

Agenda – Economy, Trade, and Rural Affairs Committee

Meeting Venue:

Committee room 5 – Tŷ Hywel
and video conference via Zoom

Meeting date: 12 March 2025

Meeting time: 09.30

For further information contact:

Robert Donovan

Committee Clerk

0300 200 6565

SeneddEconomy@senedd.wales

Hybrid

At its meeting on 6 March 2025, the Committee agreed a motion under Standing Order 17.42(ix) to exclude the public from item 1, 2 and 3 of today's meeting.

Private pre-meeting

09.15 – 09.30

1 AI and the Welsh Economy: Consideration of Key Issues and AI Update – Deepseek

09.30 – 10.00

(Pages 1 – 19)

Attached Documents:

Key issues paper

Research briefing: Deepseek

2 Forward work programme discussion

10.00 – 10.25

(Pages 20 – 30)

Attached Documents:

Forward work programme discussion paper



3 Review of the Public Bill and Member Bill processes: Consideration of the consultation

10.25 – 10.40

(Pages 31 – 34)

Attached Documents:

Letter from the Llywydd, and Chair of the Business Committee, to Committee Chairs – 21 January 2025

Public session

10.40 – 11.40

4 Introductions, apologies, substitutions, and declarations of interest

10.40

5 Papers to note

10.40

5.1 Economy, Trade and Rural Affairs Committee report – Legislative Consent: Product Regulation and Metrology Bill

(Pages 35 – 39)

Attached Documents:

Welsh Government's response – 27 February 2025

5.2 Concordat between the Department for Work and Pensions (DWP) and Welsh Government

(Page 40)

Attached Documents:

Letter from the Cabinet Secretary for Social Justice, Trefnydd and Chief Whip to the Chair of the Legislation, Justice and Constitution Committee – 28 February 2025

5.3 Follow-up to the Committee meeting held on 15 January 2025 – Welsh Government Draft Budget 2025–26

(Pages 41 – 52)

Attached Documents:

Letter from the Cabinet Secretary for Economy, Energy and Planning – 3 March 2025

5.4 Holyhead Port Storm Damage and Closure

(Page 53)

Attached Documents:

Letter from the Chair of the Climate Change, Environment and Infrastructure Committee – 3 March 2025

5.5 Meeting of the Inter-Ministerial Group for Environment, Food and Rural Affairs

(Page 54)

Attached Documents:

Letter from the Deputy First Minister and Cabinet Secretary for Climate Change & Rural Affairs – 3 March 2025

5.6 Economy, Trade and Rural Affairs Committee report – Scrutiny of the Welsh Government Draft Budget 2025–26

(Pages 55 – 73)

Attached Documents:

Welsh Government's response – Cabinet Secretary for Economy, Energy and Planning and the Minister for Culture, Skills and Social Partnership – 3 March 2025

Welsh Government's response – Deputy First Minister and Cabinet Secretary for Climate Change & Rural Affairs – 3 March 2025

6 Hybu Cig Cymru – Panel 1

10.40 – 11.40

(Pages 74 – 100)

Dylan Morgan, Head of Policy, National Farmers' Union Cymru (NFU)

Gareth Parry, Head of Policy, Farmers' Union of Wales (FUW)

Attached Documents:

Research brief

Annex 1: Welsh Government Response: Review of Hybu Cig Cymru – Meat Promotion Wales – October 2016

Evidence paper – National Farmers' Union Cymru

Evidence paper – Farmers' Union of Wales

7 Motion under Standing Order 17.42(ix) to resolve to exclude the public from the remainder of the meeting

11.40

Private session

11.40 – 12.10

8 Consideration of evidence following the meeting

11.40 – 11.50

9 International Trade Monitoring report

11.50 – 12.00

(Pages 101 – 110)

Attached Documents:

International Trade Monitoring report

10 Legislative Consent: Data (Use and Access) Bill – consideration of draft report

12.00 – 12.10

(Pages 111 – 120)

Attached Documents:

Legislative Consent: Data (Use and Access) Bill – draft report

Agenda Item 1

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Agenda Item 2

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Agenda Item 3

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Rebecca Evans AS/MS
Cabinet Secretary for Economy, Energy and Planning
Ysgrifennydd y Cabinet dros yr Economi, Ynni a Chynllunio

Agenda Item 5.1



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: MA/RE/00336/25

Andrew RT Davies MS
Chair,
Economy, Trade and Rural Affairs Committee

27 February 2025

Dear Andrew,

Thank you for the Economy, Trade and Rural Affairs Committee's report on the Legislative Consent Memorandum for the Product Regulation and Metrology Bill.

Please find enclosed my response to the issues raised in the report.

Yours sincerely,

Rebecca Evans AS/MS
Cabinet Secretary for Economy, Energy and Planning
Ysgrifennydd y Cabinet dros yr Economi, Ynni a Chynllunio

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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.



Welsh Government's Legislative Consent Memorandum on the Product Regulation and Metrology Bill

Response to the ETRA Committee Report

In January 2025, the Economy, Trade and Rural Affairs (ETRA) submitted its report on the Welsh Government's Legislative Consent Memorandum on the Product Regulation and Metrology Bill. The report includes 2 recommendations. This is the Welsh Government's response to those recommendations.

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1. Introduction

The Product Regulation and Metrology Bill (the Bill) was introduced in the House of Lords on 4 September 2024. At the time of publication, the Bill was at Report stage in the House of Lords. The Lords' Report is scheduled to be published on 26 February 2025, with the third reading taking place on 5 March. The Bill will then proceed through the House of Commons.

The Bill makes provision about the marketing or use of products in the United Kingdom and the units of measurement and the quantities in which goods are marketed in the United Kingdom.

On leaving the EU, the UK set up an independent regime, which the UK Government (UKG) considered was needed to be able to adapt to new technologies such as Artificial Intelligence (AI), as well as to reflect the shift in both what consumers buy and how they buy it. The UKG believe they need new powers to address current and future threats and ensure a continued supply of safe goods.

It was the view of both the UK and Welsh Governments that the Bill required the legislative consent of the Senedd. To this end a Legislative Consent Memorandum was laid in the Senedd on 20 September 2024.

The Legislative Consent Memorandum outlined a number of reasons for the Welsh Government to support the Bill. However, it also highlighted that the Bill, as currently drafted, would in effect lead to the Welsh Government having less powers to introduce reforms in a range of areas, as compared to when the UK was part of the EU Single Market. Therefore, it stated that further engagement is required with UK Government with respect to the enabling powers within the Bill and the role of Welsh Ministers and the Senedd.

The Legislative Justice and Constitutional Committee (LJCC) published a report on the Bill in November 2024, and the Welsh Government response to that report was published in January 2025.

2. Response to the Recommendations

Recommendation 1

The Committee recommends that:

The Welsh Government should provide the Committee with an update on the on-going discussions between Welsh and UK Governments regarding this Bill as soon as possible.

Response: Accept

There are no significant updates with respect to ongoing discussions between the Welsh and UK Governments on the Bill. Officials continue to have positive discussions with their UK Government counterparts regarding potential legislative amendments to address the Welsh Government's and Senedd's concerns.

The Lord's report is scheduled for 26 February, followed by the third reading on the 5 March. The Cabinet Secretary for Economy, Energy and Planning will consider all amendments in line with Standing Order 29.2 and will lay a supplementary Legislative Consent Memorandum on any amendments which are within devolved competency.

Recommendation 2

The committee recommends that:

The Welsh Government should, as a matter of urgency, set out what changes to the Bill it requires in order for it to be in a position to recommend consent

Response: Reject

As stated above, officials are discussing a range of potential legislative options with the UK Government to address the Welsh Government's and Senedd's concerns. UK Government Ministers are listening, and their officials are fully engaging. However, at this point, we are not able to provide further information.

Agenda Item 5.2

Jane Hutt AS/MS
Ysgrifennydd y Cabinet dros Gyfiawnder Cymdeithasol, y
Trefnydd a'r Prif Chwip
Cabinet Secretary for Social Justice, Trefnydd and Chief Whip



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref JH/PO/96/25

Mike Hedges MS
Legislation, Justice and Constitution Committee
Senedd Cymru

28 February 2025

Dear Mike,

In accordance with the inter-institutional relations agreement, I am writing to notify you that the Concordat between the Department for Work and Pensions (DWP) and Welsh Government, first published on 23 May 2013, has been updated. The updated Concordat was published on 24 February 2025 and can be found [here](#).

This Concordat establishes an agreed framework to ensure continued close liaison and co-operation between the Department for Work and Pensions (DWP) and the Welsh Government. It also aims to ensure that business is conducted in an efficient and effective manner on all matters arising from DWP's responsibilities which impact directly or indirectly on the functions of the Welsh ministers and vice versa.

I have also copied this letter to the Chairs of the Equality and Social Justice Committee and Economy, Trade and Rural Affairs Committee.

Yours sincerely,

Jane Hutt AS/MS

Ysgrifennydd y Cabinet dros Gyfiawnder Cymdeithasol, y Trefnydd a'r Prif Chwip
Cabinet Secretary for Social Justice, Trefnydd and Chief Whip

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Rebecca Evans AS/MS
Cabinet Secretary for Economy, Energy and Planning
Ysgrifennydd y Cabinet dros yr Economi, Ynni a Chynllunio

Ein cyf/Our ref IM/RE/10583/24

Llywodraeth Cymru
Welsh Government

Andrew RT Davies MS
Chair
Economy, Trade and Rural Affairs Committee
AndrewRT.Davies@senedd.wales

3 March 2025

Dear Andrew,

Further to the meeting of the Economy, Trade and Rural Affairs Committee on 15 January, I agreed to write to you to provide more detail on our progress in the delivery of the Export Action Plan for Wales.

The Export Action Plan sets out overarching measures on the effectiveness of our activities and support provided to businesses on exports, including:

- The number of businesses that we engage with
- The number of events organised in Wales and Overseas
- The value of new export orders, in new and existing markets, won by businesses that we have supported.

