



Cynulliad Cenedlaethol Cymru **The National Assembly for Wales**

Y Pwyllgor Menter a Busnes **The Enterprise and Business Committee**

Dydd Iau, 6 Mawrth 2014
Thursday, 6 March 2014

Cynnwys **Contents**

Cyflwyniadau, Ymddiheuriadau a Dirprwyon
Introductions, Apologies and Substitutions

Ymchwiliad i Ddull Llywodraeth Cymru o Hyrwyddo Masnach a Mewnfuddsoddi
Cyfweliadau â Busnesau Bach a Chanolig eu Maint (Fideo)
Inquiry into the Welsh Government's Approach to the Promotion of Trade and Inward
Investment—SME Interviews (Video)

Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o'r Cyfarfod
Motion under Standing Order 17.42 to Resolve to Exclude the Public from the Meeting

Cofnodir y trafodion hyn yn yr iaith y llefarwyd hwy ynddi yn y pwyllgor. Yn ogystal,
cynhwysir trawsgrifiad o'r cyfieithu ar y pryd.

These proceedings are reported in the language in which they were spoken in the committee.
In addition, a transcription of the simultaneous interpretation is included.

Aelodau'r pwyllgor yn bresennol **Committee members in attendance**

Rhun ap Iorwerth

Keith Davies

Plaid Cymru
The Party of Wales
Llafur
Labour

William Graham	Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor) Welsh Conservatives (Committee Chair)
Julie James	Llafur Labour
Eluned Parrott	Democratiaid Rhyddfrydol Cymru Welsh Liberal Democrats
Joyce Watson	Llafur Labour

Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance

Kevin Davies	Rheolwr Cyswllt ac Allgymorth Outreach and Liaison Manager
Olga Lewis	Dirprwy Glerc Deputy Clerk
Ben Stokes	Gwasanaeth Ymchwil Research Service
Claire Morris	Clerc Clerk

Dechreuodd y cyfarfod am 10:31.
The meeting began at 10:31.

Cyflwyniadau, Ymddiheuriadau a Dirprwyon
Introductions, Apologies and Substitutions

[1] **William Graham:** Good morning, ladies and gentlemen. I welcome Members, witnesses and any members of the public who might have joined us. May I explain that the meeting is bilingual? Headphones can be used for simultaneous translation from Welsh to English on channel 1 or for sound amplification on channel 0. The meeting is being broadcast and a transcript of the meeting will be published later. May I remind Members to turn off their mobile phones and any other electronic equipment? I am sure that I do not need to tell Kevin this, but there is no need to touch the microphone because it will come on automatically. In the event of a fire alarm, please follow the directions from the ushers.

[2] This morning, I have apologies from David Rees, Byron Davies, Dafydd Elis-Thomas and Mick Antoniw. There are no substitutions.

10:32

Ymchwiliad i Ddull Llywodraeth Cymru o Hyrwyddo Masnach a
Mewnfuddsoddi—Cyfweliadau â Busnesau Bach a Chanolig eu Maint (Fideo)
Inquiry into the Welsh Government's Approach to the Promotion of Trade and
Inward Investment—SME Interviews (Video)

[3] **William Graham:** I welcome Kevin Davies, the Assembly's outreach and liaison manager for Wales. Kevin, perhaps you would like to tell us what you are going to do for us.

[4] **Mr Davies:** Yes. Over the past couple of months, we have been interviewing businesses, talking to them about their experiences of exporting produce and any support that they have received from the Welsh Government in doing so. We spoke to a total of seven businesses from across the country. It was a mixture of businesses—there were some that have received support from the Welsh Government, that have been on trade missions or

received varying levels of support to help them export their produce. We tried to have a balance between that and businesses that have not received support from the Welsh Government but that have been exporting their produce. We heard from one business that is not currently exporting its product but would like to do so in future.

[5] The video discusses a number of key themes. We have edited the video to be split across four themes, which are: the support that they have received from the Welsh Government to date; what benefits they have found from trading internationally; what barriers they perceive in trading their produce abroad; and what they see as the areas for improvement in future.

[6] **William Powell:** Right, thank you. Please proceed with the video.

Dangoswyd DVD. Mae'r trawsgrifiad mewn llythrennau italig isod yn drawsgrifiad o'r cyfraniadau llafar ar y DVD. Mae'r cyflwyniad ar gael drwy ddilyn y linc hon: [cyflwyniad DVD](#).

A DVD was shown. The transcription in italics below is a transcription of the oral contributions on the DVD. The presentation can be accessed by following this link: [DVD presentation](#).

