

Enterprise and Business Committee

Meeting Venue:
Committee Room 3 – Senedd

Meeting date:
5 February 2014

Meeting time:
10:00

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



For further information please contact:

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Agenda

Pre-meeting in private (10.00–10.15)

FORMAL PUBLIC MEETING (10.15)

1 Introductions, apologies and substitutions

2 Inquiry into the Welsh Government's approach to the promotion of trade and inward investment – evidence session 7 (10.15–11.05)
(Pages 1 - 22)

Witness:

- Ed Payne, Head of Strategy, Scottish Development International

Supporting documents:

Private paper (Members' Brief for Items 2 and 3)

EBC(4)–04–14(p.1) – Evidence from Scottish Development International

BREAK (11.05–11.10)

3 Inquiry into the Welsh Government's approach to the promotion of trade and inward investment – evidence session 8 (11.10–12.00)

(Pages 23 - 25)

Witnesses:

- Guy Warrington, Director, English Regions, UKTI
- Gareth John, Senior Investment Adviser, UKTI

Supporting documents:

EBC(4)–04–14(p.2) – Evidence from UKTI

4 Papers to note (Pages 26 - 29)

Supporting documents:

EBC(4)–04–14(p.3) – Paper to note – TEN–T–summary of applications

EBC(4)–04–14(p.4) – TEN–T – Port of Holyhead update correspondence

Minutes of the previous meeting

5 Motion under Standing Order 17.42 to resolve to exclude the public from the meeting for the following business:

Forward Work Programme discussion

De–brief in private (12.00–12.20)

Agenda Item 2

This paper has been deemed not suitable for publication in line with the Commission's rules for conduct of business.

Document is Restricted

**Scottish Development International Submission to the Enterprise and Business
Committee, National Assembly of Wales**

INTRODUCTION

Scottish Development International has been invited to give oral evidence to the Committee's inquiry. This paper gives background information to support this, it briefly summarises the approach to supporting greater trade from Scotland and greater investment into Scotland. It details how SDI works with partners to increase Scotland's Trade and Investment performance.

THE SCOTTISH GOVERNMENT'S EXPORT AMBITIONS

The Scottish Government has set an ambitious export target of a '50% increase in international exports by 2017', with the overall priorities set out in the Government's economic strategy:

The Scottish Government Economic Strategy

(International Trade & Investment extracts)

We are ambitious for Scotland's companies and are confident in their ability to compete successfully in global markets. In March 2011 we published Scotland's International Trade and Investment Strategy which set out the opportunities and priorities for increasing Scotland's trade and investment performance.

In order to promote international trade and investment we will:

- Set an ambitious target for Scottish businesses to deliver a 50% increase in the value of international exports by 2017;
- Support growth companies to extend their exports particularly into fast growing markets. As part of this, the Scottish Investment Bank will prioritise lending to support SMEs with international ambitions and our Export Support Initiative will continue to deliver advice and support to SMEs with significant export potential;
- Widen our export support to encourage more businesses to become active exporters. Scottish Development International (SDI) will work with partners to support 8,000 - 10,000 more businesses develop the skills to go international by 2015;
- Support the continued international ambitions of our universities and colleges, recognising both the £0.5 billion per annum export contribution that international students already make by studying in Scotland as well as the commercial opportunities from their truly global research excellence and educational strengths;
- Focusing on attracting strategic inward investment which enhances the competitiveness of our growth sectors (for example by promoting Scotland as a destination of choice for low carbon opportunities).