The attached document provides an update on the progress of delivery of all actions in the plan, including the number of businesses engaged on export support and the number of in-Wales and overseas trade events delivered since the Export Action Plan was published in January 2021. As previously reported to the Committee, as a direct result of the programme interventions, the Welsh Government Export Team has recorded more than £300m of new export sales secured by Welsh businesses, with around £700m in export opportunities identified as a direct result of Welsh Government export support.

Yours sincerely,



Rebecca Evans AS/MS
Cabinet Secretary for Economy, Energy and Planning
Ysgrifennydd y Cabinet dros yr Economi, Ynni a Chynllunio

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Export Action Plan – progress on delivery (as at end January 2025)

	Action	Update
Step 1 – Inspiring Exports		
	Immediate Term	Progress
1	Make our temporarily expanded network of International Trade Advisers (ITA), a permanent feature of our team in Wales. The network is based pan-Wales and will ensure there are experts ‘on the ground’ in all parts of Wales providing advice and support on exports to businesses.	All of the International Trade Advisor (ITA) roles that were temporary posts when the Export Action Plan was published have now been made permanent within the Welsh Government Export Team. The team continues to provide ‘on the ground’ support to businesses on their export development across the whole of Wales. Since the publication of the Export Action Plan (from April 2021 to end January 2025), the team has delivered over 4,600 meetings with Welsh businesses to discuss their export development.
2	Through our overseas based staff, promote their respective markets, the export opportunities available to Welsh businesses and the support they can provide via a new and ongoing programme of one-to-many webinars and one-to-one video conferences with Wales based companies.	We continue to deliver a significant programme of seminars/webinars/events, including with Welsh Government overseas teams as well as other market experts, to promote understanding amongst businesses of key export market opportunities. For example, our overseas teams have participated in webinars focussed on their respective markets (recorded webinars can be viewed on the Business Wales website) as well as highlighting market opportunities at our annual flagship Explore Export Wales events, which will next take place in March 2025.
3	Ensure the ITA network works alongside our Business Wales service, which provides support to micro business, SMEs and business with high growth potential who have exporting as a business priority.	ITA team works closely with the Business Wales service to ensure support is provided to all relevant businesses. Referrals are made between the Welsh Government Export team and Business Wales team and vice versa on an ongoing basis with regular update meetings undertaken to share market intelligence. Business Wales Trade Advisors also join the Welsh Government teams at events including Explore Export Wales and seminars.
4	Continue to provide a telephone helpline service and digital platform for all in-bound micro and SME enquiries including exporting, through our Business Wales service.	Business Wales continues to provide a helpline service and digital platform, including for exporting. Business Wales triages incoming enquiries and distributes accordingly, including to the Welsh Government Export team when a business requires more in depth support. The Business Wales help desk has received 256 requests for export support since the launch of the Export Action Plan also triages enquiries received via marketing and LinkedIn campaigns.

5	Deliver a renewed export exemplar marketing campaign showcasing our successful exporters to inspire other businesses.	<p>Through our Business Marketing and Export Teams, we continue to deliver an Export Exemplar campaign to showcase successful Welsh exporters. 29 export exemplars are currently featured on the Business Wales website, and further work is being finalised to add a further exemplar, to have 30 in place by end March 2025.</p> <p>The campaign aims to leverage Export Exemplars to spotlight export opportunities for Welsh businesses. This integrated effort seeks to position exporting as a tool for resilience and growth, while promoting the export support, products, and services offered by the Welsh Government. Marketing and communications activities have included a promotional film on overseas market visits, print and digital partnerships with media such as Wales Online, and a digital audio campaign on Spotify and DAX. Additionally, targeted adverts on Sky AdSmart commenced on 10 February. Each Exemplar engages in PR activities, resulting in coverage across various media, both within Wales and in specialist publications. Activity also focuses on driving traffic to the Export webpages on Business Wales to connect interested businesses with our export support.</p>
6	Follow up with businesses which have received support from the Welsh Government Economy Futures Fund under the Exports and Trade Call to Action to ensure export support is readily available to them to support achievement of their objectives.	All companies that have received support through the Economy Futures Fund under the Export and Trade Call to Action have received Welsh Government Export support.
7	Ensure our support for exports (across all export journey steps) will be conditional and we will be clear from the outset our expectation that in return for our support, businesses will need to provide a return on investment as well as supporting our efforts to broaden our reach to other businesses in Wales.	Eligibility criteria for all businesses accessing export support programmes is clear that support must be proportionate and reflect the likely return on investment to the Welsh economy. All businesses supported through export support programmes are expected to provide details of the benefits that the support has helped to generate, and our Export Team contacts companies on an annual basis to enquire about export deals as a result of our core export support programmes.
Medium / Longer term		Progress
8	Proactively identify businesses with 'untapped export potential' (including through our Business and Regions Teams) to encourage exporting.	The Welsh Government team of International Trade Advisors (ITAs) regularly engages with key stakeholders to proactively identify businesses with untapped export potential. For example, ITAs make regular visits to incubator and innovation spaces to introduce Welsh Government export support programmes. The team also has regular meetings with the Economic Development Teams in local authorities, which generates cross referrals of companies. In addition, the team regularly attends meetings/events organised by business representative organisations, including UK Government, to promote exporting and Welsh Government export support.

9	Pilot an innovative 'new exporter' programme to provide intensive support to a small number of businesses with the ambition and potential to become new exporting businesses from Wales (as a means to grow the number of businesses exporting in Wales on a regular and sustainable basis).	A successful pilot 'new exporter programme' was delivered in 2021-22. Since then, the programme has continued and has supported cohorts of up to 15 businesses each year, providing them with intensive support, enabling them to become regular/sustainable exporting businesses. The fourth annual cohort, consisting of 15 businesses, is finalising participation in the programme for 2024-25, and we are beginning preparations to launch the programme for a fifth cohort during 2025-26.
10	Deliver an annual Export Conference to promote the benefits of exporting to businesses across Wales, providing an opportunity for them to find out about market opportunities, export procedures and the support available from Welsh Government and our delivery partners.	Conferences have been delivered in March 2021 (held virtually due to Covid), then in March 2022 (Cardiff) and March 2023 (in Cardiff and Deeside), then in March 2024 (in Cardiff and Deeside). The next 'Explore Export Wales' conferences are scheduled to take place in March 2025 (in Cardiff and Llandudno). The event has become our flagship annual export event for Wales, and it is notable that attendance (and interest) from businesses has increased year on year, with 475 delegates attending in person in March 2024 (up from 335 in 2023 and 205 in 2022).
11	Increase the number of businesses that we are engaging with on exports.	<p>In 2020-21 (i.e. prior to the publication of the Export Action Plan) we supported 187 businesses through our core export programmes [note: this does not include the overall numbers of businesses interacting through the ITA team]. Since the publication of the Export Action Plan, the numbers of businesses supported through the export programmes has increased. The latest full year figure for 2023-24 recorded 280 businesses supported.</p> <p>In addition to that, since the publication of the Plan, our records indicate that more than 500 businesses (that had not previously accessed Welsh Government export support programmes) have since participated in our programmes/activities to develop their exports.</p>
Step 2 – Building Capability		
	Immediate Term	Progress
12	Increase our capacity to support exporters through EU Transition, using in house, outsourced and partner expertise to help resolve both short and longer term issues and challenges.	<p>Welsh Government introduced a number of new mechanisms to bolster support for exporters through the EU Transition process and beyond. This included:</p> <ul style="list-style-type: none"> - extending the existing International Trade Development (ITD) programme to include a bespoke 'EU Transition Q&A Service' to provide our International Trade Adviser (ITA) Team with direct access to additional expertise on process and compliance issues so that they could respond swiftly and accurately to enquiries from exporters.

		<p>- establishing a 'Rapid Deployment Service' that enabled the provision of expert support directly into businesses to resolve urgent cross border trade and EU Transition related issues such as customs procedures, tariffs and tariff codes, documentation, regulatory compliance, etc.</p> <p>- providing an 'International Manager for Hire' Programme designed to support the capacity of exporters to manage the immediate and longer term impacts of EU withdrawal for their business.</p> <p>- convening a network of external partners based in Wales with the technical expertise to advise and guide exporters through EU Transition related issues and challenges.</p> <p>In addition to the above, the Welsh Government worked with the UK Government's 'Field Force' project which focussed on proactively contacting businesses that trade more than £250k per annum with the EU-only to assess and support their readiness for EU Transition.</p>
13	Undertake a proactive and targeted campaign to contact existing Welsh exporters (including our Major Exporters) to ascertain the impact of COVID-19 on their export business and put in place an appropriate package of export programme support.	As above, the Welsh Government International Trade Advisor (ITA) Team engaged with businesses on exports (including existing exporters) throughout the period of Covid and beyond. Specific programmes of export support were adapted to mitigate the impacts of Covid, for example, the overseas trade missions programme incorporated a series of 'virtual' trade missions, which enabled businesses in Wales to continue to have the opportunity of meeting potential new overseas clients, without the need for physical travel.
14	Continue to deliver our International Trade Development (ITD) programme to support market research/qualification, and ensure it is adapted to ascertain the post COVID-19 markets landscape, what it means for businesses, and thereby providing vital intelligence on how to prepare for the future.	The ITD programme has continued to be delivered since the publication of the Export Action Plan, providing businesses with the intelligence and research to help them better understand the exporting landscape and make informed decisions about future exporting activity. Since the publication of the Plan (from January 2021), 162 ITD projects have been delivered.
15	Develop a new framework for 'Export Clusters' in Wales to systematically build capacity and capability for exporting on a one-to-many basis. This will initially be a pilot programme for one of our key sectors and will build on the model of the Food and Drink Wales Export Club.	Following a successful pilot of an export cluster for the Med Tech and Diagnostics sector, a full 'Export Clusters' initiative was established in 2021. The following export clusters continue to deliver export support: <ul style="list-style-type: none"> ▪ MedTech & Diagnostics ▪ Technology