[7] **Ms Wilson:** *We have received a huge amount of support. We've been in existence now for 17 years and we were always very keen to export and expand our markets out of Britain because we recognised that, with a very high-value niche business such as ours, we had to spread the risk, if you like, and explore new markets. We've had help exhibiting overseas. We've had help with market research and trade missions, and we continue to take every advantage of those. We've had a very positive experience.*

[8] **Mr Halle:** *Trade missions themselves can be rather limiting because I think they're rather orchestrated with big buyers seeing big companies and big people and institutions and government bodies, and I'm not quite sure really how much impact that can actually have on a real-life business that wants to export.*

[9] **Mr Williams:** *With support, someone met me at the airport. I had 20 visits booked with different companies. Yes, we ended up in some strange places, but it was always with someone who could speak the language and, to me, since then, my opinion of China has been, you know, it's a difficult place to do business, but done in the right way you can do business. So, for me, there's no question: you need the help, and they're doing it in the best way they can afford, most probably. On the ground support is really useful, because they can get you in front of the right people.*

[10] **Mr Carr:** *The Welsh Government has been pretty much invisible to us as an organisation since we dropped out of the KB4B framework when that was abolished some three years ago. We won a Queen's award last year and it felt like we popped up on the radar again, and we have started to grow links since then.*

[11] **Mr Grant:** *I've been exporting now for eight or nine years, but that's all been done off my own contacts, on my own basis. We've never received any advice or direct assistance from the Welsh Government in either form.*

[12] **Mr Carr:** *We're the market leader within our sector in the UK, in France, in Poland. We've achieved all of that on our own, really, and we would greatly value more assistance and support.*

[13] **Mr Gunn:** *We've not had any support from the Welsh Government to help us market our business abroad. We are a small e-commerce business at the moment that sells in*

probably more than 25, 30 counties worldwide. The amount of revenue that comes into the business from abroad at the moment is still quite small; it's probably only about 10% of our turnover. But recently we've invested some money in marketing the brand in the USA, but we have just proven to ourselves that, by marketing our brand directly in America, we can increase sales fairly easily.

[14] **Mr Halle:** Over the years, the WDA seems to have focused mostly, in my mind—and I know there are some other operations now out there—but perhaps I saw the WDA as a brand. Perhaps it was because it was active at a time when, economically, the economy was more active. But it seemed to have something about it. Since the demise of the WDA, I haven't really come across anything that has replaced it.

[15] **Mr Carr:** To a large extent, the overseas markets perceive us as being a UK organisation as opposed to Welsh.

[16] **Mr Grant:** I think one of the biggest perceptions is people are not really sure where Wales is. It's a very difficult one to explain to people where Wales is, what that Welsh identity is.

[17] **Mr Williams:** I would say that football is quite a nice opener, and you can say 'Swansea City' and you can say 'Cardiff', and that gives them something to latch on to. So, I think they have this concept of Britain being a very good place for education, but as I said, for business, I still think that we are sort of finding our way. So, I don't think that there's this firm idea that Britain's good at this, and then Wales as a subset is good at something else. I just don't think it's happening like that at the moment. But, that's my idea.

[18] **Mr Halle:** It's difficult to see what the unique selling points could be for Wales when you're looking to invest on a European scale.

[19] **Mr Gunn:** We've always thought about Wales as being part of our brand. We've always thought about being based here. We feel it's a very important part of our brand, but we don't feel we get support for that. I don't know if the Welsh Government sees the value of Wales as a—. I don't know whether they see the value globally, and I don't know whether they look to push the countryside as much as they could do.

[20] **Mr Vousden:** *Dwi'n meddwl maen nhw'n ymwybodol o rai busnesau mawr sydd yng Nghymru. Un example ydy Anglesey Sea Salt—mae ym mhob man rŵan. Ond, efo busnesau bach, dwi ddim yn meddwl bod nhw'n ymwybodol iawn ohonyn nhw, really.* **Mr Vousden:** I think that the Government is aware of large businesses in Wales. One example is Anglesey Sea Salt, which is everywhere now. However, I do not think that it is very aware of small businesses and what they offer.

[21] **Mr Grant:** Last year, a Welsh winemaker got the world's best sparkling wine. That beat off all the French champagne houses. There's some serious achievements and, actually, one of the biggest problems we have is we're not very good about telling the rest of the world what we do.

[22] **Mr Gunn:** You know, maybe getting a bit more of a handle on brand Wales, and what brand Wales is—that it is more than just agriculture; that it is the second-best place in the world to go mountain biking, after America, apparently. Those kinds of things are invaluable to bringing people into this place.

