



Economic Development

Introduction

Following the merger in April 2006 of the Welsh Development Agency and Welsh Tourist Board into the Welsh Assembly Government, the promotion of economic development in Wales now falls within the remit of the Department for the Economy and Transport.

Overview of current statutory powers of the Assembly

Under the *Government of Wales Act 2006*, the National Assembly for Wales can seek legislative competence through Acts of Parliament or Legislative Competence Orders (LCOs) to make a piece of law in the form of an 'Assembly Measure'. Measures can only be made in a specific policy area (or 'Matter') added to one of the 20 'Fields' (or broad subject areas) which are contained in Schedule 5 to the Act. As "Economic Development" is Field 4 of Schedule 5 to the Act, the National Assembly for Wales can seek Measure-making powers in this area. There are currently no Matters in this Field.

Economic development powers in UK primary legislation are usually drawn in broad terms and authorise a range of activity, although they rarely confer subordinate order-making powers. These economic development powers have generally been transferred to or made exercisable by Welsh Ministers.

Much of the Assembly's activities in the promotion of economic development are provided for by the *Industrial Development Act 1982* and the *Welsh Development Agency Act 1975*. These activities include the provision of business support, advice and financial assistance; promotion of inward investment; development of international trade; and encouragement of innovation and entrepreneurship.

*Council Regulation (EC) No 1083/2006*ⁱ lays out general provisions on the use of the Structural Funds for the period 2007-2013. The Managing Authority for the 2007-2013 Programmes is the Welsh Assembly Government. Welsh Ministers have delegated the principal management functions of the Managing Authority to the staff of the Welsh European Funding Office.

All support to business has to comply with relevant UK legislation and European Commission guidance on State Aid. The Department for Business, Enterprise and Regulatory Reform retains responsibility for Employment issues (Minimum Wage, working hours and individual employment rights etc.) and is the lead Department for the UK Government on European Commission matters relating to financial assistance to business.

EU Policy

The European Commission has published the *Integrated Guidelines for Growth and Jobs (2005-2008)*ⁱⁱ which brings together the broad economic policy and employment guidelines, and forms the basis for Member States' National Lisbonⁱⁱⁱ Reform Programmes. The Programmes spell out the action to be taken at national, regional and local level in order to achieve the Lisbon objectives for growth and jobs.

The European Commission's strategy for sustainable development^{iv} (also known as the Gothenburg agenda or strategy) was revised in 2006. This document sets out a single strategy on how the EU aims to more effectively live up to its long-standing commitment to meet the challenges of sustainable development.

Assisted Areas^v are those areas of Great Britain where regional aid may be granted under Community law. There are two levels of aid available, known as Article 87(3)(a) and Article 87(3)(c), after Articles of the European Union Treaty. West Wales and the Valleys qualifies for the higher levels of aid under Article 87(3)(a). Parts of East Wales are eligible under Article 87(3)(c).

Key Welsh Government strategy documents and action plans

- *One Wales*^{vi} contains a commitment to implement a labour market strategy with a long term goal of full employment at a rate of 80%. The *One Wales Delivery Plan*^{vii} indicates that preparatory work will take place during 2008/09 and implementation will begin the following year.
- *Wales: A Vibrant Economy*^{viii} is the Welsh Assembly Government's strategic framework for economic development.
- *Turning Heads: A Strategy for the Heads of the Valleys 2020*^{ix} sets out the Welsh Assembly Government's vision for the Heads of the Valleys area within the context of the *Wales Spatial Plan*^x.
- *A Science Policy for Wales*^{xi} presents the Welsh Assembly Government's strategic vision for Science, Engineering and Technology.
- The Operational Programme documents for the European Regional Development Fund (ERDF) and European Social Fund (ESF) Convergence Programmes were adopted by the European Commission in August 2007^{xii}. The Operational Programme documents^{xiii} for the Regional Competitiveness and Employment Programmes (ERDF and ESF) were adopted by the European Commission in August and October 2007 respectively.

Useful links

The Department for the Economy and Transport pages on the Welsh Assembly Government website:

<http://new.wales.gov.uk/about/departments/dein/?lang=en>

The Department for Business, Enterprise and Regulatory Reform has a section on its website covering regional economic development: <http://www.berr.gov.uk/regional/index.html>

The webpage of the European Commission's Directorate-General for Enterprise and Industry can be found at: http://ec.europa.eu/enterprise/dgs/index_en.htm

Further information

Research papers are available on economic indicators, European structural funds and Gross Domestic Product per head in European regions at:

<http://www.assemblywales.org/bus-home/bus-assembly-publications-economic.htm>

For further information on any aspect of economic development please contact Ben Stokes Members' Research Service (Ben.Stokes@wales.gsi.gov.uk), 029 2089 8208

ⁱ [Council Regulation \(EC\) No 1083/2006](#), 11 July 2006.

ⁱⁱ European Commission, April 2005, [Integrated Guidelines for Growth and Jobs \(2005-2008\)](#)

ⁱⁱⁱ Further information on the Lisbon agenda is available [here](#).

^{iv} Further information on the Gothenburg Strategy is available on the European Commission's website [here](#)

^v Further information on the Assisted Areas is available on the Department for Business, Enterprise and regulatory Reform's website [here](#).

^{vi} Welsh Assembly Government, June 2007, [One Wales: A progressive agenda for the government of Wales](#)

^{vii} Welsh Assembly Government, April 2008, [One Wales Delivery Plan](#)

^{viii} Welsh Assembly Government, November 2005, [Wales: A Vibrant Economy - The Welsh Assembly Government's Strategic Framework for Economic Development](#)

^{ix} Welsh Assembly Government, June 2006, [Turning Heads' - A Strategy for the Heads of the Valleys 2020](#)

^x Welsh Assembly Government, July 2008, [People, Places, Futures - The Wales Spatial Plan Update 2008](#)

^{xi} Welsh Assembly Government, November 2006, [A Science Policy for Wales 2006](#)

^{xii} Welsh European Funding Office, [Convergence Programmes - Operational Programmes](#)

^{xiii} Welsh European Funding Office, [Regional Competitiveness and Employment Programmes](#)