		<ul style="list-style-type: none"> ▪ High-value Manufacturing ▪ Consumer Products ▪ Renewables & Clean Energy <p>These export clusters are in addition to the pre-existing Food and Drink Export Cluster. In total, more than 330 Welsh businesses are being supported on their export development across all export clusters. A survey of the effectiveness of the export clusters was published in December 2024.</p>
16	Deliver (in conjunction with delivery partners) a structured programme of in-Wales events/seminars (on a virtual basis in the immediate term) to raise awareness of market opportunities and export processes on a one-to-many basis.	Since the publication of the Export Action Plan, a significant programme of seminars/webinars has been delivered for businesses in Wales. The events have covered numerous export topics, for example, developing a successful export strategy; e-commerce; rules of origin; customs requirements etc. Events have also covered a range of key export markets to raise awareness of opportunities and advice on how to do business, including Japan, USA, Ireland, UAE, Canada, Australia, South-East Asia etc. Since April 2021, more than 60 events have been delivered, with over 800 participants.
17	Bolster our digital support for exports by introducing new online 'bite-size' training modules on export topics within the Business Wales Business Online Support Service (BOSS) for businesses that are new to exporting; and our Export Zone, including our new Export Hub providing in-depth guidance on all aspects of exporting.	<p>Six training modules on the fundamentals of exporting have been created and published via the Business Wales BOSS platform. In addition to this, the online Export Hub is available to all businesses in Wales and provides a dedicated and comprehensive resource bringing together under one portal the latest export data, information and guidance. This includes support for businesses to find export opportunities; as well as provide information on getting goods to overseas markets. As of January 2025, there are 359 registered users of the Hub.</p> <p>Alongside Welsh Government support, the UK Government/DBT provides an Export Academy delivering online training for exporters, and our ITA team continues to proactively promote this to businesses in Wales.</p>
18	Deliver dedicated support to exporters through our International Manager for Hire (IM4H) grant programme which will help mitigate the risks of exiting the EU and build resilience capability to help safeguard existing business with the EU and/ or identify further opportunities in non-EU markets.	IM4H garnered interest amongst exporting businesses when initially launched in late summer 2019. As the initial disruption from the EU exit eased, interest in the programme decreased, therefore the programme was closed in April 2023. In total, 10 applications for support were approved.
19	Help and encourage companies to develop their export capabilities through an Export Training Grant providing targeted support for staff to undertake accredited export related training.	The Export Training Grant has been available for the duration of the Export Action Plan and continues to be available for businesses in Wales. The grant continues to provide businesses with access to funding to provide staff with accredited training to improve

		their capability to export. 17 projects have been completed since the launch of the Export Action Plan.
20	Expand our International Trade Development (ITD) programme to include e-commerce advice for exporters, particularly to support online platforms for selling and marketing.	The ITD programme was modified (in Feb 2022) to include a unique section to provide support on e-commerce. In addition to this, the Welsh Government has also delivered seminars for businesses specifically focussed on developing their e-commerce, for example: an E-commerce webinar in October 2022; seminars at the Explore Export Wales conferences in March 2024; as well as seminars taking place in Pembroke and Conwy in the autumn of 2024. Further seminars will be delivered as part of Explore Export Wales in March 2025.
Medium / Longer Term		Progress
21	(subject to a successful pilot) Expand our Export Cluster programme to include more key sectors.	Following the MedTech & Diagnostics export cluster pilot, the following additional clusters were announced in October 2021: <ul style="list-style-type: none"> • Technology • High-value Manufacturing • Consumer Products • Renewables & Clean Energy See Action 15 (above) for further detail on export clusters.
22	Encourage SMEs to use Welsh Government's SMARTCymru programme to 'innovate to export' in order to improve market readiness and strengthen intellectual property.	The Welsh Government Export team continues to support innovative Welsh businesses to export, supporting overall delivery of the Welsh Government Innovation Strategy. Business support referrals are made on an ongoing basis between the Innovation and Export teams.
23	Deliver targeted and regular communication/newsletter updates as a means to further 'reach out' to our Welsh businesses, providing regular updates on market trends and emerging opportunities.	The Welsh Government Export Team has, and continues to use, a number of outreach mechanisms in a targeted manner. This includes: <ul style="list-style-type: none"> • An email mailing list, used to promote both in-Wales and overseas export events • Business Wales newsletter • Social Media channels to highlight ongoing export support messaging • Ongoing export marketing programme designed to inspire exporters primarily via our Export Exemplars campaign delivered in conjunction with the Business Marketing Team • The team also works with Export Ecosystem partners to promote the export support available.

		In addition, through the Export Clusters, two bilingual newsletters per cluster are delivered each year, highlighting export success stories, market opportunities for member businesses, case studies etc.
Step 3 – Finding Customers		
	Immediate Term	Progress
24	Continue to deliver our International Trade Opportunities (ITO) programme to support businesses in identifying suitable in-market customers. We will ensure the programme is adapted to support businesses which may have lost significant international sales due to COVID-19, to help them ‘re-connect’ with international customers or find new ones to ‘replace’ those lost. We will also offer the ITO programme on a fully subsidised basis for a time limited period.	The ITO programme continued to deliver throughout the Covid-19 period and was adapted to enable companies to have virtual meetings arranged instead of face-to-face whilst travel restrictions were enforced. The company fee for an ITO was also paused from March 2020 until July 2023, providing further financial benefit to businesses. Since the publication of the Plan (from January 2021), 197 ITO projects have been delivered.
25	Introduce a new ‘virtual meeting arranging’ service through the ITO programme as a means to further enable businesses to meet with potential customers/partners in overseas markets.	As per above, a virtual meeting arrangement service was added to the ITO programme following travel restrictions from Covid-19. This service is on-going therefore businesses supported through ITO, have the option of face-to-face or virtual meetings arranged.
26	Place a greater emphasis on our Welsh Government Overseas Offices identifying potential business opportunities in their respective markets that could be matched with and contested by Wales based businesses.	As highlighted in Actions 2 and 16, the Welsh Government Overseas teams have and continue to deliver numerous seminars/events to highlight business opportunities in their respective markets. The upcoming Explore Export Wales conferences in March 2025 will feature representatives from all Welsh Government Overseas teams, as well as seminars focusing on market opportunities in key markets such as the USA, Japan and the European Union.
27	Ensure our London office will facilitate connections with representatives from overseas markets including Embassies, High Commissions and Chambers of Commerce to support Welsh exporters.	The Welsh Government’s London Office continues to facilitate connections with Embassies, High Commissions etc. on an ongoing basis. For example, in November 2024, the First Minister hosted an event for the diplomatic corps in the London office to highlight overarching international priorities, including support for Welsh exporters. In total 127 delegates attended the event from over 60 countries the vast majority were Ambassador/High Commissioner level or Deputy head of Mission. In addition, during the 2024 calendar year, 28 Ambassadors/High Commissioners/visiting Ministers were hosted by the International Relations team in Wales.

	Medium / Longer Term	Progress
28	Deliver a new online 'Buy from Wales' directory that will enable overseas buyers to contact Welsh suppliers more easily as a means to facilitate greater trading opportunities.	This action has been progressed through the Export Cluster initiative, a key part of which has been the development of an online directory highlighting all businesses within each Export Cluster. The directories are published on the Business Wales website and can be used to identify potential trading partners in Wales, including by overseas buyers, interested in the products/services offered by cluster members.
29	Support major exporters by providing strategic intelligence and insight, introductions and advice to exploit opportunities in new markets.	<p>Our online Export Hub provides market intelligence, data and insights to help businesses, including major exporters, to devise and refine their export strategies and to unearth potential new export opportunities. In addition, our team of International Trade Advisers (ITAs) based throughout Wales, responds to queries from, and provide support to, major exporters as and when required.</p> <p>Our overseas based staff can also provide local knowledge and guidance to exporters of all sizes, including major exporters, as well as facilitating introductions to useful market entry specialists, senior UK government staff, potential business partners, customers, buyers, etc.</p>
30	Maximise our cultural and sporting relations, soft power and economic diplomacy to full effect to showcase our major exporters in their strategic markets.	Cultural, sporting and other events continue to be used as a platform to promote Welsh exports. For example, coinciding with the Rugby World Cup in France in 2023 (and during the 'Year of Wales and France'), a number of trade-focussed events were delivered, supporting Welsh exporters to explore export opportunities in the market. As part of organised events to celebrate St David's Day, trade focussed events have been delivered in various markets, including Ireland and Australia. Similarly, during June 2025, as part of events taking place during Expo 2025 in Japan (and as part of the 'Year of Wales and Japan') a trade mission of Welsh businesses is currently being organised.
Step 4 – Getting to Market		
	Immediate (and potentially medium / longer) Term	Progress
31	Review our overseas trade events programme to focus on the markets and sectors outlined earlier in this plan whilst also embracing those major cultural and sporting events that can provide opportunities for our exporters.	The Welsh Government overseas trade events programme is reviewed annually and based on the overall needs of businesses to travel to key markets/exhibitions. As highlighted in Action 30, some events coincide with cultural/sporting events, where appropriate. The programme is published on the Business Wales website, through which businesses can express their interest in participating. Since the publication of the Plan, 72 overseas trade events have been delivered, supporting nearly 900 delegates.