[23] **Mr Williams:** To come back to this point, the banks aren't lending. They don't lend to working capital, they don't like risky businesses, and they don't like start-ups. So, if you are not going to get Governments who understand that and actually step forward and say 'Well,

here you go; here's something to do with it', where are you going to get that finance from?

[24] **Mr Halle:** *I think there are opportunities there, but I think it's becoming more and more difficult, particularly when the markets are not buying what they were. But, I think you've got to start building today; we cannot change the way that it is.*

[25] **Mr Vousden:** *Dwi'n ffeindio fo'n galed gwerthu fy stwff i, i bobl yn yr ardal yma really, a dydy pobl ddim eisiau talu'r pres chwaith, sy'n broblem fawr efo'r quality sydd yn fy ngwaith i anyway. 'Swn i'n licio allforio os 'swn i'n cael y gwaith yna a chael fy ngwaith i rownd y byd really.* **Mr Vousden:** *I find it difficult to sell my work to people in this area; they do not want to spend that kind of money, which is a major problem given the quality of my work. I would like to export my work if I had the custom, so that it could reach customers worldwide.*

[26] **Mr Gunn:** *In 2004, we enabled people to buy our products online and it radically transformed the business overnight. Turnover went up immediately from that day.*

[27] **Mr Grant:** *We do a very small amount of exports into the USA and a little bit into France. Those are hopefully growing and indeed—*

*Gohiriwyd y cyfarfod rhwng 10:41 a 10:47.
The meeting adjourned between 10:41 and 10:47.*

[28] **William Graham:** *We shall resume the meeting.*

Dangoswyd DVD. Mae'r trawsgrifiad mewn llythrennau italig isod yn drawsgrifiad o'r cyfraniadau llafar ar y DVD.

A DVD was shown. The transcription in italics below is a transcription of the oral contributions on the DVD.

[29] **Mr Grant:** *We do a very small amount of export into the USA and a little bit into France. Those are hopefully growing and, indeed, through certain trade shows—I mentioned the IFE, the International Food and Drink Exhibition that we went to last year. That has produced some good leads that we are still following up and we will hopefully, in the next three to six months, secure a contract with at least one of those contacts.*

[30] **Mr Carr:** *If we'd just been exposed to the UK economy, personally, I don't think we would be in as strong a position as we are today. We've ridden out some of the troughs in the UK through strength in France or strength in the Nordics, et cetera.*

[31] **Mr Grant:** *It's not that easy for a small business to find out about what exactly is available and what help is available, and it is not easy for small businesses to find the funding to do these things.*

[32] **Mr Vousden:** *Dwi ddim wedi clywed dim byd sut 'sa nhw'n medru helpu, so dwi ddim wedi mynd i sbio am yr help.* **Mr Vousden:** *I haven't heard anything about how they can help, so I haven't gone to look for it.*

[33] **Mr Carr:** *There is no single easy way to access that information without paying an awful lot to the professional advisory community.*

[34] **Ms Wilson:** *We need more time to plan our export strategy, and to have more continuity in the timescale and the type of help on offer would be really useful.*

[35] **Mr Carr:** *We have received some support from overseas territories that want us to*

trade within their territory, and yet we've had to access that link through our network within confectionery.

[36] **Mr Williams:** *The top three barriers for an SME? The finance, the number of times you have to visit—so I don't think it's an easy win—and then I just do think that you've got to understand a little bit about the culture, and that is related to going to meet them.*

[37] **Mr Carr:** *Red tape that exists in the country that you wish to trade in, recruitment, the simple things of registering for tax, payroll. I guess the other two main areas are that of language and that of funding and access to capital.*

[38] **Mr Williams:** *So, if you want to go and develop something, you really have to look around out of your own internal resources. For small companies, that's virtually impossible if they weren't going to get some help.*

[39] **Mr Halle:** *You can find niches in the market that can take you forward. The trouble is it's time-consuming, and it's not just about the money; it's about your time. When you try to satisfy your existing customers, it can be very difficult when you've got a customer in America or Australia that wants to have something different, to have something special.*

[40] **Mr Gunn:** *I think the main barriers to exporting abroad are—what is it? It's teaching the audience that you are marketing to who you are and that you're a trustworthy business.*

[41] **Ms Wilson:** *We're having to learn very quickly about complicated markets, which change monthly as far as I can see. China is a really good example of that. We've been trying to trade with China for probably eight or 10 years now. I've been three times and I'm going again with a DEFRA mission to Hong Kong, but it's a very complicated market and we really could do with more hand-holding with that one.*