SCOTLAND'S TRADE AND INVESTMENT STRATEGY 2011-15

The Government launched Scotland's Trade and Investment Strategy in March 2011. This sets out the Government's key objectives and priorities to increase Scotland's international trade and investment performance as detailed overleaf:

Objective	Priorities
Increasing International Trade	• More Scottish businesses trading internationally • Greater support for Growth businesses • International exploitation of Scotland's education sector
Attracting inward investment	• Greater focus on strategic inward investment • Embedding companies, encouraging expansion and developing supplier links • Low carbon opportunities
Promoting Scotland	• Focus on growth opportunities in sectors • Ensuring a global footprint focused on opportunity • Emerging markets
'Team Scotland' delivery	• Customer focused delivery • Aligning the work of the public and private sector • Wider promotion of Scotland • Influencing and providing business intelligence • Harnessing the potential of international networks • Integrated business planning

The Scottish Government's International Framework and country plans also inform our work and allow trade and investment objectives to be delivered in a way which fully complement the wider international objectives of the Scottish Government.

SCOTTISH DEVELOPMENT INTERNATIONAL

Who we are

Scottish Development International (SDI) is the trade and investment arm of: the Scottish Government (SG), Scottish Enterprise (SE), and Highlands & Islands Enterprise (HIE). It is a joint venture between these three partners.

SDI provides professional expert international support to Scottish businesses wishing to trade internationally and inward investors wishing to invest in Scotland. SDI is the Government's single point of contact for all international trade and investment needs.

Close to Customers, Close to Markets

SDI staff in Scotland are co-located in local offices with SE and HIE staff and have in depth-trade and investment and sectoral knowledge.

SDI also has a network of overseas trade & investment offices, with over 120 sales professionals promoting Scotland through 27 regional offices across the world (planned to increase to 29). They are on hand to facilitate opportunities for Scottish businesses in new markets as well as work with potential inward investors. SDI also

have full access to the 150 UK Trade and Investment offices which cover 98% of world GDP.



GROWTH SECTORS

SE & HIE will continue to work in an integrated manner to focus efforts on growth sectors and technologies where Scotland is/ can be globally competitive. These growth sectors are: Creative Industries, Energy (Oil & Gas, Renewables), Food & Drink, Tourism, Financial & Business services, Life Sciences, Technologies, Universities. SDI also continues to focus on the international trade and investment opportunities in other sectors important to the economy including: Chemicals, Textiles, ADM (Aerospace, Defence, Marine), Forest Industries, Healthcare, Education and Construction.

Overall our international activities are driven by industry-led strategies as shown below:

Industry Strategy → SE/HIE Plans → Trade & Investment Priorities

INCREASING INTERNATIONAL TRADE

Given both the present & longer term economic prospects, and the market potential to increase trade & inward investment, the importance of internationalisation in our work has greatly increased. More emphasis has to be placed throughout our operations to deliver against this.

Key barriers to international trade

Generally, companies over-estimate the risks involved in exporting and entry into new markets. This dichotomy is one of the greatest hurdles that businesses need to overcome in order to take that first step abroad

Businesses wishing to trade overseas face irreversible sunk costs involved in both entering and exiting new markets. This is, in particular, an issue for smaller companies that can often lack specialised resources (e.g. a marketing manager) which enable them to begin exporting.

Businesses often become locked into markets and activities and don't consider exporting as an option. An outside stimulus can make a company be open to a change direction and consider new markets.

Scotland's international trade performance

Scotland already has a strong export base with world class firms in a range of sectors. Scottish international exports (excluding oil and gas) totalled £23.9 billion in 2011.

Scotland continues to export more internationally each year this has increased by 29% in the last 5 years (2006 to 2011). The shifts in global trade, and a competitive exchange rate, make international trade a priority.

Support for all businesses

SDI is committed to supporting and working with any Scottish business that wants to trade internationally. In doing so it provides a range of products and services that can be accessed by businesses at all stages of growth, development and international ambitions. A diagram summarising this suite of services is shown below:



Companies at an early stage of development, who are yet to be in a position to engage in international markets, can access a comprehensive catalogue of services and information via Business Gateway, including online self help tools, practical guides to exporting, and industry overviews and regulations.

Depending on the needs of the company SDI can work with them on a project-by-project basis, e.g. supported attendance at an international trade show, or it can work with the business to develop a co-ordinated suite of activities to support market expansion.