32	<p>Introduce the delivery of new 'virtual market visits' working closely with our Overseas Offices and where necessary with other in-market partners including DBT and Chambers of Commerce. This will further support our broader commitments on sustainability and encouraging less international travel.</p>	<p>Virtual market visits/trade missions were introduced during the period where there were travel restrictions as a result of Covid-19. They were a key resource in helping Welsh businesses maintain (as far as possible) business-as-usual. Whilst businesses welcomed the opportunity to engage with potential in market customers virtually during the Covid period, post pandemic global trade exhibitions reverted back to in-person events with no virtual facilities. Interest and participation in physical Trade Missions and Overseas Business Development Visits (OBDV) projects has also grown substantially since 2021. For example, 31 OBDV projects were completed in 2021-22, whereas in 2024-25 to the end of January, 162 projects have been completed. Furthermore, 13 delegates joined Medica when it was delivered virtually in November 2020, whereas Medica in Düsseldorf in 2024 attracted over 50 Welsh delegates evidencing demand to meet potential customers face to face. Following the end of Covid restrictions, the virtual visits/trade missions have concluded in response to the requirements of business, however, the virtual meeting arrangement service (through the ITO programme) continues to be available to businesses. Similarly, through the New Exporter programme, we have provided the opportunity for businesses to undertake 'virtual' in market meetings.</p>
33	<p>Continue to offer our Overseas Business Development Visit (OBDV) grant support to assist businesses to travel independently to develop new export business. In the immediate term, we expect a reduction in the demand for this, given travel restrictions, however, where businesses are able to travel, we will expand the eligibility for the grant (for a limited period) to support businesses to recover business in existing markets (as well as for new business opportunities) as a means to further support export recovery.</p>	<p>The OBDV grant has continued to be delivered since the publication of the Export Action Plan, providing businesses with support to visit overseas markets independently to explore new business opportunities. Since the publication of the Plan (from January 2021), 459 OBDV projects have been delivered.</p>
34	<p>Through our Overseas Offices, deliver in-market events and activities, for example, briefings, making in-market contacts (DIT, chambers, clusters, networks), online pre-mission webinars to support businesses preparation.</p>	<p>All trade missions and exhibitions are preceded by a market / event online briefing. These are delivered by the Welsh Government Export Team with in-market support from our overseas teams or, if focused on a market where there is no Welsh Government presence, other in-market partners. Similarly, all trade missions provide attendees with an in-market briefing at the beginning of the event (in-market) and a networking reception mid-week to further promote the presence of the Welsh delegation in the market.</p>
35	<p>Through our Overseas Offices, provide 'on the ground' support to Welsh businesses undertaking export focused visits to their region whether as part of a visiting trade delegation or independently.</p>	<p>Providing support to businesses in Wales looking to develop their export business is a core function of the Welsh Government overseas teams. In addition to providing support for businesses travelling independently to market, the overseas teams also deliver</p>

		support to businesses taking part in Welsh Government organised trade missions and attendance at trade exhibitions.
	Medium / Longer Term	Progress
36	Use any presence at overseas exhibitions as a means to also promote Wales as a premier location for inward investment, particularly where there is alignment between either the sector focus of the event or the market where the event is held with Wales' core investment propositions.	For particular sectors and markets, Welsh Government presence at trade exhibitions is also used as a basis for promoting inward investment opportunities for Wales, and our Export and Inward Investment teams (alongside other business facing teams) work closely to ensure those opportunities are maximised. For example, at the Games Developers Conference, Medica, Money 2020, MRO Europe, World Nuclear Exhibition, Paris Air Show and Arab Health exhibitions.
37	Through our Overseas Offices, identify in market export activities within their regions, to directly inform overall planning for trade events and particularly in conjunction with other in-market partners, such as DBT, chambers, and cluster networks.	As part of our review and planning of the annual Overseas Trade Events programme, the Welsh Government overseas teams (alongside other relevant Welsh Government teams) identify potential in market events/activities within their respective regions, which directly inform the final programme, which is subsequently agreed by Ministers and published on the Business Wales website.
38	Through our Overseas Offices, showcase products and services and use office facilities (where possible) to facilitate in-market meetings and events.	Where space allows, products/services from Wales are routinely showcased within Welsh Government overseas offices. For example, in Brussels we have a range of Welsh products showcased in the Welsh Government office. Similarly, products and services are routinely showcased during in market events (for example, Welsh food and drink served at St David's Day events).
39	Commission future research on priority target export markets and sectors to ensure that our activity, including our events programme, is focused on the right markets and opportunities (particularly to better understand the post-COVID-19 landscape). This will also take into account opportunities linked to the UK's developing trade policy and future trade agreements.	The Welsh Government's Knowledge, Analytics and Statistics (KAS) team managed an external project to research priority target export markets. The outcomes from the research have been used as part of the consideration and development of the annual Overseas Trade Events programme. We are currently undertaking an evaluation of core export support programmes (including overseas trade events) delivered through the Export Action Plan, which is due to be published by summer 2025.

Andrew RT Davies MS
Chair, Economy, Trade, and Rural Affairs
Committee

3 March 2025

Dear Andrew

Holyhead Port Storm Damage and Closure – Committee Inquiry

Thank you for your letter regarding your Committee's forthcoming inquiry into the recent storm damage and temporary closure of Holyhead Port. I recognise both the local and national significance of this issue, particularly given Holyhead's strategic importance for trade, connectivity, and economic activity between Wales, the UK, and Ireland.

I'm afraid the evidence session on 6 March coincides with a meeting of the Climate Change, Environment and Infrastructure Committee, which will be our final opportunity to scrutinise the Cabinet Secretary on the Disused Mine and Quarry Tips (Wales) Bill.

Should there be any further opportunities for the CCEI Committee to contribute, I would be happy to explore how best we can do so.

Yours sincerely,



Llyr Gruffydd MS,
Chair, Climate Change, Environment and Infrastructure Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg | We welcome correspondence in Welsh or English.

Agenda Item 5.5

Huw Irranca-Davies AS/MS

Dirprwy Brif Weinidog ac Ysgrifennydd y Cabinet dros Newid Hinsawdd a Materion Gwledig
Deputy First Minister and Cabinet Secretary for Climate Change & Rural Affairs



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: PO/HIDCC/0073/25

Mike Hedges MS
Chair
Legislation, Justice and Constitution Committee
Welsh Parliament
Cardiff Bay
Cardiff
CF99 1SN

3 March 2025

Dear Mike,

I am writing in accordance with the inter-institutional relations agreement to let you know that the Inter-Ministerial Group for Environment, Food and Rural Affairs will be held on 10 March. I will be representing the Welsh Government.

The meeting is expected to focus on the circular economy, animal diseases, discussion on a potential UK-EU sanitary and phytosanitary agreement, the Border Target Operating Model, and the impact of the Internal Market Act on the EFRA sector. I will update you on discussions, and a communique will be issued, after the meeting.

I have also copied this letter to the Climate Change, Environment and Infrastructure Committee and the Economy, Trade and Rural Affairs committee.

Yours sincerely,

Huw Irranca-Davies AS/MS

Dirprwy Brif Weinidog ac Ysgrifennydd y Cabinet dros Newid Hinsawdd a Materion Gwledig
Deputy First Minister and Cabinet Secretary for Climate Change & Rural Affairs

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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.



Economy, Trade & Rural Affairs Committee -Scrutiny of the Welsh Government Draft Budget 2025-26

Introduction

On 10 December the Welsh Government laid its Draft Budget for 2025-26.

This response follows evidence given to the Committee in its budget scrutiny meeting on 15 January 2025. In that meeting the Committee held three scrutiny sessions. One session looked at the economy and skills where the Cabinet Secretary for Economy, Energy and Planning and the Minister for Culture, Skills and Social Partnership provided evidence. One examined rural affairs with the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs covering rural affairs, and one examined trade related issues with the Deputy First Minister and the Cabinet Secretary.

Recommendations following the three scrutiny sessions held have been considered carefully. Recommendations 1 – 12 and recommendations 15 and 16 are being responded to by the Cabinet Secretary for Economy, Energy and Planning and the Minister for Culture, Skills and Social Partnership. Recommendations 13 and 14 and 17-20 will be answered separately by the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs covering rural affairs.

We would like to thank the Committee for their continued support.

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1. The medium-term impacts of the draft budget

Recommendation 1.

In light of the Office of Budgetary Responsibility's suggestion that there will be slower growth in public spending from next year, Welsh Government must ensure its budget plans are sustainable, resilient enough to consider different potential future funding scenarios. and ready for potential funding changes, especially a reduction in the block grant. The Welsh Government should plan to make best use of any additional future funding from economic growth but also have contingencies for lower growth, which might lead to smaller budget increases or cuts.

In particular they must ensure any programmes or projects funded this year are set up in a way that any reduction in funding next year will not lead to sunk costs being lost, for example due to winding up a project before it is complete. Welsh Government should provide the Committee with details of its contingency planning as soon as practically possible following publication of the final Budget.

Response: Accept

Work is already well underway on embedding a strategic approach to longer-term fiscal planning for Wales through the Wales Spending Review. An approach where we will look to identify the future spending challenges and opportunities for Wales in a much broader way and over a much longer period.

The UK Government has confirmed that a rolling approach to future spending reviews will be adopted whereby the UK Government will review its spending plans every two years. In June of this year, we will have confirmation of our block grant for revenue resources up to 2028/29 and for capital investment up to 2029/30. This provides us with more certainty on our funding settlements and allows us to plan future budgets over a longer period of time and provide a some more certainty for partner organisations.

The resource budget in 2025-26, including all elements listed above, is up 5% in real terms compared to outturn for 2023-24 on a like-for-like basis. Based on the Office of Budget Responsibility's tax forecasts and the trajectory for overall discretionary resource expenditure published in the UK October budget, it will increase in future years at a rate of just under 1% a year in real terms.

The general capital budget in 2025-26 is up 7% in real terms compared to the outturn for 2023-24. The future path for overall UK capital expenditure published in the UK budget suggests that there won't be further big increases after 2025-26.

2. The Economy & Skills

Young Persons Guarantee

Recommendation 2.

The Welsh Government should provide the Committee with detail setting out how the increase in funding for Jobs Growth Wales+ will be matched by an increase in openness and accessibility of the programme for those most in need.

Response: Accept

The increase in funding for the Jobs Growth Wales+ Programme means that we can continue to provide a bespoke package of support for some of our most disadvantaged young people who are NEET and in some of the most deprived areas of Wales. The increased allocations will allow our contractors to respond flexibly with many of them having opened new training facilities to be nearer to the young people who need them most, bringing a community focus to their work with these young people.

