LETTERS

HAVE SOMETHING TO SAY?
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CERTAINTY AND COOPERATION ARE KEY

In his September editorial, Dr Scott Steedman CBE FREng highlighted the need for solutions to the numerous key issues in defining the UK's new relationship with the EU, our biggest market for manufactured goods and services ('Standards enable market access', *Ingenia* 68). The editorial rightly concluded that we must understand the vital role played by standards and regulation in enabling trade.

In September, EEF, the manufacturers' organisation, published a report in partnership with global law firm Squire Patton Boggs, which spelt out manufacturers' key priorities for the forthcoming Brexit negotiations and highlighted that supporting and protecting industry will be critical to ensuring post-Brexit Britain is a great success. The role of standards and regulation in this process cannot be underestimated.

While tariff-free access to the single market remains a key priority for our sector, removal of non-tariff barriers to exporters, such as regulatory issues, technical barriers, standards and measurements, has become central to defining trading relationships between nations and trading blocs. As pointed out in Dr Steedman's editorial, the European single market has helped reduce these barriers within the EU, with the bloc particularly focused on tackling technical barriers to trade.

EEF members, manufacturers of all sizes, from start-ups to multinationals, recognise the importance of these non-tariff barriers and have been clear in highlighting that regulation and product standards, respectively, represent the most significant of these impediments to accessing other markets. Indeed, when surveyed before the referendum, 73% of EEF manufacturers said that one set of trading rules and regulations in Europe is an advantage, with 71% seeing the EU as lowering the cost of doing business, through this single regulatory and legal environment.

Regulatory stability is key to supporting a smooth exit from the EU. EEF's report highlighted that manufacturers and exporters have a clear preference for the UK to absorb much of the existing regulatory framework, in the short term, in order to maintain existing trading links across the EU. However, they recognise that leaving the EU in the long term will allow some freedom to review aspects of how businesses are regulated.

In defining our new relationship, we must also understand the role that will be played by UK notified bodies and competent authorities in assessing the compliance with regulation and standards. In the post-Brexit environment, reciprocity must be ensured so that we avoid drags on business and market access, such as double testing, double certification, overly divergent regulations and multiple standards. Manufacturers want to make one product for multiple markets based on one standard, one test, rather than products for individual markets based on multiple standards and tests.

As the nature of the new relationship with the EU unfolds, Britain should seek agreement with the EU to achieve the shared objectives of legislation and standards. The UK must have a seat at a table that enables both parties to create the mechanisms to ensure certainty, cooperation and close consultation.

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The EEF report, Britain and the EU: manufacturing an orderly exit*, can be accessed at* ***http://bit.ly/2dh8ejH***

THE FUTURE COULD BE BRIGHT FOR BROADBAND

As David Cleevely's opinion piece, 'Broadband needs its champions', and the article, 'Broadband in the backwaters: rural Britain's fight for faster internet' (*Ingenia* 68), both made clear, good quality broadband service is increasingly a necessity for modern life, from an economic, social policy and personal welfare perspective. By a similar token, the absence of good broadband represents a significant opportunity cost for the nation, through the loss of economic output, the high cost of delivering public services, and the adverse effects of social and digital isolation.

In a post-Brexit world, the economic stakes seem even higher than they were; the state of Britain's digital infrastructure is a critical element in the country's standing as a magnet for inward investment, and in its ability to create high-value employment across the creative, service and manufacturing sectors.

It is all the more ironic, therefore, that the incrementalist approach to infrastructure renewal adopted by the previous government, whereby BT was encouraged through grant funding to extend fibre from the exchange to the roadside cabinet, inching towards the 90% and 95% targets, merely added to the sense among those in the 'final 10%' of having been left behind.

However, despite this slightly discouraging backdrop, the prospect for achieving that formerly elusive 100% target has never looked more positive than it does right now.

The first reason for this is policy. On this matter, the new government has made an encouraging start, with Matt Hancock MP, the new Broadband Minister, indicating a clear shift in policy when he spoke at this month's Broadband World Forum in London. In his first public pronouncement since taking his post in July, he effectively distanced himself from the previous administration, stressing that the government's 'holistic' approach would be pragmatic and aspirational, suggesting a degree of joined-up thinking rather than the setting of prescriptive and market-distorting targets. Importantly, he said he will be "on the side of the challenger: helping in every way I can to deliver fair competition and a level playing field". Under this government, the market will deliver the outcomes, with government's role being facilitation through effective policing of anti-competitive behaviour and various supply-side reforms such as the simplifying of wayleave permissioning (consent in writing to carry out work on private land).

A small but symbolically important point was the deliberate break with the past that was made clear with the rejection of the use of 'fibre broadband' to describe BT's fibre-to-the-cabinet (FTTC) upgrade. In the new Broadband Minister's lexicon "fibre means fibre" and FTTC is firmly an "interim technology". The Advertising Standards Authority will also be encouraged to strictly police service providers' use of potentially misleading 'up to' claims with respect to download speeds. Underpinned by this new spirit of openness and transparency, the policy framework seems to be in better shape than it has been for years.

Secondly, technological change is powering new business models. Matt Hancock was clear in his statement that "fibre is the future", but equally clear in his belief that the path to the future will take many forms, with FTTC, data-over-cable service interface specification (DOCSIS), fibre-to-the-premises (FTTP), fixed wireless and satellite all playing their roles. This is before considering the migration to 5G from 2020. With Ofcom accelerating the release of the valuable 700 MHz spectrum band, and having already released the lower frequency TV white space band for commercial sharing in January, and with the Internet of Things becoming increasingly mainstream, the future for digital connectivity does indeed look bright.

Finally, the country can afford to make this crucial infrastructure investment, whatever the government's own finances. Thanks to the persistence and determination of a handful of pioneering companies – such as City Fibre providing rich fibre capacity throughout multiple metropolitan areas, Hyperoptic connecting fibre in multi-dwelling units (apartment blocks), and Gigaclear installing fibre-to-the-home in rural areas – the 'AltNets' are developing a track record of success that promises far greater acceptance by investors of fibre infrastructure as a credible investment asset class. This is critical for unlocking the financing capacity of pension schemes that are otherwise starved of yielding investment in a zero-interest rate environment.

HM Treasury is also setting up a Digital Infrastructure Fund to be managed by private-sector fund managers that will provide public funding alongside, and on identical terms to, private investors. This is important not only for effectively doubling the amount of money available to support infrastructure projects but also signals a break with the old, gap-funded grant model, with all its inherent state aid complexities and market distortions.

We look forward to further news on the Digital Infrastructure Fund. Final evidence of the government's more pro-competitive policy would be a review of, or even moratorium on, the much-derided, and investment-sapping, business rate Fibre Tax.

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