

Council for Economic Renewal Meeting 24 September 2012

INWARD INVESTMENT AND TRADE AND THE RELATIONSHIP BETWEEN THE WELSH GOVERNMENT AND UKT&I

OVERVIEW

- 1.1 As economic development is a devolved responsibility in Wales, the Welsh Government has responsibility for attracting foreign direct inward investment, whether that be new, reinvestment, joint ventures or acquisitions. Our focus is on the key sectors but we also have regard to opportunities outside of those sectors. The Welsh Government also has responsibility for identifying and delivering inward investment opportunities from elsewhere in the United Kingdom. We also support companies in Wales to internationalise and we deploy a range of measures – from one-on-one support to the organisation and management of a programme of trade missions – to deliver increased export levels.
- 1.2 UK Trade & Invest (UKTI) has as its stated objectives to:
 - deliver measurable improvement in the business performance of its international trade customers, with an emphasis on innovative and R&D active firms;
 - increase the contribution of foreign direct investment to knowledge intensive economic activity in the UK, including R&D;
 - and to deliver a measurable improvement in the reputation of the UK in leading overseas markets as the international business partner of choice.
- 1.3 The Welsh Government works in partnership with UKTI and others. For example, the Welsh Government and the National Investment Service (part of UKTI) have signed a Memorandum of Understanding that lays down protocols for the management of lead generation and project handling. This formal agreement built upon the team in North America co-locating with UKTI in the British Consulate in New York. Co-location offers cost benefits to Wales but, more importantly, it has enabled us to develop closer relationships with colleagues in both UKTI and the Foreign and Commonwealth Office. The Welsh Government is also an active member of the International Business Development Forum, a vehicle for ensuring that those engaged in attracting inward investment adopt a consistent approach.

INWARD INVESTMENT

- 2.1 While the Welsh Government's efforts are focussed on the key sectors, inward investment projects from outside of those key sectors are also encouraged. The Welsh Government has a presence in eleven

locations overseas – Brussels, New York, Washington, Dubai, Tokyo, Beijing, Shanghai, Chongqing, Bangalore, Mumbai and Delhi. This footprint has recently been extended to include the new London office which will focus on inward investment and international trade and builds on the First Minister's commitment to take further action to promote Wales to the world to boost the Welsh economy.

- 2.2 We have also recently strengthened our trade and inward investment function, which, working with the Welsh Government's sector teams, European and External Affairs Division and overseas teams will provide a focus for our inward investment and trade efforts.

INTERNATIONAL TRADE

3. The Welsh Government is focusing on four key steps in order to work towards the goals of more exports and more exporters. Support available to businesses in Wales for each of these steps is shown below.

3.1 Raising Awareness

- 3.1.1 The Welsh Government is working with stakeholders and intermediaries in the public and private sector to make sure that as many businesses as possible are aware of the benefits that exporting can bring and of the support available to them in Wales. Recent examples, and more are under consideration including a series of events to coincide with UKTI's Export Week in November, include:
- An Exporting for Growth event in partnership with UKTI, PWC and HSBC.
 - All Wales Trade Panel. A presentation to a panel set up by South Wales Chamber of Commerce on the support available to businesses in Wales.
 - A Doing Business with Hong Kong and China event in partnership with Invest Hong Kong, China Britain Business Council, Deloitte.
 - A South Wales Chamber of Commerce's Business Exhibition where the Welsh Government contributed on International Trade Support.
 - A Doing Business with the USA event in partnership with Fairfax County Economic Development Authority, US Embassy, South Wales Chamber of Commerce.
 - A support for International Trade event with West Wales Exporters Club.
 - Wales International Business Council event to businesses in west Wales.

3.2 Improving Knowledge And Skills.

3.2.1 There are a number of measures to help develop the capability and capacity of businesses in Wales to export:

- **International Trade Development Programme (ITD)** – A Welsh Government programme, that is free of charge, that seeks to help businesses prepare and plan for export. Although it is aimed at new or inexperienced exporters, addressing the basics of international trade such as strategy development and market selection, it is also suitable for experienced exporters that are looking to expand into new markets. The service is delivered both on a one-to-one basis and via a series of seminars and workshops.
- **Export Communication Review (ECR)** – A UKTI scheme that reviews a business' written/spoken communications with overseas markets and provides practical recommendations, an action plan and how-to guides. This can also include a thorough website review. The service is available to SMEs that have been trading for at least 2 years and costs £250 plus VAT.
- **Export Marketing Research Scheme (EMRS)** – A UKTI scheme that can help businesses to carry out export marketing research on topics such as: market size and segmentation; regulations and legislation; customer needs, usage and attitudes; distribution channels; trends; and competitor activity, strategy and performance. Companies with fewer than 250 employees may be eligible for a grant of up to 50 percent of the agreed cost of market research projects.

3.3 Finding Opportunities

3.3.1 **International Trade Opportunities Programme (ITO)** – A Welsh Government programme that helps export ready businesses identify and capitalise on opportunities in selected overseas markets. The services range from research and advice on local trading conditions through to scheduling meetings with 'warmed' up contacts. This service is available to businesses of all sizes and participating businesses contribute 25% towards the cost of the project.

3.3.2 **Overseas Market Introduction Service (OMIS)** – A UKTI service provided by trade teams in UK Embassies, High Commissions and Consulates. Typical OMIS reports could include market sector advice, analysis of market entry strategies, support during an overseas visit, identification of possible business partners.

3.4 Meeting The Customer

3.4.1 **Trade Missions** – The Welsh Government runs a programme of multi-sector and sector focused visits to overseas markets. The schedule for this year includes multi-sector trade missions to China, the Middle East and North America.

- 3.4.2 **Sector Trade Missions** – UKTI sector teams run a programme of trade missions each year. Welsh businesses are able to participate and, whilst no subsidies are offered by the UKTI sector teams, businesses in Wales may apply for a grant of 50% towards the cost of travel and accommodation.
- 3.4.3 **Trade Fairs** – The Welsh Government has a pavilion at major international trade fairs in key sectors. In 2012/13, this includes Medica in Dusseldorf; Association for Unmanned Vehicle Systems International (AUVSI) in Las Vegas; Food and Hospitality China (FHC) in Shanghai. Participating businesses receive a 50% subsidy on the cost of travel and accommodation and pay an agreed contribution towards the cost of stand space.
- 3.4.4 **Trade Show Access Programme** – UKTI provides grant support for eligible SME firms to attend trade shows overseas. Participation is usually as part of a group, and is usually led by one of UKTI's Accredited Trade Association (ATOs). Eligibility criteria for this support vary by market but grants are generally available to SMEs that export less than 25% of turnover. Grants range from £1,000 to £1,800.
- 3.4.5 **Overseas Business Development Visit Support** – Assistance towards the cost of undertaking business development visits to overseas markets. Supported activities include exhibiting at trade fairs and travelling to meetings with potential customers. The support cannot be used to service existing relationships or contracts.
- 3.4.6 Some recent examples of working with UKTI on trade missions/exhibitions include:
- Joint business to business event at FHC Shanghai.
 - British Energy Week in Saudi Arabia – scheduled multi sector trade mission to Saudi Arabia to coincide with British Energy Week. Trade mission participants from the Energy and Environment sector are able to split off from the main trade mission and attend the UKTI events in Al Khobar.
 - Taking space on the UKTI stand at CEMEF in China.