

**Ken Skates AC/AM**  
**Ysgrifennydd y Cabinet dros yr Economi a'r Seilwaith**  
**Cabinet Secretary for Economy and Infrastructure**



Llywodraeth Cymru  
Welsh Government

Russell George AM/AC  
Chair of Economy, Infrastructure & Skills Committee

[russell.george@assembly.wales](mailto:russell.george@assembly.wales)

26 October 2017

Dear Russell

Thank you for the opportunity to present evidence to the Committee about the ways in which the Welsh Government sells Wales to the world. I welcomed the chance to showcase the excellent work that we have done to ensure that Wales is at the forefront when it comes to promoting tourism, trade and investment.

During one of the questions about the Department for International Trade's (DIT) involvement in Welsh inward investment projects, the conversation strayed on to working with DIT to promote Wales as part of the GREAT campaign and I didn't have the opportunity to complete my answer. I would like to set out my response to the original statement in order that the Committee can take an informed approach to the final report.

I understand that DIT has made an assertion to the Committee that it has a level of involvement in the majority of our inward investment projects. The high levels of involvement quoted by DIT relate to the method in which DIT's Hub function in London records projects from across the UK regions and DIT's assertion overstates its involvement when compared with our records.

All of the Devolved Administrations have signed a Memorandum of Understanding with DIT to enable us to access its resources, especially in markets where we do not have an overseas presence. This MOU requires us to record our inward investment projects with DIT and, in turn, the information associated with these projects is reported at both UK and regional levels in DIT's annual report.

DIT does not discern between the practical advice and support that it provides to companies (and/or delivery partners) and the administrative processes it uses to capture details of the project on its database. All of these support mechanisms are defined as involvement. This means that when DIT processes the project data we provide, it automatically registers the administration of the project as having benefited from DIT involvement. This means that, even when a company has approached Wales directly and worked solely with my officials to bring an investment into Wales, DIT's administrative processing of the data associated with the project counts as involvement, when clearly it hasn't been involved. This is also the case when a company that is already in Wales, and being account managed by the Welsh Government, expands its presence and we report this expansion to DIT.

Bae Caerdydd • Cardiff Bay  
Caerdydd • Cardiff  
CF99 1NA

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:  
0300 0604400

[Gohebiaeth.Ken.Skates@llyw.cymru](mailto:Gohebiaeth.Ken.Skates@llyw.cymru)  
[Correspondence.Ken.Skates@gov.wales](mailto:Correspondence.Ken.Skates@gov.wales)

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.

My officials have voiced their concerns on a number of occasions over the last five years about this as we believe that it is an artificial representation of DIT's involvement, not just in Wales but across the Devolved Administrations. However, DIT remains committed to its assertion that this is an accurate way of recording its involvement and the terms of the MOU require DIT to record in this way.

Whilst I am not aware of the figure quoted by DIT to the Committee, I know that on previous occasions DIT has claimed involvement in more than 90 per cent of our projects. According to our data, if we just count the involvement where DIT has made a meaningful contribution to the delivery of the project, this figure is actually 26 per cent of all projects recorded by Wales in the past five years.

Clearly there are discrepancies between the ways in which DIT and the Welsh Government classify and record involvement in a project. This is not a new issue and, despite addressing this with DIT and its predecessor, UKTI, it appears to be a complex matter to resolve. I am satisfied that the way in which my officials record DIT involvement is a more meaningful measure.

I also mentioned during the evidence session that we have experienced a significant drop in the number of referrals that are being sent to us from DIT. Again, this is disappointing and shows how DIT's support can be seen as lacking on occasion with a perceived focus on other regions of the UK. At one point during the last financial year, our referrals from DIT were down by 60 per cent in a year on year comparison.

Of course, despite the fall in referrals, I welcome the support that DIT's overseas offices provide. This network, especially in markets where we do not have a presence, has proved to be a valuable resource that we are able to access. I have no doubt that without access to this resource our success in attracting new inward investment projects would be affected.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ken Skates', written in a cursive style.

**Ken Skates AC/AM**

Ysgrifennydd y Cabinet dros yr Economi a'r Seilwaith  
Cabinet Secretary for Economy and Infrastructure