

# News story: Gross Domestic Product (GDP): What it means and why it matters

## **GDP is the size of the economy at a point in time**

GDP measures the total value of all of the goods made, and services provided, during a specific period of time.

Goods are things such as your new washing machine, or the milk that you buy. Services include the haircut from your hairdresser, or repairs done by your plumber.

It's only final goods and services that are sold to you and me that matter for GDP though. So if some tyres roll off a production line and are sold to a car manufacturer, the value of the tyres isn't included in GDP, it is reflected in the value of the car.

The amount you pay, or the market value of that good or service, is what's important as these are added together to get GDP.

## **UK GDP includes goods and services produced in the UK**

Gross Domestic Product means that GDP is only measuring things that are produced within the borders of the UK.

This is important, because if a British company is producing cars in China, they're not contributing towards UK GDP.

## **Sometimes people use the phrase Real GDP**

This is because GDP can be expressed in nominal or real terms. Real GDP takes the value of goods and services produced in the UK, but it takes into account changing prices to remove the effect of rising prices over time, otherwise known as inflation.

Real GDP is otherwise known as the 'constant price' measure of GDP.

Nominal GDP still measures the value of all the goods and services produced in the UK, but at the time they are produced.

It is otherwise known as the 'current price' measure of GDP.

## **There's more than one way of measuring GDP**

Just imagine trying to add together the value of everything made in the UK – that's no easy feat, which is why there is more than one way of measuring GDP.

GDP is calculated three ways, adding up:

- all the money spent on goods and services
- the money earned through wages and profits
- the value of goods and services produced

These are known as the expenditure, income and output measures of GDP, respectively. All three different methods of calculating GDP should, in theory, give the same number.

### **In the UK, we get a new GDP figure every 3 months**

So if the GDP figure is higher than it was in the previous 3 months – the economy is growing.

If it's lower – the economy is getting smaller.

The Office for National Statistics (ONS) is responsible for calculating the GDP figure for the UK. Naturally it collects a lot of data from a lot of different sources to do this. It surveys tens of thousands of UK firms working in manufacturing, services, retail and construction, as well as using a wealth of administrative data.

### **You might have heard people refer to the first or second estimate of GDP**

The ONS calculates GDP using each of the expenditure, income and output measures of GDP. The first estimate is just the output measure, with expenditure and income measures added from the second estimate.

The UK is one of the fastest countries in the world to compile the first estimate, although to do this it doesn't have all the data it needs for a complete picture.

At this point, the ONS has only gathered about 40% of the information it needs – so this can be revised at the second and third estimates, when they have gathered more information. GDP can also be revised at a later date due to changes in the methods for estimating it, or to incorporate less frequent data.

### **GDP matters because it shows how healthy the economy is**

Rising GDP means the economy is growing, and the resources available to people in the country – goods and services, wages and profits – are increasing.

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# News story: Welsh Secretary launches series of Brexit discussions

Starting in Builth Wells today, Secretary of State for Wales, Alun Cairns and Minister for Wales, Guto Bebb will meet farmers, farming unions and other representatives from the agriculture sector to seek their views on powers returning from the EU.

In particular, the discussion is expected to focus on where decisions might, in future, be taken at a local level and the areas in which UK wide frameworks might be desirable.

Over the following weeks, Ministers will meet representatives from a range of sectors, including manufacturing and life sciences, in a number of locations across the whole of Wales. They will be seeking answers from these sectors to seven key questions:

1. What thinking have you done about these powers returning from the EU?
2. What do you think would work best for the people you represent?
3. Where do you think consistent standards or local variation may be required?
4. How best do we ensure day 1 legal certainty and continuity?
5. What opportunities do you think exiting the EU offers the people/industry you represent?
6. What should we do to make sure that we don't create barriers to living or doing business within the UK?
7. What common standards do we need to make sure that the UK can strike future trade deals that benefit the whole of the UK?

**Speaking ahead of the first event, Secretary of State for Wales, Alun Cairns, said:**

I am determined to make sure that Wales is in the strongest possible position to benefit from Brexit and these events will help us to understand how the UK Government can deliver the best solution.

The people I plan to meet over the coming weeks are in the engine room, helping to keep the Welsh economy growing. By working together I am confident we can make the most of this unique opportunity to build a stronger, fairer Britain that works for everyone.

**Steve Hughson, Chief Executive of the Royal Welsh Agricultural Society, said:**

With a rapidly changing political and financial climate, it essential that all areas of the agricultural industry come together

and devise a way to make the most out of these changes.

It is fitting that the first of the UK Government's meetings takes place today here at the showground, the home of the Royal Welsh Agricultural Society, which has become an important platform for such high profile consultations over the years.

Representing over 21,000 members from all agricultural and rural sectors and communities throughout Wales, the society will be contributing to these discussions and helping shape and influence the future of Welsh agriculture.

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## Press release: Chinese New Year 2017: Theresa May's message

I want to send my best wishes to everyone in Britain, China and around the world celebrating Chinese New Year.

