



Angus Brendan MacNeil MP
Chair – House of Commons International Trade Select Committee
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Dear *Angus,*

Thank you for your letter dated 13 November and for the opportunity to provide evidence to the International Trade Committee about the work of the Department for International Trade and the ways in which the Welsh Government delivers trade and inward investment. I welcome the chance to showcase the excellent work that we have done to ensure that Wales is at the forefront when it comes to promoting exports and securing investment from overseas companies.

Support for Welsh Exporters

Our support programme is designed to help new and existing exporters to overcome the barriers that are preventing them from growing their business through exports. In line with *'Wales in the World: The Welsh Government's International Agenda'*, support is directed at four key areas:

- Inspiring companies to see exporting as a vehicle for growth;
- Transferring the knowledge and skills to help companies increase their capability to export;
- Helping companies to connect with potential customers overseas;
- Supporting visits to overseas markets.

Support is delivered by our export advisers on a one-to-one and one-to-many basis and also online via the Export Zone of the Business Wales Website. This differs from the approach being developed by the Department for International Trade (DIT) which is moving towards a predominantly online platform and away from face-to-face advice.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Our Programmes of Support are focussed around the following areas:

- Workshops and Seminars - These events are free of charge to Welsh businesses and provide information and advice on a wide range of export issues as well as market overviews and opportunities to meet market specialists. Popular topics include VAT regulations for export, managing agents and distributors, smart exporting, lean exporting and optimising websites for export.
- International Trade Development (ITD) Programme - This service is free of charge to Welsh businesses. It is suitable for both new and existing exporters and provides tailored one-to-one support to help develop a company's capability and capacity to enter international markets with ease and confidence. An ITD project can cover anything from strategy development and market selection to pricing, payments and tax – and a lot more in between.
- International Trade Opportunities (ITO) Programme - This service provides export ready companies with access to a global network of sector and market experts to help them connect with their ideal partner or customer. The service is available in over 50 overseas markets. An ITO project can also provide advice on market entry strategies, local trading conditions and regulations and to arrange a schedule of meetings for a visit to market. Businesses contribute 25% towards the cost of a project.
- Overseas Events - The programme includes sector and multi-sector trade missions/market visits together with a Wales pavilion at several global trade fairs. Businesses contribute 50% towards the cost of travel and accommodation and, where relevant, a charge for exhibition space on the Wales pavilion. A link to our current programme is on our Export Zone website.
- Overseas Business Development Visit (OBDV) Support - This is a grant scheme which provides financial support towards the cost of developing new business in overseas markets. The grant can support 50% of eligible costs up to a maximum of £10,000. Businesses need to demonstrate the need for funding and the potential benefit that it will help to deliver in terms of new export business.

Support is available to companies of all sizes in Wales that either have a product or service that originates from Wales, or that are adding significant value to a product or service of non-UK origin.

Our support for Welsh exporters secured new export orders valued at £70 million last year and we worked with more than 450 companies of all sizes across Wales. Almost 40% of these companies took part in one of our overseas events.

Promoting Inward Investment

Wales has an open and outward-facing economy and is a long-established destination for foreign direct investment as well as investment from elsewhere in the UK; both are crucial to the Welsh economy.

UK and internationally-owned businesses investing in Wales bring significant localised opportunities through areas such as supply chain, academic interaction and skills development. They provide a range of employment opportunities, catering for all levels of capability whilst offering opportunities for progression for all. They also contribute positively to our exporting position as much of their products and services are for delivery internationally.

Inward investment in the Welsh Government is a collective effort delivered by our overseas teams, our London office, key sector teams and a dedicated investment team. Whilst our

focus is on securing new investment into Wales, we also have a strong programme of aftercare to encourage our international companies to re-invest.

Our approach is based on four underpinning pillars:

- Understanding the market, company drivers and opportunities for Wales;
- Developing the 'go to market' proposition for Wales;
- Educating key channels that can provide access to businesses including DIT, foreign trade organisations, professional services providers, property agents and industry/business fora amongst others; and
- Delivering the proposition to companies directly through events, seminars and on a one-to-one basis.

Our proposition to potential investors is tailored to match their requirements. Whilst all investors have different drivers, we focus on the following:

- Access to skills/resources;
- Identifying suitable land/property;
- Training support;
- Swift access to decision makers (including Ministers).

This approach has yielded particularly strong results in recent years, with the last three years seeing our highest levels of investment since records began more than 30 years ago. Of particular note in recent years are investments from the likes of Aston Martin, CGI and General Dynamics, all of whom have worked closely with the Welsh Government to deliver maximum benefits for Wales.

We also continue to support companies after they arrive in Wales. We have a comprehensive aftercare programme with dedicated account managers where appropriate.