[42] **Mr Vousden:** *Fel wnes i ddweud o'r blaen, dwi'n stryglo efo'r marchnata. Dydi pobl yn bellach i ffwrdd ddim yn gweld fy ngwaith, felly dwi ddim yn cael gwaith ganddyn nhw. Ond 'sw'n i yn licio allforio fy ngwaith rhywdro.* **Mr Vousden:** *I have already said that I struggle with marketing. People further afield do not see my work, so I do not receive commissions from them. However, I would like to export my work at some point.*

[43] **Mr Gunn:** *There doesn't seem to be the money available at the time that you need it, or it's not the money that—. It's not relevant to the project that you want to do. Then, trying to just find someone to talk to about it or finding information on a website that works is almost impossible.*

[44] **Mr Williams:** *You ask any SME and it seems that Welsh companies struggle to get help from the Welsh Assembly Government—real help to really go and drive these markets hard. I know that's been a constant bugbear, because it seems to be easier to get a big company to come in and say that they're going to create 500 jobs than, say, to get in 10 companies to employ 50 people.*

[45] **Mr Carr:** *The things that would be most of interest to us would be assistance in areas when opening up new markets, which includes breaking down the initial red tape, I suppose, of trading in a particular country.*

[46] **Mr Halle:** *If the Welsh Government can support and get the support of local businesspeople who have done a lot of exporting and form that into a coherent band of people that could be listened to, I think that's something where very good advice could be given then*

to people who are just starting out on the export trail.

[47] **Mr Gunn:** *Get people on the ground—you know, people on the ground that can go and talk to business, find out what they're doing and what they need to build their business from Wales and, you know, help invest in them. We support 19 people here—I think we're one of the biggest employers in Cardigan, probably, after the Welsh Government—and we've just done that off our own back, but it hasn't been easy.*

[48] **Ms Wilson:** *It would be good to see some more liaison between potential inward investment companies and existing businesses in Wales, because there's a lot of untapped potential in Wales where we could feed into other companies coming into Wales.*

[49] **Mr Gunn:** *If we could get the money to help us to market our brand, to make Howies trip off the lips of other people abroad, understand what we're about and give people the faith to buy our products, we could expand here, in a rural location, and employ more people. We need quick broadband, you know. I still can't get broadband in my house. We need to be able to come into work every morning and know that we can dial in to the outside world to do our business.*

[50] **Mr Vousden:** *'Sa fo'n handi 'sa nhw'n medru helpu fi i adnabod partneriaid tramor i fi gael allforio darnau o fy nodrefn i gael y stwff allan yna, really.* **Mr Vousden:** *It would be handy if the Government could help me to find partners abroad to whom I can export pieces of furniture to get my work out there.*

[51] **Ms Wilson:** *I'd like to see a multi-level brand, so that we are, first and foremost, Anglesey, then we are Welsh, and then we are British. I think that we need to try to incorporate that with any new branding.*

[52] **Mr Grant:** *A brand identity for Wales, I think, is something we need to develop more. I think it's something that could be Government-led, but very definitely industry-backed. We spoke earlier about a concept of a logo—a brand, basically—for produce from Wales; that is relatively simple and straightforward to put together, but, if that's marketed correctly, that could be superb, and that would work both within Wales and in export markets.*

[53] **Mr Gunn:** *All Welsh business should know what brand Wales is about. If they can add to brand Wales or if they can be of help to brand Wales, there should be incentives and benefits for doing so.*

[54] **Mr Williams:** *I think someone, in the main, has to have this really holistic approach—'We support you to go out there, we support you to attend trade fairs, we support you to do all of those things that you need to get the business; then, when it comes back, this is what we can do for you'. It is no good then just saying, 'Oh, well, I'm sure there is a bank over there that can help you', or 'I'm sure there's someone else over there that can help you', because they don't and it would be nice to think that there was some way that the Welsh Assembly Government could somehow improve that little end-piece. It is the end-piece that means that you then really create a far more rounded approach to the whole thing. I think that you've got two pieces of the jigsaw; you need the third one.*

[55] **William Graham:** *Thank you very much, Kevin.*

10:57

**Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o'r
Cyfarfod**
**Motion under Standing Order 17.42 to Resolve to Exclude the Public from the
Meeting**

[56] **William Graham:** I move that

the committee resolves to exclude the public from the remainder of the meeting in accordance with Standing Order 17.42(vi).

[57] I see that the committee is in agreement. Thank you very much.

Derbyniwyd y cynnig.
Motion agreed.

Daeth rhan gyhoeddus y cyfarfod i ben am 10:57.
The public part of the meeting ended at 10:57.