JGW+ serves some of the most disadvantaged young people in our society, with a specific focus on making provision for those young people with protected characteristics. Statistics for the 2023-24 financial year indicate that the programme has been particularly successful in engaging young people who have a disability with 24% of young people on the programme self-identifying as having a learning or physical disability. Overall, contractors are consistently meeting their target of a minimum of 60% of young people having a positive outcome into employment or training when they leave the programme.

Successive lockdowns, periods of self-isolation and restrictions on what previously was deemed as 'normal life' have had a significant effect on the mental health and wellbeing of post-16 learners and staff. Young people are experiencing anxiety, depression and frustration relating to the long period of disruption to their education, missed exams, career progression and/or employment prospects. The JGW+ Programme is also having to support young people who have had significant periods of non-attendance at school and who are not able to engage with structured environments, impacting on their ability to enter the workplace. This has led to contractors needing to provide far greater levels of emotional and psychological help than ever before. The additional funding will enable contractors to continue to help young people with complex issues.

Finally, I am pleased to share with Members that the results of the recent evaluation of the Jobs Growth Wales+ programme. Their interim report is very positive, highlighting key findings such as:

- 89% of young people reported that the support provided by the programme met or exceeded their expectations, supported their

career development, and addressed their individual needs through tailored training and development activities.

- 97% of young people stated that the JGW+ programme improved their work prospects, with 91% noting an improvement in their future pay prospects.

The interim report can be accessed here:

[Success of Youth Employment Programme Offers More Than a Job](#)

Skills, Training and Apprenticeships

Recommendation 3.

The Minister should share the outcomes of his green skills short-term review as soon as it is completed.

Response: Accept

Roundtable discussions with stakeholders commenced in January.

The review is about reflecting on progress in delivering our Net Zero Skills Action Plan and identifying any further actions that can bring about tangible outcomes and delivery – with these agreed by Easter.

Recommendation 4.

The Welsh Government should set out how it will ensure good practice from Airbus is replicated and can be rolled out to smaller businesses.

Response: Accept in principle

The Committee's report states that:

"Members were interested in the Minister's example of the good work being undertaken with Airbus in Flintshire. It is important the Welsh Government learns lessons from this and considers how to roll out similar success stories across Wales. However, it is also important the Welsh Government works with small businesses to create training opportunities, particularly apprenticeship opportunities, across Wales which will both support learners and help small businesses develop."

During Apprenticeship Week Wales (10th to 14th February), the Welsh Government has showcased many apprenticeship success stories from all over Wales to promote the value of apprenticeships to individuals and to employers. Work will continue over the course of the year to share further examples of good practice

and to highlight the contribution that apprenticeships make to the economy of Wales and to essential services like health and social care.

Medr is now responsible for delivery of the apprenticeship programme in Wales. With regards to small businesses, Medr is working with employers and industry bodies to better understand the barriers they face, especially SMEs, in taking on apprentices and how to broaden the employer base going forward.

Green Investment

Recommendation 5.

The Welsh Government should set out their reasoning behind their view that leveraging private investment is more about policy choices than investing public money to attract said investment.

Response: Accept

The Welsh Government has and will continue to work with the energy sector to understand the barriers and opportunities for Wales to lever in private investment. Recent examples of this work include the Renewable Energy Deep Dive which concluded in 2022 and current activity that we are progressing through the Offshore Wind Task and Finish Group and our commitment to a sector deal with the renewable energy sector.

Through this work we want to understand how we can leverage in more investment through the policy choices that we take. For example, we know from discussions with the renewable energy sector that planning and consenting are viewed as barriers to investment. As a result, we have streamlined planning processes through the Infrastructure Wales Act and have allocated additional resources to our consenting bodies including Natural Resources Wales and Planning and Environment Decisions Wales.

Within the draft budget the majority of the funding for energy is targeted at our public sector led delivery through Trydan Gwyrdd Cymru and Ynni Cymru. We want to lead the transition to a net zero energy system in a way that retains greater benefits within Wales and our communities. Working through Trydan Gwyrdd Cymru and Ynni Cymru we are supporting new investment in renewable energy that supports green jobs and growth and will be working in partnership with the community, public and private sectors in our delivery.

Remote Working

Recommendation 6.

As the Welsh Government considers it has achieved it's Programme for Government commitments around remote working they should undertake and

publish an evaluation of their work in this area. The evaluation document should, at minimum, set out what has been spent, how the commitments were achieved, the impact this has had and any lessons learnt. As part of this the Welsh Government should set out how it will maintain its achievements in remote working going forwards, particularly as there is no budget associated with that task.

Response: Agree in Principle

We plan to review our remote working hubs, taking into account feedback from both the hubs and their users. Additionally, we will continue to monitor our progress towards the 30% remote working target and share effective remote working practices across the public, private, and third sectors. We will provide a progress report on these activities later in the year.

Tourism

Recommendation 7.

When setting its budget and developing financial support schemes for the tourism sector the Welsh Government must account for the entire regulatory burden faced by the industry not just regulations targeted directly at tourism providers.

Response: Reject

The Welsh Government's financial support schemes for the tourism sector are discretionary and in most cases our schemes are designed to incentivise capital investment projects within individual businesses, with the decision to support driven by the merits of the project.

Recommendation 8.

The Welsh Government must ensure funding for tourism is flexible enough that it can be used to respond to business needs.

Response: Accept in principle

Our financial support schemes for tourism have to comply with subsidy control rules and achieve value for money from the activity supported. Most of our support is designed to incentivise capital investment, rather than day to day costs of running a business.

However, we agree that our support should be flexible enough to allow a range of different projects to come forward from across the sector. Our largest current fund, the Wales Tourism Investment Fund, is a £50m multi-year fund administered jointly by Visit Wales and the Development Bank of Wales which provides a combination of loan and grant finance.

This fund can support investment projects in all parts of the sector which help businesses to grow, create jobs and address product development priorities. We also operate the Brilliant Basics fund for small scale tourism infrastructure improvements. The new scheme we will be running in 2025-26 for weather-proofing of visitor attraction businesses is an example of responding directly to needs articulated to us by the sector.

Subject to approval of the legislation currently before the Senedd, the Visitor Levy will provide a new source of funding which local authorities will be able to invest in destination management and improvement across their communities and taking account of the views and needs of the sector locally.

Support for those affected by the closure of Port Talbot blast furnaces

Recommendation 9.

The Welsh Government should set out what financial contingency planning they have undertaken around increasing support to those affected by the closure of Port Talbot blast furnaces, should this be needed.

Recommendation 10.

Budget documentation should, in a clear and easy to find way, set out exactly how much is being allocated to support those affected by the closure of Port Talbot blast furnaces and from which budget lines it is being drawn.

Response: Reject

The TATA Transition Board was established by the UK Government to support the people, businesses and communities affected by the proposed transition to low-CO₂ steelmaking. The Cabinet Secretary for Economy, Energy and Planning represents Welsh Government on the board, and we are engaging closely with Tata Steel and our key partners Jobcentre Plus, local authorities and trade unions, and will continue to ensure people facing redundancy are provided with information, advice and guidance about the support available to them, including additional tailored, one-to-one support to those who need it.

The Transition Board has agreed five priority areas for support: Job Matching, Skills and Employability; establishment of a Supply Chain Transition Fund and Business Growth and Start Up Fund, support for mental health and wellbeing and regeneration projects.

Business Wales is in receipt of grant from UK Government for the 2024 - 25 and expected 2025 - 26 to deliver on the TSUK Transition funding for the Supply Chain Fund and the Business Growth, Resilience and Start Up Fund.

The ReAct+ redundancy support programme is demand-led and operates on an all-Wales basis. Following contingency planning and modelling following Tata Steel UK's announcement, Cabinet agreed an additional £4.75m at Final budget 2024-25 for the ReAct+ programme and other key employability programmes including Jobs Growth Wales+ and Communities for Work+. The £4.75m has been baselined for draft budget 2025-26 to ensure that the Welsh Government employability programmes are able to support any increase in demand from displaced Tata workers.

The Board has brought all our support mechanisms together, including those provided by community groups to provide a holistic approach to helping those workers, their families and the wider communities impacted by Tata's proposed transition. Therefore, it is not possible to accurately quantify the value of support being provided in monetary terms.

Tech Valleys

Recommendation 11.

The Welsh Government should set out how they intend to meet their commitments to spend £100 million on the Tech Valleys programme by 2028, and set out how much progress has been made towards the aim of creating 1,500 sustainable jobs through the programme

Response: Accept in principle

Political and economic landscape changes in Wales and world-wide since the original Tech Valleys vision and commitments were created in 2017 have made the original highly aspirational objectives of the Tech Valleys programme much harder to reach. Despite this, significant achievements have been made in the delivery of projects under the three inter-related Tech Valleys strands of infrastructure, skills and business growth. (see [Tech Valleys programme | GOV.WALES](https://gov.wales/tech-valleys-programme)).

While it may no longer be possible to achieve the original Welsh Government commitment to spend £100 million on the Tech Valleys programme by 2028, given wider budget pressures, projects continue to be developed and the geography of the programme will continue to widen in order to utilise the potential impact of the Tech Valleys investment across the wider northern south Wales valleys and to help lever-in collaborative investment such as with the Cardiff Capital Region Northern Valleys Initiative.

To-date the Tech Valleys programme has:

- committed over £43 million to projects in the growing portfolio, and we are continuing to work with partners to identify and develop new projects;

- helped create 298,000 sq. ft. of new and refurbished floor space enabling a figure of 600 potential jobs;
- helped raise STEM skills performance in local schools and colleges through the Tech Valleys STEM facilitation project and the Welsh Valleys Engineering Project.
- funded the National Digital Exploitation Centre and ResilientWorks, two cyber initiatives operated by Thales.
- ensured the successful direction of UKG LUF to Blaenau Gwent to create the High Value Engineering Centre – a hi-tech training facility for up to 600 student and commercial users that will be opening at the end of 2025.
- made significant invested in primary and secondary schools purchasing HiVE hub equipment to encourage children to gain skills and take on STEM subjects.

