



Welsh Government evidence paper on Economy and Trade policy

14/11/2024

This paper provides an update on some of the activities in our portfolios since our respective appointments as Cabinet Secretary for Economy, Energy and Planning and Minister for Culture, Skills and Social Partnership in September 2024. Since the previous Cabinet Secretary with responsibility for Economy and Energy attended his general scrutiny session in June, the Committee will note that the government has made green jobs and growth one of its main priorities. The contents of this paper demonstrate our ongoing work to achieve the priorities as outlined in the Economic Mission. It also details how we are working with the newly established UK Government, working together, and respectful of devolution to provide the necessary conditions to generate economic growth and employment opportunities for all.

At the time of writing, we are awaiting the announcement and publication of the UK Government's Autumn Budget. The contents of this paper have, therefore, been prepared before that event. We look forward to discussing these matters and more with the Committee in November.

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1. Priorities / Working with the UK Government

This chapter sets out some of the overarching priorities that guide the current direction of travel, as well as areas where we are working with the UK Government.

1. In September, the First Minister concluded her listening exercise by outlining her ambition to drive progress across four areas, including the pursuit of 'green jobs and growth. Within the Economy, Energy and Planning portfolio, the Economic Mission: Priorities for a Stronger Economy already sets out our four national priority areas which are aligned to the FM's priorities:
 - A just transition and green prosperity
 - A platform for young people, fair work, skills and success
 - Stronger partnerships for stronger regions and the everyday economy
 - Investing for growth
2. The Mission lays out this government's direction of travel and describes its national economic strategy. There are also a number of 'feeder' and cross sector policies/strategies that come and are aligned with the Mission, including the Innovation Strategy, Digital Strategy for Wales, Manufacturing Framework for Wales, Foundational Economy: Delivery Plan and Retail Sector Action Plan.
3. The Economic Mission is aligned with many of the ambitions in the UK's Industrial Strategy Green Paper. We intend to work in partnership with the UK Government and other Devolved Administrations to ensure that the economic interests of Wales are a core component of the strategy when it is published in Spring 2025. This is not something done to us but an area where Wales is being valued for its contribution to UK Growth.
4. Whilst economic policy is devolved to Wales, there are a number of areas where we are also working with the UK Government for the benefit of the wider Welsh economy. This includes City and Growth Deals, Freeports, Investment Zones, the nuclear and steel sectors and many more. We are

regularly meeting with the new UK Government to drive progress on these initiatives. In Port Talbot, we worked with the UK Government's to release of £13.5m from the Employment Support Fund to help individual workers impacted by Tata Steel UK's transition to greener steelmaking to find jobs, learn new skills and gain qualifications in areas where there are vacancies. We continue to engage with the UK Government on Wylfa and Trawsfynydd related issues.

5. Within the Culture, Skills and Social Partnership portfolio, the following strategies are predominantly driving the agenda forward in areas such as skills and employability:
 - Plan for Employability and Skills (March 2022) sets out the actions Welsh Government are taking to support skills and employability in a post-pandemic economy.
 - Net Zero Skills Action Plan (February 2023).
 - Apprenticeship Policy Statement in Wales (February 2024).
 - Review of vocational qualifications in Wales: report (September 2023)
6. As with our Economic initiatives, we work with the UK Government for the benefit of the Welsh public. For example, in National Occupational Standards to ensure the credibility of qualifications and support transferability and mobility of skills and occupational competence across regions, nations and sectors. In addition, we are engaging closely with UK Government counterparts on the role of Skills England and the proposed new 'growth and skills levy'.

2. Trade

This chapter summarises our approach to trade policy and supporting Welsh companies to sell their goods and services on the world stage.