Support for Growth Companies

Growth companies are account managed by SE and HIE because of their potential to achieve growth and deliver economic impact. Account management starts with the preparation of a growth plan which sets out the milestones and objectives on the path to achieving growth. The support for companies is then tailored to the needs of the business in relation to this plan and in many cases includes expert international support through SDI.

An independent evaluation of SDI showed that for every £1 SDI spends on supporting international trade, an additional £7 is generated for the Scottish economy.

SDI Delivery in 2012-13

We are investing more resources to help companies across Scotland internationalise. For 2012/13 this included:

- SDI supported more than 2,000 companies through a range of trade and investment activities, such as workshops, trade missions and in-market support an increase of 50% from the year before.
- This included 1,300 Scottish high potential companies were assisted to target new international markets an increase of 24% from the year before.
- 229 International Projects – significant projects with the potential to achieve additional international growth of £1m within three years – were achieved with a value of £818m projected sales over the next three years.
- Since its launch in 2010 over 4,900 Scottish company delegates have benefited from Smart Exporter events and services

ATTRACTING INWARD INVESTMENT

Context

There are over 2,100 foreign owned companies in Scotland employing 301,000 with a combined turnover of over £101 billion.

SDI can only attract investment if Scotland has a globally competitive proposition to offer therefore the continued development of our key sectors is critical. Attraction of investment then further strengthens the proposition e.g. attraction of an anchor tenant to the Bio-Quarter.

Mature economies remain the major source of potential FDI and will be for the foreseeable future. The attraction of inward investment requires an integrated approach. For example products developed and delivered by us (e.g. RSA, R&D+ and Training+) and partners (e.g. vocational training) are key to attracting and retaining investment in Scotland.

Support to attract inward investment

SDI sales and marketing approach is focused on promoting the competitive advantage that Scotland has to offer in our globally competitive sectors.

Scotland has maintained its position as the 2nd in the UK for attracting investment projects (only beaten by the South East which includes London). Just as importantly Scotland secured 19% of all R&D projects into UK.

In terms of employment generated by foreign direct investment, Scotland has been ranked in the top 2 locations within the UK in three of the past five years. An independent evaluation of SDI showed that for every £1 SDI spends on inward investment, an additional £11 is generated for the Scottish economy.

Encouraging expansion and developing supplier links

Many of our inward investment successes come from companies which already have operations in Scotland and see the benefits of further investment. We need to reward their decision to invest here and anchor them within our economy by encouraging both expansion opportunities and extending local and national supply chains. SE/HIE and SDI work with investors both corporately and locally to support this growth.

SDI Delivery in 201-13

- In 2012/13 more than 7,100 planned jobs in total were created or safeguarded, including 2,100 planned high value jobs
- SDI's overseas promotion of Scotland as the ideal location to do business has helped to ensure Scotland's status as among the top 10 destinations for investment.

CONCLUSION

We trust that this submission is of use to the Committee in its deliberations, and we look forward to discussing these with you at the forthcoming session on 5 February 2014.

NATIONAL ASSEMBLY FOR WALES – INTERNATIONAL TRADE & INWARD INVESTMENT

GENERAL

UK Trade and Investment (UKTI) is a joint, non-Ministerial Government Department of the Foreign and Commonwealth Office and the Department for Business, Innovation and Skills (BIS). UKTI teams support businesses throughout the UK in trading internationally and identify high value business opportunities for the UK around the world. It has over 1,200 officers in more than 160 offices in over 100 countries across the globe.

The devolved administrations and the UK Government have concurrent powers to promote international trade and inward investment. UKTI has lead UK responsibility for the provision of support and assistance to new and existing exporters of goods and services and for promoting the UK and all its constituent parts to foreign investors. The Welsh Government is responsible for devising and implementing additional programmes to meet the particular needs of local companies in Wales and for promoting Wales to foreign investors. They, rather than UKTI, deliver trade services and advice to companies in Wales.

INWARD INVESTMENT

On foreign direct investment (FDI), the relationship between UKTI and the Welsh Government is set out formally through a Memorandum of Understanding (MoU) signed in November 2012:

- The MoU sets out clearly the responsibilities for both the Welsh Government and UKTI on cooperative working and information sharing.
- The MoU has helped facilitate a step change in the delivery of FDI into Wales, resulting in more and higher quality inward investment projects through a more in-depth knowledge of the specific world class attributes that a Welsh location can offer prospective investors.

Additionally, to support the Welsh Government partnership, UKTI have over the last 15 months committed additional experienced FDI staff to support Wales.

UKTI ensures that companies are made aware of all commercially sensible location options in any part of the UK. UKTI suggests Wales

as a location if it represents a sound business proposition for the potential investor. However, final location decisions are for the company to make.

UKTI-recorded FDI Successes in Wales in each of the Last 5 Years

Year	No. of Projects
2008/09	60
2009/10	65
2010/11	38
2011/12	23
2012/13	67
Total	253

TRADE

Support in Wales for exports is delivered through a partnership between UKTI and the Welsh Government. This means businesses based in Wales have access to the significant expertise and global reach of UKTI and the Wales-specific focus of the Welsh Government trade and investment team.

UKTI trade services available to Welsh companies include: Overseas Market Introduction Service (OMIS), TradeShow Access Programme (TAP), Export Marketing Research Scheme, and Export Communications Review.

Full details on these and other services provided by UKTI, along with a wealth of sector and country specific information can be found on UKTI's website: www.ukti.gov.uk

OVERALL RELATIONSHIP

UKTI and the Welsh Government Trade and Investment Team have built a good working relationship following the changes made to their organisational structure in 2010. UK Minister for Trade and Investment Lord Green has been a regular visitor to Wales and established an excellent working relationship with Mrs Edwina Hart, the Welsh Government's Minister for Economy, Science and Transport. We expect that strong relationship to continue with the

arrival in December of Lord Livingston, who has taken over from Lord Green.

The Welsh Government also play a full role in UKTI's International Business Development Forum (IBDF) which is main formal working level mechanism with all the Devolved Administrations on trade as well as inward investment matters. Additional they also participate in the twice yearly UKTI-Devolved Administration Chief Executives' meetings, which meet to discuss strategic issues across the trade and investment agenda.

Overseas, the Welsh Government have representation in the US (co-located with UKTI teams in New York, Washington, Chicago and San Francisco); China (Beijing, Shanghai and Chongqing); India (Mumbai, Bangalore, and co-located with UKTI in New Delhi); Japan (1 office, Tokyo); and UAE (co-located with UKTI team in Dubai).

December 2013.

Agenda Item 4

DRAFT MINUTES

DRAFT MINUTES

Meeting ID	2029
Committee	Enterprise and Business Committee
Date	30/01/2014
Attendees	Nick Ramsay (Chair) Mick Antoniw (Member) Byron Davies (Member) Keith Davies (Member) Dafydd Elis-Thomas (Member) Mike Hedges (Member) Rhun ap Iorwerth (Member) Julie James (Member) Eluned Parrott (Member) David Rees (Member) Joyce Watson (Member) Claire Morris (Second Clerk) Olga Lewis (Deputy Clerk) Ben Stokes (Researcher) Iestyn Davies (Witness) Joshua Miles (Witness) Roger Pride (Witness) Mike Lewis (Monitor) Siân Phipps (Clerk) Andrew Minnis (Researcher) Anne Thomas (Researcher) Gregg Jones (Monitor) Gwyn Griffiths (Legal Advisor) Helen Finlayson (Second Clerk) Gareth Pembbridge (Legal Advisor) AMSS Nick Ramsay (Monitor) AMSS Mick Antoniw (Monitor) AMSS Byron Davies (Monitor) AMSS Keith Davies (Monitor) AMSS Rhun ap Iorwerth (Monitor) AMSS Julie James (Monitor) AMSS Dafydd Elis-Thomas (Monitor) AMSS Eluned Parrott (Monitor) AMSS David Rees (Monitor) AMSS Joyce Watson (Monitor) Central Admin (Monitor) TRS Admin group (Monitor) Access All Committees (Monitor)

Item ID	14976
Item Title	Introductions, apologies and substitutions (09.15)
Summary	1.1 Apologies were received from David Rees AM, Byron Davies AM and Mick Antoniw AM. Mike Hedges AM substituted for Mick Antoniw AM.

Item ID	14980
Item Title	Inquiry into the Welsh Government's approach to the promotion of trade and inward investment - evidence session 4 (09.15-10.10)
Summary	2.1 The Committee took evidence from Iestyn Davies, Head of External Affairs and Joshua Miles, Policy Advisor, both representing Federation of Small Businesses (FSB).

Item ID	14981
Item Title	Inquiry into the Welsh Government's approach to the promotion of trade and inward investment - evidence session 5 (10.20-11.10)
Summary	3.1 The Committee took evidence from Roger Pride, Managing Director, Cardiff Office, Heavenly.

Item ID	14977
Item Title	Papers to note
Summary	The Committee noted the Minutes of the previous meeting.

Item ID	14985
Item Title	Financial Scrutiny session in private (13.00-15.00)
Summary	Private session.

TEN-T Funding Applications submitted by DfT in the 2007-2013 Multi-Annual Financial Framework

Applicant	2007		2008		2009		2010		2011		2012	
	Applied	Award	Applied	Award	Applied	Award	Applied	Award	Applied	Award	Applied	Award
Highways Agency	3	3	0	0	1	1	0	0	0	0	2	0
Network Rail	0	0	0	0	5	1	1	1	4	3	5	3
Transport Scotland	0	0	1	0	2	0	4	0	0	0	1	0
Northern Ireland	1	1	1	1	3	2	2	0	2	2	2	1
Welsh Government	0	0	0	0	0	0	0	0	0	0	0	0
Private Sector	3	1	0	0	1	1	3	2	1	1	5	4
Local Authorities	0	0	0	0	1	0	1	0	1	0	1	0
UK (Easyway)	1	1	0	0	1	1	0	0	0	0	2	1
Total	8	6	2	1	14	6	11	3	8	6	18	9

The Easyway project is a pan-European project involving the deployment of ITS on roads. All of the Devolved Administrations and the Highways Agency are part of the UK element of this project.

This table excludes Multi-Member State projects that include UK companies for which the Department approves UK involvement in the consortium.

The final call for funding for 2013 is still open the Department is working with Devolved Administrations to identify projects that meet the Commission's criteria.



Llywodraeth Cymru
Welsh Government

Eich cyf/Your ref
Ein cyf/Our ref

Nick Ramsay AM
Chair, Enterprise & Business
Committee
National Assembly for Wales
Cardiff Bay
CF99 1NA

28 January 2014

Dear Nick

I thought it would be helpful to update the Committee in respect of recent correspondence that the Welsh Government has had with the European Commission about TEN-T and the port of Holyhead.

The Commission have noted that, although Holyhead is a Comprehensive port and not a Core port, they would be supportive of projects that looked to improve connectivity across the Irish Sea.

The Commission have drawn particular attention to the 'Motorways of the Sea' horizontal priority under the new Connecting Europe Facility financial framework (CEF), which provides for projects that involve at least one Core port from another Member State and which improve connectivity. Commission officials have said that they would welcome bids to CEF for projects aimed at enhancing Holyhead's connectivity across the Irish Sea with Dublin, which is a Core Port.

I have asked my officials to follow up this opportunity, and a wider portfolio of potential projects, with the Commission and other partners in order to make the most of the investment opportunities offered by being on the TEN-T network and to secure support for projects in Wales.