Broadly 700 jobs have been supported by investment from the Tech Valleys programme, primarily as a result of the creation of new or refurbished floor space. This number will continue to grow over the remaining years of the Tech Valleys programme.

3. Trade

EU Exit

Recommendation 12.

The Welsh Government should provide further information on the way in which the UK-EU Trade and Cooperation Agreement is co-ordinated across Welsh Government departments since its trade team took on additional responsibility for EU exit.

Response: Accept

Work on the UK-EU Trade and Co-operation Agreement is now co-ordinated by the Trade Policy team, with support from the wider International Relations directorate, including our Brussels-based team.

The Trade Policy team already co-ordinates work on the negotiation and implementation on UK trade deals and is already in direct contact with many of the teams that are impacted by the TCA. In addition to direct contact with these teams, an internal group for Trade and EU relations has been established. The group is attended by officials across the Welsh Government, whose areas of work intersect with either the EU TCA, or trade agreements more broadly.

Recommendations 13 & 14 will be responded to by the Deputy First Minister and Cabinet Secretary for Climate Change & Rural Affairs

4. Export, Trade and Inward Investment

Recommendation 15.

The Welsh Government should provide the update on the Export Action Plan as soon as possible and no later than the end of this spring term.

Response: Accept

Officials will provide a written update on the Export Action Plan prior to the end of this spring term.

Holyhead Port

Recommendation 16.

The Welsh Government should confirm whether there will be any changes made to either the draft allocation or the focus of planned spend under the Export, Trade and Inward Investment BEL to support businesses affected by the temporary closure of Holyhead Port.

Response: Reject

The Export, Trade and Inward Investment BEL is to deliver the Export Action Plan for Wales, and promoting Wales for inward investment, therefore this BEL will not provide any direct support for businesses affected by the temporary closure of Holyhead port.

We are continuing to explore potential additional support and we will update the committee in due course.

5. Rural Affairs

Recommendations 17-20 will be answered by the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs



Economy, Trade & Rural Affairs Committee - Scrutiny of the Welsh Government Draft Budget 2025-26

Response from Deputy First Minister
and Cabinet Secretary Climate Change
and Rural Affairs

Introduction

Further to the Committee's budgetary scrutiny and evidence sessions, the Committee issued its report in February.

Set out below are the Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs' responses to the Committee's Recommendations 13-14 about Borders Policy and 17-20 about Rural Affairs.

Recommendations 1-12 and 15-16 will be answered separately by the Cabinet Secretary for Economy, Energy and Planning and the Minister for Culture, Skills and Social Partnership.

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1. Borders policy

Recommendation 13

The Welsh and UK Governments should work together to reach a solution in relation to funding the BCP running costs as soon as possible.

Welsh Government Response:

**Deputy First Minister and Cabinet Secretary Climate Change and Rural Affairs
Accepts in principle**

The Welsh Government continues to believe that the full costs of implementing post-Brexit border controls should be met by the UK Government. The Cabinet Secretary for Finance and Welsh Language continues to press the case with the Chief Secretary to the Treasury

Recommendation 14

The Welsh Government should clarify whether the BEL's title is correct and 'Borders' has been removed. If so, it should set out any practical implications, if any, of its removal.

Welsh Government Response:

**Deputy First Minister and Cabinet Secretary Climate Change and Rural Affairs
Accepts**

The Borders budget continues to be managed by the team responsible for implementing border controls (BEL 3730) but the work involves officials from a number of teams working together, including officials from the Strategic Evidence, Monitoring & Intergovernmental Relations team (BEL 2816), which formerly included Borders in its title, before 2023-24. Therefore the published BEL tables are correct. We apologise that there was, however, an error in the written evidence paper which referenced a previous version of the BEL title for BEL 2816.

2. Rural Affairs

Recommendation 17

The Sustainable Farming Scheme budget should be increased from the current agricultural support allocation to reflect inflation and also the benefits the scheme will bring including actions to tackle the nature and climate emergencies. As part of this the Deputy First Minister should explore calculations made by the farming unions around agricultural inflation and the Scale of Need Report when determining the Sustainable Farming Scheme budget.

Welsh Government Response:

Deputy First Minister and Cabinet Secretary Climate Change and Rural Affairs Rejects

The Sustainable Farming Scheme (SFS) will be the primary support for agriculture in the future as well as a significant contributor to delivering Wales' ambitious nature and climate change targets. The scheme will operate within the Rural Affairs budget. Welsh Ministers will continue to make other funding opportunities available, which will also be accessible by farmers and land managers, independently of the SFS.

A full business case including the financial case and the economic case (which will be informed by evidence from modelling), is being prepared for the SFS which will inform Welsh Ministers decisions on the budget allocation.

No decisions have been made on the budget or the split between the Universal, Optional and Collaborative layers of the Scheme. The weighting of the budget across the layers will be brought together in the final Business Case, reflecting evidence. We first intend to finalise the Scheme detail, payment rates for the Universal Actions, and the priority and timescale for Optional and Collaborative Actions.

Monitoring, reporting and evaluation of the contribution Welsh Ministers make to sustainable land management objectives is set out in the Agricultural (Wales) Act 2023.

Recommendation 18

The Deputy First Minister should make representations to the UK Government on the need for multi-annual budget setting.

Welsh Government Response:

Deputy First Minister and Cabinet Secretary Climate Change and Rural Affairs Accepts

The timing of UK fiscal events is a matter for the UK Government; however, the Cabinet Secretary for Finance and Welsh Language will continue to make the case for the need for multi-annual budget setting.

After taking up the post, one of the first steps taken by the Chancellor of the Exchequer was to confirm that a rolling approach to future spending reviews will be adopted whereby the UK Government will review its spending plans every two years to ensure no future cliff edge for annual settlements. This will support planning of future Welsh Government budgets and of its partner organisations.

The current UK Spending Review is taking place in two phases. Phase 1 concluded at the UK Autumn Budget and provided the Welsh Government with its settlement for 2025-26. The second phase of the UK Spending Review will conclude on 11 June, when the Chancellor will present departmental budgets to the House of Commons. This will set multi-year budgets beyond 2025-26. Specifically, it will set resource budgets from 2026-27 to 2028-29 and capital budgets for an additional year, from 2026-27 to 2029-30.

It is our intention to provide multi-year budgets where possible, however this is dependent on a number of factors, notably the timing and nature of UK Government fiscal events. After the conclusion of the second phase of the Spending Review, Welsh Ministers will consider how to allocate the Welsh Government's budget, to reflect the circumstances and priorities in Wales.

Recommendation 19

The Welsh Government should prioritise its review of Bovine TB Compensation with the aim of it being completed by the end of the Senedd.

Welsh Government Response:

Deputy First Minister and Cabinet Secretary Climate Change and Rural Affairs Accepts

I fully appreciate the importance of undertaking a review of our current TB compensation policies, as outlined in the current TB Eradication 5-year delivery plan. The review will involve engaging with industry and stakeholders, and liaising with Defra and the other devolved Governments to understand their policies and how they are delivered. We aim to complete the initial review process by the end of the current Senedd before moving to public consultation. The implementation of any new approach to TB compensation in future years would also likely be dependent on introducing legislative and delivery changes.

Recommendation 20

The Welsh Government should consider how it can support small Welsh abattoirs through the 2025-26 Budget.

Welsh Government Response:

Deputy First Minister and Cabinet Secretary Climate Change and Rural Affairs Accepts

The Welsh Government opened an abattoir-specific capital grant window under the Food Business Investment Scheme between September and November 2018. The sole purpose of this funding was to support small abattoirs and specifically, to install CCTV and to improve animal welfare facilities. However, the number of applicants were low.

The Food Business Accelerator Scheme opened in 2023-2024. One abattoir applied and was successful for funding.

The new Food Business Accelerator Scheme will open in April 2025, abattoirs alongside other food and drink manufacturing businesses, will once again be eligible to apply. Budgets are limited, each application window will be competitive and each application will be appraised on the merits of the proposed project investment.

Agenda Item 6

Document is Restricted

Document is Restricted

To: ETRA Committee

Date: 3rd March 2025

Environment, Trade, and Rural Affairs Committee Inquiry into Hybu Cig Cymru/ Meat Promotion Wales

1. NFU Cymru welcomes the opportunity to respond to the Environment, Trade and Rural Affairs Committee Inquiry into Hybu Cig Cymru (HCC).
2. NFU Cymru champions Welsh farming and represents farmers throughout Wales and across all sectors. NFU Cymru's vision is for a productive, profitable and progressive farming sector producing world renowned climate-friendly food in an environment and landscape that provides habitats for our nature to thrive. Welsh food and farming delivering economic, environmental, social and cultural benefits for all the people of Wales whilst meeting our ambition for net zero agriculture.
3. The importance of the farming industry in Wales cannot be overstated. Welsh farming businesses are the backbone of the Welsh rural economy, the axis around which rural communities turn. The raw ingredients that we produce are the cornerstone of the £9.3 billion Welsh food foundation sector, a sector which has now grown to reach a turnover of £9.3 billion whilst employing 228,500 people, the equivalent to 17% of Wales' total workforce.
4. We are proud that the Welsh public associate Welsh farmers, first and foremost, with providing safe, high quality and traceable food and at NFU Cymru we want to ensure that consumers in Wales, the UK and further afield can continue to enjoy and choose the top-quality food that we produce here in Wales – now and in the future.
5. Welsh farmers look after over 80% of the land area of Wales, maintaining and enhancing our natural environment – Wales' key asset. Farming activity supports a diverse range of species, habitats and ecosystems, provides a range of ecosystem services including flood alleviation, carbon sequestration, climate change mitigation; and delivers the significant backdrop for Wales' tourism and recreation sector.
6. Welsh farmers are key promoters and protectors of our culture, heritage and the Welsh language. The Welsh agricultural industry has the highest proportion of Welsh speakers, more than any other sector at 43%.
7. HCC has been established as the industry-led organisation responsible for the development, marketing, and promotion of red meat in Wales. Successful delivery of its remit is of paramount importance to the long-term sustainability of almost all farming businesses in Wales. Beef, sheep and pork producers will be directly impacted by the success or otherwise of this work, dairy farmers will be supplying either directly or indirectly animals into the red

meat supply chain and Welsh arable farmers are reliant on a profitable livestock industry to purchase a significant proportion of their grain / by products.

