no referendum coming up in Cardiff.
The Chairman: I can see the discussion opening out in quite interesting directions but not the ones for which we have very little time. We must just pursue this huge industry of tourism, which falls with the Secretary of State, and let us hear some questions on that.

Q341 Baroness Armstrong of Hill Top: Despite what you said before, we have had evidence that people’s perceptions and reception of the visa policy has been that we have been very confused in this country. They have had one message from one part of government and another message from another part of government, and that has been damaging. Many of us individually, rather than in the Committee, have heard that from education people, business people and certainly from countries. Was that simply a failure of policy co-ordination, was it that people have not understood the policy, or is that your department might have done more to mitigate confusion within government?

Michael Fallon MP: There is no confusion within government. Obviously government departments will come at this issue from different perspectives. Some government departments, such as the Home Office, are charged with the security of the United Kingdom and are part, as we all are, of our overall commitment to making sure that immigration is managed properly. There are obviously tensions there between that policy and the policy of open tourism and open student entry.

Baroness Armstrong of Hill Top: Can I give an example, then? There is the whole issue of tourism and people moving both ways. You have said that that is very important, Secretary of State. Charges at airports were raised by the tourist group that came before us as a very serious problem for soft power. George and I have also had raised by developing countries their anger that visas are dealt with in countries in such a way that people have to travel and spend a lot of money to get a visa. All this makes them feel, “Britain does not want to know us any more”.

Maria Miller MP: Inevitably, we will have to continue to look at issues of passenger duty and visa availability to make sure that we get that right, but I think the figures speak for themselves. We see that even in difficult economic times, not just for Britain but for many other countries from which tourists come to this country, we have seen a 6% growth in numbers, particularly in the post-Olympic period. It is always said that when you host an Olympic Games, tourist figures can go down around it. In Britain, that did not happen.

Baroness Armstrong of Hill Top: Despite Boris.

Maria Miller MP: I hear what the noble Lady says, but the figures suggest that we have more people coming in and that they are spending even more money—11% growth in value.

Let me be very clear: we and the Home Office continually keep the visa regimes under careful scrutiny to ensure that they are working in the way they should. I was particularly pleased to see the announcements made by the Chancellor during his recent visit to China on piloting a common gateway for our visa with the Schengen visas so that we can simplify the process for people who are visiting our country. It is really important to be welcoming, as the noble Lady says.

Q342 The Chairman: We are in extra time, and we will get one final question from the chairman. It is this: do either of you find that our membership of the Commonwealth is important in shaping our export effort, our reputation around the world and our attraction as an investment centre? Who would like to start?

Michael Fallon MP: Perhaps I should start. Yes, the Commonwealth is important. It is a sizeable trading bloc on its own, with 15% of world value. It is not as big an export market
for us as the European Union, and of course we do not have total competence over trade. We cannot negotiate directly with the Commonwealth, because that competence now belongs to the European Union. Indeed, three members of the Commonwealth are members of the European Union as well. The Commonwealth also contains some very fast-growing economies that are certainly important to us in our focus on trade. It is an area to which in recent years, under recent Ministers, we have started to give more attention, and I think that should continue.

**The Chairman:** Before the Secretary of State adds to that, is it not a fact that the great growth area for British earnings overseas has been in services? The EU is pretty patchy when it comes to a single market in services. In fact there is not much of a single market at all. As we have heard from the Secretary of State, we have had fantastic growth in our creative arts earnings overseas. These are surely things where we can look beyond the European Union and deal directly with the great new markets of Asia, including the Commonwealth. Is that not the new picture?

**Michael Fallon MP:** Yes, but I do not think it is a choice, with respect, Lord Howell. Of course we are trying to complete those bits of the internal market in services that are yet to be complete, notably in energy, and looking to ensure that we have a proper internal market in digital services, which is very important for our businesses. But that does not stop us focusing on services to some of the countries that you have mentioned. A lot of those are not simply straightforward services, if I can call tourism that, but business services. They are selling our expertise. They are selling professional services, business to business services, in which I think we have a very strong hand to play.

**Maria Miller MP:** I would say that soft power is all about building our understanding, influence and reputation within countries. With Commonwealth countries, we have the unique starting point of a very close relationship from the outset. When it comes to the soft power agenda, the Commonwealth nations offer a unique opportunity for us, whether in tourism—I look at countries such as Canada and Australia, which are still very large tourism markets for us—or through unique events such as the Commonwealth Games in Scotland next year, which will give us an opportunity to see the Commonwealth at its best, bringing many nations together in Scotland at a very important time in its history and showing that it is a pivotal part of this unique union. I very much hope that it remains that way.

**The Chairman:** That final answer pleases the chairman, so that is always a useful note on which to end. Inevitably, there are things that we have not covered in the time available, but you have given us a very clear picture of your awareness in both your departments, or the two or three departments that you cover, of the importance of the deployment of our soft power assets. That is very helpful, so I thank you on behalf of the committee for giving us your time. We are very grateful to you.