7. In July 2024, the Welsh Government published the Welsh Government's Approach to Trade Policy. The document sets out how we approach trade policy through a Well-being of Future Generations lens.
8. Trade Policy is a cross disciplinary area that works across government to understand the opportunities and risks that new Free Trade Agreements, and broader trade policy issues, might have on the economy and people of Wales.
9. Trade Policy officials work primarily with the Department for Business & Trade (DBT), but also engage with different departments, such as Defra, on specific policy matters.
10. Alongside this, our Export Action Plan for Wales has put in place a comprehensive programme of support for businesses in Wales to develop their exports, including:
 - Inspiring businesses to export, including showcasing successful Welsh exporters ('Export Exemplars'); delivering a dedicated programme to encourage new and sustainable exporting businesses in Wales; and, delivering the annual export conferences 'Explore Export Wales'.
 - Building export capability, including through our team of International Trade Advisors based across Wales providing 1-2-1 support to businesses on exports; delivering the Export Clusters initiative; providing online digital support for exports through a dedicated 'Export Hub'; as well as the delivery of an In-Wales programme of webinars and seminars on exporting to build business knowledge and confidence to export.
 - Finding Customers and Getting to Market, including support for businesses to identify new overseas customers; delivery of a comprehensive annual programme of trade missions and exhibitions to key markets; and support for individual businesses to travel independently overseas to secure new export business.

Wales-Ireland Trade

- 11.** Ireland is an important market for Wales - it is our third largest export destination and sixth largest inward investor.
- 12.** In 2023-24, Welsh goods exports to Ireland were worth £2.5 billion. This represented around 13 per cent of Welsh exports and meant that Ireland was Wales's third largest export market (behind the USA and Germany).
- 13.** There around 85 Irish-owned companies in Wales, employing 6,600 people. Ireland is our sixth largest inward investor (over the period 2012-13 to date) with 38 investments, safeguarding or creating 2,600 jobs.
- 14.** This vital relationship was recognised in the Wales and Ireland Shared Statement and Action Plan in 2021, which is a 5 year bilateral agreement committing to joint co-operation and shared learning in six key areas, including the economy and trade. Following the FM visit to Ireland in October 2024, there is a commitment for a future shared statement with Ireland where trade and investment will feature strongly.

3. Skills

This chapter summarises what we are doing to ensure that Wales has a well-functioning skills system.

- 15.** A well-functioning skills system is often interpreted as when supply and demand for skills work effectively with no major instances of skills mismatches. The elements behind a successful skills system are complex, in that the support relies on good careers advice, employers being able to articulate the skills they are looking for and availability of individuals with the skills required and that involves partners across the system working together. This encompasses:
- Net Zero Skills Action Plan (February 2023)
 - Apprenticeship Policy Statement in Wales (February 2024)
 - Review of vocational qualifications in Wales: report (September 2023)
- 16.** There are two national gateways for support - one for employers (Business Wales); one for individuals (Careers Wales/Working Wales):
- Careers Wales (CW): provides an all-age impartial, careers guidance and employability support service to people across Wales.
 - Working Wales: delivered by Careers Wales, targets those 16+ who are looking to get into work, training or to further their careers.
- 17.** Working Wales provides careers advice and guidance that is specific to an individual's circumstances. It provides support in town centres, community outreach settings, online or by phone. It also liaises with partners and employers on behalf of customer groups (sourcing vacancies, opportunities etc).
- 18.** Working Wales also provides a jobs bulletin highlighting thousands of job roles which match job-seekers' specific criteria, whether that be a specific sector, interest or geographical area, as well as providing an overview of general vacancies.