8. There is no doubt that the Welsh Red Meat Sector is under severe pressure, confidence is severely dented, Sheep numbers are at their lowest levels since 2011, the decline in the level of the Suckler herd, down 5.8 % on the last year alone, is a critical concern to NFU Cymru. The Sustainable Farming Scheme, Water Quality Regulations, Bovine TB, Bluetongue, the UK Government proposed changes to IHT, and the cumulative burden of policy and regulation weigh heavily on the red meat sector. HCC's remit means it has a crucial role to play in supporting and helping the red meat sector at this time, defending its interests and helping to create the conditions for farmers, processors and the whole red meat supply chain to thrive.
9. HCC has been delegated functions by Welsh Government under Section 7 of the Red Meat Industry (Wales) Measure 2010, with the objectives of this Measure being set out under Section 2 of the Measure, these being: -
 - To increase efficiency or productivity in the red meat industry
 - To improve marketing in the industry
 - To improve or develop services that the industry provides or could provide to the community
 - To improve ways in which the industry contributes to sustainable development
10. NFU Cymru believe that the Objectives set out within the Measure are sufficiently broad to continue to be relevant to the challenges and opportunities facing the red meat industry today.
11. HCC's Vision 25 document sets out the priorities for the organisation as: -
 - Positioning red meat from Wales as a premium product.
 - Developing EU trade opportunities for Welsh red meat.
 - Optimising domestic (GB) consumption of red meat from Wales.
 - Seeking new consumers for Welsh red meat in established global markets.
 - Securing market opportunities for Welsh red meat outside the EU.
 - Enhancing the competitiveness of the Welsh red meat industry and underpinning the role of Wales' red meat industry in global food security.
 - Supporting the economy, natural environment and society through sustainable red meat production and processing in Wales.
 - Planning in terms of future trade, production and processing through horizon scanning and market intelligence.
 - Demonstrating effective leadership and communicating to ensure purpose and proactive advocacy
12. Given the limited time to prepare evidence for the Committee NFU Cymru has not had the opportunity to consult with our membership ahead of providing evidence to this inquiry. Our submission is therefore based upon feedback from our membership on the operation of HCC from recent consultations and relevant discussions that have taken place within the NFU Cymru Livestock Board.
13. NFU Cymru was supportive of the priorities set out within the HCC [Vision 25](#) document when it was originally launched in 2018. The NFU Cymru Livestock Board reaffirmed its support for these priorities in its response to the HCC consultation on a proposed levy increase submitted in December 2022. NFU Cymru expects that HCC will shortly be engaging with the industry on a Strategy / Vision document for the next five years and as part of this engagement process will consider how effective the organisation has been in delivering against the

priorities within the current vision and will consider the priorities the Union believes that the Organisation should focus on over the next five years.

14. In the following paragraphs NFU Cymru will set out the key points raised by the NFU Cymru Livestock Board in its December 2002 response to the HCC proposed levy increase which we believe continue to have relevance to this inquiry.
15. NFU Cymru believes that HCC has a valuable and important role to play for the red meat industry in Wales by performing a range of important activities that individual beef, lamb and pork producers who contribute to the levy would not be able to do on their own.
16. For livestock production to meet the challenge of producing more whilst impacting less on the environment, Research and Development (R+D) must continue to be supported. Knowledge gained must be disseminated to levy payers in a practical format that they can understand, is relevant and can be applied on farm to improve livestock production systems. Until very recently this work has been achieved through successive funding programmes delivered to HCC through the EU Rural Development Programme. Support for R+D should be continued with funding provided from outside the levy.
17. HCC has played an important role in defending and promoting the red meat sector. This is a role that we would wish HCC to continue to play. The [Welsh Way](#) report is an excellent proactive example of this work.
18. NFU Cymru recognise the efforts made by HCC to build domestic (retail and food service) and export markets for PGI Welsh Lamb and Beef. The continued marketing and promotion and building up of both volume and value of sales are seen by our membership as a high priority for the use of levy income. As a world leading producer of high quality sustainably produced red meat we want to ensure that PGI Welsh Lamb and Beef and Welsh Pork is outperforming Beef, Lamb and Pork sales (volume and price) from other nations in both domestic (UK) and export markets.
19. HCC should be constantly investigating where efficiency savings can be made, and collaborative working undertaken, which can help ensure that key objectives are met at minimum cost and without duplication. It is important for HCC to continue to work closely with AHDB and Levy bodies in other devolved administrations. We would consider that R+D, sustainability measures, climate change mitigation and campaigns to combat negative publicity about eating red meat and the impact of livestock production on climate change are potential areas where joint working would be beneficial.
20. NFU Cymru places significant importance on the organisation retaining a level of independence from Welsh Government. It is vitally important that the organisation remains a limited company with a Board of Directors that has strong industry representation. This is essential so that it has the necessary accountability to both industry and Ministers. It is imperative that producers feel that they have genuine accountability for how the money they provide through the levy is spent.
21. Building new export markets, an increased focus on ethnic markets and increased value for the fifth quarter are areas that could bring some major benefits to the sustainability of the red meat producer and processing sectors in Wales.
22. Communication channels are constantly changing, how and where HCC market and promote our product must reflect these developments.

23. HCC must ensure that they are able to clearly and effectively show a return on the investment made by levy payers into the organisation.
24. To bring together previous consultation responses in relation to HCC together with more recent discussions that the NFU Cymru Livestock Board have undertaken in relation to HCC and the red meat sector we would also wish highlight to the inquiry.
25. As the Red Meat Measure made its way through the National Assembly for Wales legislative process in 2008 and 2009 NFU Cymru, through both written and oral evidence, expressed support for HCC to be accountable to Welsh Ministers. However, that support was contingent on Welsh Ministers delegating responsibility for levy collection and for the development and promotion of the sector to HCC. NFU Cymru was also clear that HCC, whilst accountable to Ministers, should also, through being a limited company with a board of directors with strong industry representation, be accountable to industry. NFU Cymru highlighted that this was essential given that the vast majority of funding for HCC and thus the development and promotion of the Welsh Red Meat Industry comes via the Levy which is paid by producers and processors.
26. An additional reason, at that time, for NFU Cymru supporting the ownership by Welsh Ministers was to facilitate investment from Government into HCC to help deliver against the objectives of the Measure. This funding through successive Rural Development Programmes proved vital in ensuring HCC was able to meet the objectives of the Measure and deliver against its strategic vision. It is a source of concern to us that since the ending of the EU RDP HCC has been unable to access additional funding through Welsh Government replacement funding programmes. The HCC Annual Report and Financial Statement for the year ending 31st March 2024 states that grant funding for the Red Meat Development Programme came to an end in September 2023.
27. In November 2024, at the NFU Cymru Annual Conference, members received an overview of Bord Bia, the industry led Irish Food Board. Whilst Board Bia covers more than just the red meat sector it is important to note that levy income makes up around 5% of the total income of Board Bia, with the majority of the income for Bord Bia coming from Government funding. The Irish Red Meat Sector is supported via Bord Bia and is a direct competitor for our red meat sector in both UK and Overseas markets. Without Welsh Government support then our ability to compete in both domestic and overseas markets is under threat from countries like Ireland whose government provide direct support to the development, marketing and promotion of their red meat sector.
28. The rationale for Welsh Ministers to own Hybu Cig Cymru is significantly weakened if Welsh Government do not feel it appropriate to provide funding to support activity to deliver against the objectives of the Red Meat Measure.
29. The Board of HCC is appointed through the Welsh Government Public Appointments process with appointments ultimately made by Welsh Ministers. In the development of the Red Meat Measure, and subsequently, NFU Cymru has been clear that the Board needs to be accountable to industry and the levy payers who ultimately fund the activity of the levy body. Whilst NFU Cymru supports the need for a wide range of skills and expertise on the Board we would highlight the importance of levy payers, both producers and processors, being well represented on the Board. We would suggest that consideration needs to be given to the appointment process to ensure that levy payers are actively involved in the appointment process and would suggest that consideration needs to be given to the industry (Farming Unions and Processor Associations) having permanent seats on the Board.

30. The most recent Annual Report and Financial Statement highlights that HCC had an operational deficit of £505,274 in the year to 31st March 2024, this is concerning. The loss of WG funding, the change in the VAT position for the company and a reduction in throughput highlight the need for a renewed focus on efficiency savings, collaboration and the need to urgently review the policy and regulatory conditions that negatively impact on livestock production in Wales.
31. Whilst NFU Cymru notes and supports current collaboration between the GB levy bodies we would urge a renewed focus on this for precompetitive areas e.g. R+D, nutritional benefits of red meat, climate change and environmental work. This could be extended further to some back-office functions to ensure that as much as possible of levy income is targeted at front line activities. The marketing, promotion and development of the PGI Welsh Beef and Lamb brands are areas of work that HCC alone must remain responsibility for.
32. NFU Cymru would also highlight the opportunity for HCC to work with the recently appointed UK agri-food attachés who are based in UK Embassies all over the world, and act as the country's eyes, ears and voice in diplomatic missions. Their role is to broaden market access for British products, break down barriers and drive export growth in priority export markets through in-country engagement.
33. NFU Cymru would suggest greater collaboration and joint working between HCC and Farming Connect. Whilst the competitive nature of EU RDP funding may have made this challenging in the past there is no reason why that should continue to be the case. NFU Cymru would see HCC focussing on undertaking relevant R+D and providing the technical expertise with Farming Connect utilising its expertise in Knowledge transfer and extension services to disseminate information to producers. There can be no room for duplication of activity.
34. As highlighted at the beginning of this submission, the Welsh Red Meat Sector is under severe pressure, confidence is severely dented, our sheep flock and suckler herd are in decline, the SFS, Water Quality Regulations, disease, IHT and the cumulative regulatory burden weigh heavily on the red meat sector. HCC has played a key role in representing the interests of levy payers within the various groups set up by the Deputy First Minister in relation to the development of the SFS, that is to be welcomed. NFU Cymru would highlight the need for HCC to be proactive in commissioning and undertaking independent analysis on the impact of policies like the SFS and regulations e.g. the Control of Agricultural Pollution Regulations on the red meat sector to help inform policy making and ensure the implications for the red meat sector at both producer and processor level is properly considered and understood in the development of policy and regulation in Wales.
35. To conclude there has never been a more important time for the red meat levy to be used to develop, promote and market red meat from Wales. The Red Meat Sector in Wales is facing a number of concurrent threats with critical concerns over the declining numbers of both sheep and specialist beef production in Wales, there has never been a more important time for a strong levy body to defend, protect and promote red meat in Wales. Despite the challenges there are also opportunities for Wales to utilise our unique climatic and agronomic conditions to place Welsh red meat at the forefront of global sustainable livestock production systems. NFU Cymru has an ambition for the sector to be producers of the most climate friendly beef and lamb in the world. We have an ambition to grow both the value and volume of our world renowned PGI Welsh beef and lamb. An ambition for profitable, progressive and productive farming businesses supporting a thriving processing sector underpinning vibrant rural communities.