Overseas Network

Our overseas offices are located in the strategically important markets of Belgium (covering the whole of mainland Europe), Ireland, USA (five locations), China (three locations), UAE, India (three locations) and Japan and are a key part of our approach to selling Wales - whether this is as a place in which to invest, a place from which to buy goods, to study in or as a place to visit. We recently announced plans to strengthen our overseas network and will be opening offices in Canada, France, Germany and Qatar next year.

Working with UK Government

We work with DIT on both trade and inward investment promotion. We are able to access DIT's network of overseas offices to assist us in attracting inward investment from countries where we do not have an international presence and also use the network to assist us in the organisation of overseas visits to markets where we do not have a presence.

DIT's 'UK First' approach means that it should promote all UK regions fairly and equally when it receives enquiries from potential inward investors. Following the post-referendum Cabinet re-shuffle and the subsequent creation of DIT, the number of inward investment referrals received by Wales from DIT has fallen. I have raised this as an issue for investigation but no satisfactory explanation has been given to date for the fall in referrals.

We ensure that Welsh companies are aware of the export services provided by DIT; these are both additional and complementary to the services offered by the Welsh Government.

We have worked alongside DIT, and the former UKTI, to help the UK Government to deliver its events in Wales; of particular note is a tour of Wales by the 'Exporting is GREAT' truck in 2016 which was jointly launched in Pembroke Dock by my predecessor, Edwina Hart AM, and the former UK Minister of Trade and Investment, Lord Maude. Welsh Government officials helped to develop the logistics and marketing for the tour, maximising the time it spent in Wales and identifying key locations. They also travelled for two weeks with the truck across Wales providing support to UKTI officials to ensure that it delivered a successful event here for Welsh businesses.

I also work alongside the Secretary of State for Wales to ensure that we provide a joined up message giving assurance to potential inward investors that Wales is an excellent place to do business. However, our message to Welsh exporters has been diluted recently by the Wales Office, which has issued a number of communications that talk about the Wales Office's support for exporters. The Wales Office does not have the remit to deliver export support services directly to Welsh companies and this has caused confusion amongst a number of our customers. I have seen examples of case studies in Wales Office press releases outlining the support Welsh companies have received from the UK Government when it was actually Welsh Government support. The first point of contact for Welsh companies seeking export support should be the Welsh Government and this is clearly indicated on the Department for International Trade's website. This statement is welcomed and provides the appropriate clarity to Welsh companies as well as being testimony to the clearly defined working relationship between DIT and the Welsh Government.

I also note that you are undertaking an additional inquiry into the *Continuing Application of EU Trade Agreements after Brexit*. I have taken this opportunity to provide information relating to the Welsh Government's approach to Trade Policy in this response for consideration as part of your other inquiry.

Trade Policy


We welcome the acknowledgement from the UK Government that the Devolved Governments must have a role in shaping and delivering future trade policy. As key areas such as agriculture, fisheries and business development are devolved, it is vital that there is a robust mechanism for the Devolved Governments and the UK Government to work together on a trade policy that works for the whole of the UK. We remain clear that UK Ministers must only bring in regulations on devolved areas with the consent of Welsh Ministers. Anything less would be unacceptable to us. We have proposed the establishment of a Council of Ministers to oversee areas such as trade. As an interim measure a Joint Ministerial Committee on International Trade could be established to facilitate discussion on trade.

It is important to remember that around 60% of identifiable Welsh goods exports are to the EU (compared with 49% for the rest of the UK). Our export industries would therefore be disproportionately affected by any deterioration in our trade relationship with the EU post-Brexit. The Welsh Government has been consistent that full and unfettered access to the EU Single Market must continue after we exit the EU. We are also yet to be convinced of the argument for leaving a customs union with the EU as we have not yet seen any evidence to suggest this would be in the interests of Welsh businesses or consumers. We have set out our high-level approach to Brexit in our White Paper *Securing Wales' Future*.

The Welsh Government is developing a paper on trade policy which will set out our approach to future trading arrangements in more detail. It is expected to be published early in the New Year. The paper will build upon research commissioned by us from Cardiff Business School on the potential impact of Brexit on sectors in Wales. I would be happy to share copies of both documents with your Committee in due course.

Last month, I gave evidence to our own Committee inquiry about 'Selling Wales to the World' and I would like to draw your attention to the written evidence I provided which is enclosed with this letter. Whilst the evidence is answering specific questions set by the National Assembly's Economy, Skills and Infrastructure Committee, I believe it will also provide useful background to your own work. It also covers our approach to promoting Wales as a tourism destination.

Yours sincerely

Very best wishes,


Ken Skates AC/AM

Ysgrifennydd y Cabinet dros yr Economi a Thrafnidiaeth
Cabinet Secretary for Economy and Transport

Enc. Welsh Government Evidence - Selling Wales to the World