- 19.** We are undertaking a variety of work across the Welsh Government to drive the agenda forward, as follows.
- 20.** We maintain a UK-wide approach to National Occupational Standards, to ensure the credibility of qualifications and support transferability and mobility of skills and occupational competence across regions, nations, and sectors.
- 21.** In June, we published the summary of responses to our Net Zero Sector Skills consultation, which aimed to capture further information on the skills needs for the current and future workforce. The outcome is helping inform Sector Skills Roadmaps, which we aim to publish later in the Autumn, and which will include key milestones, skills requirements and workforce demands for each emission sector - including Electricity and Heat Generation (Renewables), Residential Buildings and Land Use.
- 22.** Strengthening Regional Skills Partnerships (RSPs) remains a Programme for Government commitment and we have increased their budget to £1.16 million per annum (in total). We also moved to a more strategic three-year Grant in Aid from 2022, in line with the EIS Committee recommendations, following their inquiry into RSPs. Work is continuing to determine how RSPs will work with Medr with respect to setting priorities for apprenticeship delivery and for the further education sector.
- 23.** Over £143 million will be invested in quality apprenticeships this year. This investment will help us meet our Programme for Government commitment to maintain the target of 100,000 apprenticeships during the Senedd term. We are continuing to promote and prioritise quality apprenticeships including those in higher level, more technical sectors, supporting STEM apprenticeships and net-zero preparedness. We are also committed to increasing the numbers of degree apprenticeships.
- 24.** There is a Programme for Government commitment to expand degree apprenticeships. We have developed new provision for the rail industry and, from September 2024, construction degree apprenticeship pathways will be available in construction management, civil engineering, quantity surveying and surveying. The number of digital pathways has also been expanded. Any broader expansion has been curtailed by budgetary pressures.
- 25.** We are engaging closely with UK Government counterparts on the role of Skills England and the proposed new 'growth and skills levy'.
- 26.** Creative Wales has been instrumental in securing two tranches of skills funding from the BFI totalling £1,050,000. £900,000 has been secured, over

two years, for a new BFI Skills Cluster in Wales; The One Stop Shop. This will seek to provide clear signposting to careers advice, training and opportunities for both new entrants and those mid-career, with a focus on developing a more inclusive and representative sector workforce in screen industries.

4. Employability

This chapter sets out how we are supporting employability across Wales.

- 27.** Stronger, fairer, greener Wales: a plan for employability and skills (the “Plan”) continues to provide a collaborative and co-ordinated Welsh Government approach supporting employability and skills in Wales.
- 28.** The Plan (published March 2022) sets out the actions the Welsh Government is taking to support skills and employability in a post-pandemic economy and comprises 50 commitments spanning multiple Ministerial portfolios. The Plan sets out 5 priorities to help young people realise their potential - Young Persons Guarantee; addressing Economic inequality; Fair Work for All; Healthy Work, Healthy Wales; and Lifelong Learning.
- 29.** A key policy commitment within the plan is to bring together Welsh Government-led employability programmes to deliver a new single operating model to increase flexibility and efficiency - it will include ReAct+, Community Employability Programmes and Jobs Growth Wales Plus”.
- ReAct+ is a grant programme that is designed to help people who have been impacted by redundancy to find new employment in as short a time as possible, thus preventing progression into long-term unemployment.
 - Communities for Work Plus (CfW+) provides intensive employability support to people most disadvantaged in the labour market from a range of community venues. The programme is delivered through grant funding to all local authorities in Wales.
 - Jobs Growth Wales Plus (JGW+) is a flagship programme for the Young Persons Guarantee and has been in operation since 1 April 2022. It serves some of the most disadvantaged young people in our society.
- 30.** As we begin our discussions with the Department for Work and Pensions on devolution, we will bring together the Single Operating Model with the devolution of non-JCP employment support funding into one programme. Officials are currently working through the new expanded programme and

further details will be provided to the Senedd and Committee Members in due course.

- 31.** Inspiring Skills Excellence in Wales (ISEiW) delivers a programme of activities linked to Skills Competitions that raise awareness of vocational education and training and career pathways.

5. Social Partnership and Fair Work

This chapter sets out our approach to promoting fair work and supporting worker's rights. It also outlines why we think social partnership is important and how we are promoting these values across Wales.

32. The UK Government introduced its Employment Rights Bill for first reading on 10 October. The scope of the Bill covers a range of issues including:

- a right to guaranteed hours.
- guaranteeing basic rights at work from day one, including protection against unfair dismissal and rights to parental, maternity and bereavement leave.
- reforms to Statutory Sick Pay to remove the Lower Earnings Limit and the waiting period.
- restrictions on employers' ability to use fire and rehire.
- enhancing trade union rights.
- strengthening of the effective enforcement of workers' rights, through the creation of a new Fair Work Agency.

