

WELSH GOVERNMENT WRITTEN EVIDENCE TO THE ENTERPRISE AND BUSINESS COMMITTEE – TRADE AND INWARD INVESTMENT

INTRODUCTION

1. Economic benefit for Wales drives the Welsh government's international agenda. Trade and inward investment, tourism and the attraction of international HE students are all drivers for our economy. Our activity in Wales and overseas to build our profile and reputation is all geared to providing the platform to enable Welsh companies and organisations take advantage of opportunities when they arise.
2. The internationalisation of companies in Wales and the attraction of inward investment into Wales involve a number of players within the Welsh Government in both the Department for Economy, Science and Transport (EST) and the First Minister's Department. The team is, however, broader than that, embracing partners such as other Departments within the Welsh Government, including the Department for Education and Skills, UKTI, local authorities, chambers of commerce, consultants and contractors, property agents and professional services firms.
3. It is this collective effort that has enabled us to improve our impact and results from trade and inward investment.

STRUCTURES

4. The EST dedicated trade and inward investment team: provides strategic focus and cohesion; provides advice and support to sector teams and to the Welsh Government's overseas teams; responds to all new direct helpline and website FDI enquiries; coordinates FDI proposition development across the sectors; undertakes lead generation; undertakes research into overseas donor markets and FDI companies; manages all trade support programmes with associated income and expenditure; and provides trade support direct to companies.
5. Working alongside the Trade and Investment team, EST sector teams have resource that engages with inward investors, both new and existing, and with companies in Wales that wish to trade overseas. Their role is to lead on the relationship management of agreed overseas owned businesses in Wales, to identify and deliver new and reinvestment projects, lead on sector specific trade missions and exhibitions and provide trade support to businesses.
6. Our overseas offices and teams form part of the First Minister's office. They have a trade and investment focus and are charged with identifying new foreign direct investment opportunities for Wales and with identifying and supporting trade opportunities. The overseas teams also have a broader

remit in terms of promoting Welsh interests generally where appropriate and within resource availability – government to government relations, tourism, education, culture. The Welsh Government's office in London, also part of the First Minister's office, is charged with identifying and helping to deliver investment from London and the south east of England, whether that be opportunities presented by British companies or by overseas investors that have already invested in London or the south east of England.

RESOURCES

7. The Trade and Investment team has a complement of twenty six with a budget for 2013/14 of £2.142 million. While it is not possible to disaggregate the budget within sector teams, which are integral to trade and inward investment success, officials within those teams have the necessary experience to work with inward investors and with companies wishing to internationalise. They work with inward investors and with indigenous companies to deliver the range of measures that we have to support economic development.
8. In the London office, the complement focused on trade and investment is 4. The Welsh Government's offices overseas and the office in London, while having a broader representational role, have a trade and investment focus. The Welsh Government has representation in Shanghai, Beijing, Chongqing, New York, Chicago, San Francisco, Washington, Tokyo, Dubai, Bangalore, Mumbai, New Delhi, Dublin and Brussels with a total complement of 35. However, 10 of the staff in Brussels focus on EU policy issues.
9. We undertake a range of public diplomacy activity to raise Wales's profile overseas, including working with foreign governments, UK Missions and key Welsh cultural organisations. This provides the platform for more focussed activity around more specific objectives such as trade and investment. The EST Marketing Department, working with the Trade and Investment team and the sector teams, also has a key role to play in ensuring that Wales has sufficient visibility overseas through the provision of up-to-date and appropriate collateral. We are also very conscious of the role that UKTI can and does play in identifying and helping to deliver inward investment into Wales. Key to this is the relationship that Welsh Government officials have with UKTI both in the UK and overseas. Recognising this, we were pleased that two placements from UKTI worked with EST last year.

EFFECTIVENESS

10. Inward investment results in 2012/13 showed significant improvement on the previous year both in terms of projects and jobs secured. This improvement has been achieved against the background of focused effort by Ministers and

officials and we are confident that, for 2013/14, we will continue to see further improvement.

11. Competition for inward investment is intense. Globalisation and the opening up of emerging and previously closed markets have presented inward investors with much greater choice. The refocusing of EST Department some time ago, which recognised the value of the growth of existing inward investors and the attraction of new inward investors alongside the growth of indigenous companies means that we are well-placed to continue to win. The bulk of our success in 2012/13 was achieved through reinvestments by existing foreign direct investors in Wales and, while we will continue to achieve success in that arena, we will also be searching for and delivering investments by companies new to Wales.
12. We have, in recent times, increased our footprint in overseas markets with representation in Brussels, Dublin, Chicago and San Francisco, all of which is designed to deliver more results for Wales.
13. It is a similar story in terms of helping companies in Wales internationalise. We deploy a range of interventions to a) raise awareness levels in companies of the benefits of international trade; b) work directly with companies to identify trading opportunities for their products and services overseas; c) help companies find opportunities and potential customer in overseas markets and d) support companies to travel to overseas markets to develop new business and to attend trade shows.
14. The interventions include: International Trade Development support; International Trade Opportunities support; Overseas Business Development Visit support and trade missions and exhibitions. The EST Trade and Investment Team also help companies to access support services from UKTI. In 2013/14, we ran a programme of about 40 trade missions overseas and our plans for 2014/15 incorporate a trade mission programme of 31 events.
15. The key performance measure is the value of new export business secured by the companies we have supported. The target for 2013/14 is £28 million. To 14 February 2014, £31.9 million worth of orders have been secured. This is a return of almost £17 for every £1 of net programme expenditure. By way of comparison Scotland, has achieved a 13:1 return on their investment.

CONCLUSION

16. We recognise that, to remain competitive, we need to monitor our performance, constantly consider the success of our existing approach, consider new markets, promote Wales in overseas markets and increase the stock of inward investors in Wales. We have enjoyed significant success in encouraging and helping existing investors to reinvest in Wales; companies

like Toyota, Sony, Ford, Airbus and many others are frequent investors in Wales. But, we recognise that we need to increase the stock of inward investors in Wales and this means that we must increase the number of new investments that we secure whilst maintaining and growing our existing investors. Equally, we recognise that we need to continue to encourage companies in Wales to internationalise and to use international trade as a vehicle for growth. Our support provides companies with the knowledge, skills and means to access and develop business in new markets.

17. We have shown that we are prepared to invest where there is opportunity. We have increased representation in Brussels to exploit the European market and we have established new representation in Chicago, San Francisco and Dublin. We will keep our overseas presence under review and adjust where and when we think it appropriate
18. It is fruitless making a comparison with the former WDA, WTI and IBW. We are now operating in an economic environment that is very different and the industrial landscape of Wales is different too. Key is that dedicated trade and inward investment officials are specialists with a wealth of experience in these areas, experience that they have gained and developed in both the private and public sectors.
19. We welcome the opportunity to discuss the above and expand on it when we meet the Committee.