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RE: Farmers' Union of Wales response to an inquiry into Hybu Cig Cymru / Meat Promotion Wales

Date: 27th February 2025

Dear Chair

The Farmers' Union of Wales (FUW) welcomes the opportunity to provide both written and oral evidence in response to the Senedd Economy, Trade and Rural Affairs Committee's inquiry into Hybu Cig Cymru / Meat Promotion Wales (HCC).

The FUW is a democratic organisation, with policies being formulated following consultation with its twelve County Executive Committees and eleven Standing Committees. While a large proportion of FUW members will in fact be HCC levy payers, the Committee should note that the tight turnaround for providing written evidence has meant that the opportunity to consult with the Union's membership on the Terms of Reference of this inquiry has been limited.

HCC is an industry and Welsh Government funded body responsible for the development, promotion and marketing of Welsh meat - an industry which employs more than 50,000 people in Wales, and in 2023 generated £895 million in aggregate income for Wales. As well as raising the profile of Welsh meat and providing important information and assistance to levy payers, HCC works closely with other stakeholders on key research and development in order to benefit the industry as a whole.

The Mission of HCC to *Help Welsh farmers to prepare for a vibrant and sustainable future* is not dissimilar to that of the FUW; *To advance and protect Wales' family farms, both nationally and individually, in order to fulfil the Union's Vision, of thriving, sustainable family farms in Wales.*

The successful collaboration between HCC and other industry stakeholders, including the FUW, has been evident through the recent work of the Sustainable Farming Scheme: Ministerial Roundtable and Carbon

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Sequestration Evidence Review Panel, during which their input relating to livestock trends and the importance of balancing carbon sequestration with a thriving red meat sector has been crucial. The HCC staff members involved in these discussions provided valuable insights, data and contributions which ensured the industry had a stronger voice.

However, it is fundamental for the future of the red meat sector in Wales that HCC retains and enhances its credibility as an effective levy body which provides value for money. In light of transitional times for farm support payments and increasing costs of production, there is no doubt that the reliance on an effective levy body to promote and advance the Welsh red meat sector will intensify.

As processors and retailers throughout the supply chain seek new opportunities through efficiencies or the use of environmental data, HCC must ensure that the needs and unique features of the Welsh red meat sector are at the forefront of such discussions, and that the industry in Wales does not succumb to developments at a UK level that apply retrospectively to the devolved producers.

Despite this, the FUW does believe that there are opportunities for the three UK levy bodies; HCC, AHDB and Quality Meat Scotland (QMS), to continue to work together on collaborative programmes, on areas such as bolstering the reputation of meat with British consumers and addressing misconceptions of meat consumption.

In 2009, HCC worked closely with industry bodies, including the FUW, to develop the Welsh Assembly Government's 'Strategic Action Plan for the Welsh Red Meat Industry', which was launched on 28th April 2009 by Rural Affairs Minister Elin Jones.

The publication of the Action Plan was welcomed by the Union as an important step within the overarching Food and Drink Strategy for Wales, which addressed a wide range of issues facing the red meat sector while identifying important challenges facing the industry.

Crucially, the Action Plan set out details on how a Monitoring Group would agree a framework for reporting and measuring progress towards a list of Welsh red meat characteristics, and that an annual report detailing how the actions are being taken forward would be published by this Group in collaboration with the Welsh Assembly Government and HCC.

HCC has since published a number of strategic documents, including its Strategic Action Plan for 2015 - 2020, The Welsh Way, Perfecting the Welsh Way, Vision 2025 and Business Plan for 2022 - 2026, and whilst Annual Reports and Financial Statements have been published and are publicly available, the FUW would question the attempts HCC has made to directly engage with levy payers and update them on progress towards the strategic objectives. The FUW and wider stakeholders are well aware of the valuable data and practical solutions regarding Welsh red meat producers' contributions to mitigating

climate change as outlined in 'The Welsh Way' and 'Perfecting the Welsh Way', however, the dissemination to levy payers could be improved.

The FUW would also strongly suggest that the current Business Plan and strategic objectives are reviewed in light of the recent appointment of José Peralta as Chief Executive and following prolonged changes in staffing and the membership of the Board.

In this context, FUW members have raised their grave concerns over recent months in response to the extensive media coverage of HCC with reference to allegations of a 'toxic culture' and claims of bullying within the organisation which, it is suggested, has led to governance issues and a significant increase in staff turnover.

Whilst it is not for the FUW to comment on whether it believes HCC did or did not implement the recommendations from the independent investigations in full, such serious claims and the estimated sums of levy monies that have been spent on these investigations cannot be ignored.

Most importantly, such claims bring into question HCC's current and ongoing ability to develop, promote and market Welsh red meat effectively, and how this has impacted upon its relationships with processors and the wider supply chain; relationships of which are crucial for its activities.

While significant reductions in livestock numbers in Wales continue to drive record high prices, this is unsustainable for the efficient running of red meat processing plants and for maintaining consumer demand for Welsh products. HCC must therefore seek to address these trends by maintaining a sustainable critical mass of livestock in Wales and further promoting the demand for Welsh products, and to do so effectively, HCC must double its efforts to restore relationships with its levy payers and the wider supply chain.

Furthermore, the FUW would welcome attempts by HCC to strengthen their relationship with Welsh red meat producers so that they feel directly involved in supporting the way in which levy monies are spent. This should be complemented by opportunities for levy payers to vote on certain activities and share their opinions.

In this regard, HCC should give due attention to the feedback provided by the FUW in response to its 2022 proposals to link Welsh red meat levy rates to inflation. In response, FUW members felt that the basic nature of the response format made it difficult to provide a true reflection of the levy payers' value of HCC. It was also recommended that HCC made itself visible and available in less formal settings, such as livestock markets, to ensure that all levy payers had ample opportunity to personally engage, develop their knowledge and understanding of the work that is undertaken by HCC and offer honest feedback to HCC staff and representatives.

The Committee should also note that in response to the same proposals, FUW members believed that HCC should have used the opportunity to engage directly with the industry on issues such as the need for improved transparency of expenditure and accountability of levy monies.

Given the importance and sensitivity surrounding the topic of increasing levy rates, it was felt that the process should have been used to provide levy payers with a far better opportunity to engage with HCC on issues such as future priorities for levy payers, areas of ongoing concern and other such matters directly related to levy expenditure.

Despite claims that the marketing strategies of HCC to promote the Welsh red meat sector are not targeted at and are therefore rarely noticed by levy payers, the FUW believes that producers should be regularly updated on the progress and impact of such strategies so that the value of HCC and its work can be further understood.

In responses to successive consultations, FUW members have made it clear that HCC should be directly accountable to the Welsh Government for all levy funding raised on cattle, sheep and pigs, in order to better ensure that the specific needs of the Welsh industry are addressed appropriately, while maintaining full accountability and control at a Welsh level.

The FUW therefore welcomed the introduction of the Red Meat Industry (Wales) Measure in 2009 which made Welsh Ministers directly accountable for the red meat Industry in Wales and provided more appropriate control of matters of critical importance to Wales' economy to the Welsh Government.

However, the FUW has always maintained that the current independence and board structure of HCC should be maintained, and that under no circumstances would members support its being absorbed into the Welsh Government, as has happened with other bodies. This is particularly the case given that HCC differs significantly from other bodies in that it derives income directly from levy-payers.

Despite being an arm's length body, HCC should have the ability to openly challenge any UK and Welsh Government policies which appear to go against their own Mission Statement and strategic objectives, and most importantly, the interests of its levy payers.

It is clear to see how governmental ambitions relating to climate change and the environment are often prioritised over other fundamental objectives, particularly in relation to agricultural and food policy. As such, the FUW would support greater efforts by HCC to promote public procurement strategies that aim to build relations and understanding between production and consumption whilst also recognising the complexity of UK food systems and the real definition of UK (rather than Welsh) food security.

While the Welsh Government is renowned for celebrating the successes of the Welsh food and drink sector, the FUW has long argued that there is a lack of recognition for farmers and producers who supply

mainstream commodity markets within the Welsh Government's strategies for the food and drink sector. However, the ability for any Welsh Government to promote the red meat industry relies heavily on having an effective red meat levy board that continues to develop market opportunities domestically and internationally.

Rising to the many challenges facing Wales' red meat industry will demand new levels of cooperation and innovation across the sector, as well as recognition by private and public bodies of the importance of supporting an industry which is the very backbone of Wales' environment and culture, and the Union remains committed to working with HCC and all other relevant bodies to ensure this is achieved.

Agenda Item 9

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Agenda Item 10

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