33. We are very supportive of the agenda set out in the 'Plan to Make Work Pay' document and in the Employment Rights Bill. These measures cover legally enforceable rights and duties on many areas we have been promoting in Wales through our more limited devolved powers.

34. Both Governments are united in their view - these measures will upgrade workers' rights, tackle poor working conditions and benefit businesses and workers alike.

35. We also promote and encourage Real Living Wage adoption and accreditation as a way of contributing to tackling low pay, improving recruitment and retention, and delivering reputational benefits to those organisations who pay it. We are clear that paying the Real Living Wage benefits employers as well as workers.

- 36.** We have delivered our Programme for Government commitment to introduce the Real Living Wage into social care. In addition, through levers such as our Economic Contract and the Code of Practice on Ethical Employment in Supply Chains, we encourage those whom we work with to consider the benefits of the Real Living Wage.
- 37.** The Social Partnership and Public Procurement (Wales) Act 2023 became law in May 2023, fulfilling a Programme for Government commitment to place social partnership on a statutory footing in Wales.
- 38.** The legislation means workers will have a greater opportunity to shape policies, and strategic priorities at a national government level and in certain public sector organisations. It creates new socially responsible procurement duties on public bodies so that public money is used more effectively to support sustainable development and improved well-being.
- 39.** To raise awareness, engagement events have been held with social partners across Wales. These have included roundtable meetings, an online training package and social partnership themed conferences.

6. Technology

This chapter sets out how the Welsh Government is exploiting the opportunities associated with Artificial Intelligence (AI), semiconductors and cyber..

40. Artificial Intelligence (AI) is the science and engineering of creating machines and systems that can perform tasks that normally require human intelligence. AI is revolutionising the way people live, work and learn and consequently needs to be considered in all Ministerial portfolios as well as a cross-cutting theme.
41. We recognise the significant benefits to economic productivity and public sector efficiency which could be gained from the adoption of AI technologies. We must, however, be mindful of the risks and impacts AI could have on the workforce, human rights and wider society.
42. Within the Welsh Government, a cross-organisation AI Working Group is being established to better embed AI thinking into policy and delivery teams. We are also working with the Centre for Digital Public Services (CDPS), which has established a cross-sector AI and automation steering group to share information and good practice on the safe and ethical use of AI across the Welsh public sector.
43. Another area which is widely understood to be one of the driving technologies of the 21st Century is semiconductors. Alongside academia, industry, the UK Government and Cardiff Capital Region (CCR), the Welsh Government has supported the growth of the Compound Semiconductor Cluster in Wales, predominantly around Newport, for over a decade.
44. With expertise from research through to production, the Cluster has global recognition. The sector is a priority for our Trade & Invest efforts, with a stand taken at the Semi India conference this Autumn for the first time, in addition to our presence at many other global events.
45. This international focus allows us to contribute our expertise to some of the major global challenges. For example, the global cyber threat continues to increase which represents an ongoing risk to our public services, their supply chain and the wider economy. Our Cyber Action Plan aims to ensure that Wales prospers through cyber resilience, talent and innovation. To deliver the

vision, we are working collaboratively across sectors and with industry, academia, public services and the National Cyber Security Centre.

46. Supporting this is the Cyber Innovation Hub, which is hugely important to Wales. The Hub is supported financially by the Welsh Government and Cardiff Capital Region. It benefits from expertise provided by partners such as Airbus, the Alacrity Foundation, CGI, Thales, Tramshed Tech and the University of South Wales. It is a key, strategic investment for the Welsh Government and raising its profile, industry engagement and the ability to attract private equity investment are crucial to its long-term success. Wales has already made significant investments in cyber and the Cyber Action Plan sets out a consistent and coherent strategic direction for the future.: