

Written Response by the Welsh Government to the report of the Enterprise and Business Committee entitled 'The Welsh Government's Approach to the Promotion of Trade and Inward Investment'

Date of response: 19 November 2014

There are ten recommendations in the report. These recommendations can be grouped into three categories: relationship with UKTI and/or the private sector; improved transparency and; improved quality of economic statistics. Detailed responses to the report's recommendations are set out below.

Recommendation 1 – The Welsh Government should commission an independent evaluation to assess whether the current in-house approach to supporting trade and inward investment represents good practice and value for money.

Response: Reject

The Welsh Government's oral evidence to the Committee strongly rejected the idea of setting up an arm's length organisation to deliver trade and inward investment for Wales. We delivered our strongest inward investment performance for 30 years in 2013-14 (up 53% on 2012-13). This followed a 191% increase in inward investment projects in 2012-13 from the previous year.

Our approach to trade is also delivering results. The latest export figures show that Wales has the highest increase in exports of any of the four UK countries, with an increase in exports to both EU and non-EU countries.

Welsh businesses are supported in their efforts to internationalise and export by our extensive trade programme this provides businesses with financial support to export, as well as access to overseas markets through trade missions and events. For this financial year, we have undertaken, or will undertake, 31 overseas visits/events covering 19 markets supporting the growth in Welsh exports.

The approach taken by the Welsh Government is working.

Financial Implications: None.

Recommendation 2 – The Welsh Government should consider how it can increase the involvement of the private sector in attracting inward investment.

Response: Accept

The Welsh Government already works closely with the private sector to attract inward investment but options to develop this relationship further can be considered. Our interaction with the private sector will always be dependent on the customer's requirements. Our sector panels and Enterprise Zone Boards already advise on the approach to inward investment and they largely consist of private sector representation. In addition, the Life Sciences Hub brings together public and private sector, academia and healthcare organisations to support and deliver inward investment activities in the sector.

We have a good relationship with UKTI and can draw upon private sector organisations, such as Ernst & Young and PwC, who UKTI has contracted to promote the UK to companies based in some overseas markets. This helps to ensure that Wales's offer is communicated effectively to these private sector organisations.

Financial Implications: None.

Recommendation 3 –The Welsh Government should explore options for increasing representation at UKTI events. This need not necessarily be at Ministerial or official level, but could include greater involvement of the sector panels or private sector partners.

Response: Accept in Principle

As stated in the Welsh Government's oral evidence to the Committee, there are hundreds of events held by UKTI both in the UK and globally. We will continue to explore opportunities for greater collaboration with UKTI at all levels to increase representation at UKTI events.

One way in which this can be achieved is by ensuring that, where the Welsh Government has representation overseas, the in-market teams are routinely invited to attend UKTI events in those markets. The Minister for Economy, Science and Transport has written to the Minister of State for Trade and Investment on this matter to ensure that our overseas teams are routinely invited to attend UKTI events.

Financial Implications: Travel and subsistence costs associated with additional travelling will be met by existing budgets.

Recommendation 4 – The Welsh Government should develop and publish annually a set of transparent Key Performance Indicators which show the annual inward investment performance of the Welsh economy. The indicators should include the total number of new projects, joint ventures, acquisitions, expansions and retentions; and, for each of these project types, the number of jobs created, the number of jobs safeguarded and the total value of capital investment or expenditure involved. As part of this the Welsh Government should publish an equivalent set of figures for projects in which it was directly involved, also showing the level of Welsh Government financial resource in securing the projects.

Response: Reject

For reasons of commercial confidentiality, we are unable to publish the full details of investments without prior consent from the company and in many cases the company will not allow us to publish this information. We already release details about our inward investment performance on an annual basis in conjunction with the publication of UKTI's annual report. This includes information about new projects, joint ventures, acquisitions, expansions and retentions; and the number of jobs created or safeguarded.

Financial Implications: None.

Recommendation 5 – The Welsh Government should take steps to improve the quality and timeliness of the economic statistics that are available for Wales. In particular, the Welsh Government should work with or commission the Office for National Statistics to produce Gross Domestic Product figures for Wales, on the same basis and frequency as it does for the UK.

Response: Accept in part

We accept this recommendation in part. In April 2014, the Finance Minister wrote to Assembly Members stating that she had asked the Chief Economist and Chief Statistician to review the (economic) data currently available and to consider what information might be produced in the future to enhance our understanding of the Welsh economy and strengthen the evidence base for policy making. This review is nearing completion and a draft report has been prepared, with emerging conclusions shared with the Council for Economic Renewal and the Minister for the Economy, Science and Transport's Priority Sector Panels. In respect of GDP/GVA, the key emerging conclusion is that "production of a quarterly indicator of GVA at low cost is feasible, but the case for such an indicator is less strong than many assume".

Financial Implications: None

Recommendation 6 – The Welsh Government should also commission the Office for National Statistics to produce improved export statistics for Wales that reflect the contribution Welsh businesses make to UK exports in the form of intermediate outputs.

Response: Accept in part

We accept this recommendation in part. The Welsh Government recognises the potential value of improved export statistics, and will continue to work with ONS in order to seek opportunities for improvements. However, the production of export statistics for Wales that reflect the contribution Welsh businesses make to UK exports in the form of intermediate outputs is far from straightforward. Cross border flows of trade in goods and services are complex and overlapping. Any given export may contain a multiple bundle of components with various direct and indirect sources of supply. There is not likely to be any straightforward or low cost way to resolve the associated issues of attribution.

In general, the costs of producing improved export statistics would depend on the intended outcome and discussions with the ONS. However, for the reasons set out above, it could be expected that the cost of reflecting the contribution Welsh businesses make to UK exports in the form of intermediate outputs would be significant

Financial Implications: None

Recommendation 7 – The Welsh Government should publish annual key performance measures for the support it provides to exporters, to include details of trade missions and fairs; the number of business delegates participating in each event; the value of orders won; the value of potential opportunities for companies to follow up; and the total cost of the missions and fairs programme.

Response: Reject

The Welsh Government provides a number of avenues of support for Welsh exporters, including international trade advice, financial support, trade missions and fairs. We provide financial support through grant schemes; assistance with visits to overseas markets, either as part of a managed trade mission or through our Overseas Business Development Visit grant scheme; as well as advice on exporting to overseas markets. Most of the supported companies will use more than one of the available support programmes, therefore successes are not attributed to individual programmes.

The effectiveness of Welsh Government support to exporters is measured by the value of new business won by companies we have supported. Details of opportunities are collected and followed up with businesses as part of our normal activities.

In addition, we publish our overseas events programme on our website and update this regularly, liaising with companies and undertaking extensive marketing of these events.

Financial Implications: None.

Recommendation 8 – The Welsh Government should clarify its brand strategy for trade and inward investment and how it relates to the brand for the economy, tourism and the country as a whole.

Response: Accept in Principle

We are currently developing the brand strategy for Wales. Just Ask Wales has been developed to provide businesses considering expansion and location opportunities with a clear, consistent and cohesive means of understanding and accessing what Wales and the Welsh Government has to offer. The Just Ask Wales campaign sits under the current Wales brand. The equivalent in tourism is the Have You Packed for Wales campaign. The Wales brand, like many others, is continually evolving to stay relevant and fresh for its audiences.

Financial Implications: None.

Recommendation 9 - The Welsh Government should clarify what new activities or approaches it is using to deliver on the promises made by the Just Ask Wales campaign and provide an annual update to the Committee on the progress made against the objectives of the campaign.

Response: Reject

Just Ask Wales is one of a number of activities and it is difficult to isolate or attribute success to individual elements of the programme. Wales's inward investment performance is measured through the publication of UKTI's annual report. Providing an annual update on Just Ask Wales alone would not give the entire picture of the effectiveness of the campaign.

As part of the Just Ask Wales campaign, we have developed specific service standards for handling inward investment enquiries, along with a dedicated campaign micro-site and a comprehensive suite of consistent materials.

Financial Implications: None.

Recommendation 10 – The Welsh Government should set out, as part of a clear economic development strategy, its aspirations for trade and inward investment; including the international markets and sectors it considers to be of strategic importance to Wales; how it will support Welsh businesses to exploit the opportunities in those markets; and how it will work with and support existing and potential foreign investors to do business in Wales.

Response: Accept in Principle

The Welsh Government pursues an integrated approach to economic development, including trade and investment activities, as part of an agreed strategy. However, we will seek opportunities to set out further details of these activities in the coming months.

Financial Implications: None.