From the fairs in Beijing, to the fireworks in Hong Kong and the parades here in London, families and communities will come together and look to the year ahead – the Year of the Rooster.

And what a year it is set to be – particularly for the relationship between Britain and China.

Our starting point is stronger than ever before. We had the [historic state visit of President Xi](#) just 15 months ago. We receive more Chinese investment than any other major European country. We've got around 150,000 Chinese students studying here and the number of Chinese tourists visiting has doubled in 5 years.

Meanwhile, as permanent members of the UN Security Council, our countries are working together on the most pressing global issues.

This year also marks some important anniversaries: 20 years since the handover of Hong Kong to China; and 45 years of ambassadorial relations between our countries.

I want us to take this chance to build on all the ties we share – in business, diplomacy, education, tourism and culture – as we forge a new role for Britain, as the most outward-looking, free-trading nation in the world.

Indeed, I look forward to making another visit to China, following my trip to Hangzhou last year, which was my first visit outside Europe as Prime Minister and my first meeting with President Xi.

And it is an auspicious time. The Rooster – the Fire Rooster – represents so many of the characteristics we need to employ in that endeavour: openness, confidence, hard work and leadership.

These aren't alien concepts to any of us. Indeed, they are characteristics demonstrated day in, day out by the British Chinese community.

For this is a community that makes an enormous contribution to our society – proving that the strength and success of this country rests on dedication, diversity and a deep spirit of citizenship among our people.

So as the lanterns are lit and the dumplings are served, let me wish you and your family, wherever you are, a very happy and healthy New Year.

Xin Nian Kuai Le.

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## **Press release: Government minister teaches Yorkshire children the law**

Yorkshire schoolchildren will be taught about the law and their basic civil and criminal rights by Solicitor General Robert Buckland QC MP and a group of law students.

The Year 5 pupils (age 9 and 10) from Adel Primary School will take part in a mock trial of Goldilocks vs the Three Bears at BPP University Law School in Leeds where they will decide if Goldilocks is guilty of breaking and entering, causing criminal damage and stealing the bears' food.

Aligned to the new National Curriculum, the Streetlaw session explains the criminal trial process through the well-known fairytale, helping children learn about the legal system, courts and the people who appear in them in an interesting and enjoyable way.

The Solicitor General said:

“Teaching children about the law means they have a greater understanding of their legal rights and responsibilities that they can use throughout their lives.

“Such sessions provide an excellent legal foundation together with helping to raise confidence and skills in both the pupils and law students.

“Public legal education not only has a practical and a beneficial effect upon our legal system but on young people's lives. I'm looking forward to an enjoyable session.”

Emma Blackstone, Pro Bono Manager at BPP University Law School in Leeds said:

“Streetlaw is such a fantastic way to teach young people about the legal issues that relate to them. The Goldilocks workshop is one of our most popular primary school sessions and we have delivered it in schools across Yorkshire.

“At BPP University, we are educating the next generation of lawyers. Taking part in Streetlaw helps our students to develop the key skills they will need in practice.

“The project also develops a sense of social responsibility in our students. We encourage them to use their legal knowledge to improve access to justice for others. This is an ethos they carry with them into their professional careers.”

Streetlaw is a national, public legal education project that is delivered by law students in universities across England and Wales. The students deliver interactive and engaging legal workshops that aim to educate community groups and school children about the law as it relates to them.

The Solicitor General will also meet law students who have been giving free legal advice – with guidance from qualified lawyers – to members of the public at the University’s advice clinic and through the Employment Law Telephone Advice Line.

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## **News story: £120 million available to support growth in rural areas**

From:

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New RDPE Growth Programme funding available for projects which create jobs and growth in the rural economy

In a major boost to jobs and growth in rural areas, businesses are being invited to submit expressions of interest for support under the Rural Development Programme for England (RDPE). The RDPE Growth Programme supports projects that invest in building businesses, creating new jobs and growing the economy in rural areas.

£120 million is available through three new national calls for projects. The calls have been developed in collaboration with Local Enterprise Partnerships (LEPs) and will be open to support food processing, business development and tourism infrastructure projects for an initial period of 12 months.

RPA Rural Development Director Alison Webster said:

This is excellent news for small and micro-businesses, particularly the food and drink and tourism sectors, which play a major role in the economy of rural areas.

We are looking to support high quality, high impact investments and we encourage small rural businesses to grasp this opportunity to think big.

A series of workshops for applicants are being arranged across England that will help familiarise businesses with the calls and provide the opportunity to talk to our Rural Development team and Local Enterprise Partnerships.

After listening to feedback, improvements have been made to make applying for Growth Programme funding easier:

- Calls will be on a single page on [GOV.UK](https://www.gov.uk) which holds all the information applicants need.
- The page includes handbooks for each type of call, which include information on what activity is eligible and how to apply.
- Each handbook also contains a LEP Directory, which lists each LEP area that is participating in the calls. It also gives a brief summary of the local priorities that applicants will need to deliver against.