

2.00-5.30: WEDNESDAY 29 NOVEMBER 2000

COMMITTEE ROOM 1: NATIONAL ASSEMBLY FOR WALES

ECONOMIC DEVELOPMENT MINISTER'S REPORT

Exceptional items only (since last EDC – 15 November)

1. Latest Economic Assessment

Business Surveys announced

Business Enterprise Research and Development figures for 1999 (released by the Office for National Statistics on 20 November 2000)

- Total R&D expenditure by businesses in Wales in 1999 was £203 million;
- This was a substantial increase on the figure of £125 million for 1998 (£113 million for 1997);
- Wales' share of the total UK R&D expenditure by businesses was 1.8 per cent, higher than the previous figure of 1.2 per cent but still substantially down on the overall share of employment which stands at around 4.5 per cent of the UK total;
- There has been a general increase in R&D expenditure (10 per cent for the UK), at least part of which is due to an improvement in the estimation resulting from a doubling of the sample size used by ONS. The increase in sample size may have had a disproportionate effect for Wales, due to the greater sensitivity of regional figures, but this cannot be quantified;

Federation of Small Businesses survey "Barriers to Survival and Growth in UK Small Firms"

- A recent UK wide FSB survey "Barriers to Survival and Growth in UK Small Firms" shows a high rate of dis-satisfaction in Wales with Government Funded Business

Support Services (page 43 of the report). This is likely to be picked up by the FSB in its launch in Cardiff on 28th November when they present the Welsh sample of this survey as "Barriers to Survival and Growth in Welsh Small Firms." The full survey can be viewed and downloaded from the FSB Website at <http://www.fsb.org.uk/news.asp?REC=PR9/00> .

2. Major issues

Electronics industry

I am attending the first Welsh Electronics Task Force meeting tomorrow, where I hope we can start to formulate a programme of assistance to the industry in Wales. In the meantime, I am continuing with my programme of visits to key electronics manufacturers to listen to their concerns at first hand. I hope that these discussions will help inform the future work of the Task Force.

WDA additional resources for Foreign Direct Investment Marketing

I mentioned at the last EDC meeting that I was hoping to secure additional resources in order that the WDA could implement a programme of focussed marketing to attract a "second wave" of inward investors.

I am pleased to announce that the Finance Minister will be making an extra £1 million available to the WDA in the next financial year from End Year Flexibility for this purpose. I will be looking to the WDA to come up with clear proposals as to how this additional resource can be targeted in order to deliver the best outcome for Wales and achieve best value for money.

European Funding

No major announcements since last EDC

Operating Aid

I am committed to ensuring that the Partnership government pledge, to fully explore the potential for fiscal variations in the West Wales and the Valleys area, is honoured, and that any potential benefits for Wales are fully exploited. Officials are currently working on this issue. I am travelling to Brussels on 5 and 6 December to discuss the issue with key individuals in the European Institutions. A full report will be made available to the next EDC on 13 December.

International Relations

I am determined that the Assembly and its partners pursue our Wales and the World programme with energy and commitment. To ensure that the Assembly provides the necessary leadership, it has been decided to create a new Division within the Economic Development Department. This new Division will be formed by bringing together the functions of European Affairs Division and the International Relations Unit within Industrial Development Division. The new Division will begin its work on 1 April 2001.

Ebbw Vale steel plant

There was a temporary 2 week closure at Ebbw Vale, which was reported in the media last Friday. I understand that the workforce **started back at work on Monday 27 November**. I further understand that there will be a further 2 week stoppage over the Christmas period, and a further 2 weeks some time in the New Year.

The reasons are put down to 'the business situation' (lack of orders) and the fact that customers are de-stocking. Ebbw Vale is part of Corus Packaging Plus and the sister plant at Trostre is **unaffected** but there will be an extended closure there over Christmas.

Llanwern and Port Talbot will also have extended closure over Christmas between 15 December and 2 January; the heavy end will not be on a full stop (because they cannot stop the furnaces completely) but they are intending 24/48 hours outages over the same period.

3. Jobs News

Lloyds TSB customer contact centre opened at Pencoed with RSA assistance. 1,000 new jobs will be created.

On Line Finance Ltd – announced it was setting up an on-line automotive finance centre at Nantgarw with RSA assistance. 400 new jobs will be created.

Conduit plc are to open an International Directory Enquiries call centre in Cardiff that will create 1,000 jobs. No NAFW assistance was involved. The story was originally leaked by the property agents, but has now been confirmed by the company.

Hi-lex Cabel Systems Ltd, Baglan – 160 jobs to be created by company manufacturing cables for the automotive industry. £5.4 million capital expenditure involved. RSA has been offered.

4. Recent Events

Network Q Rally - Cardiff is the host city for the next three years. Cardiff CC, WDA, WTB and National Assembly co-operated in convincing the Motor Sports Association to bring it to Cardiff. The rally is from 23 to 26 November. This is a major tourism and economic boost.

Accelerate Wales Launch – I was delighted to formally launch this programme at the WDA's Autoconference 2000 at the CIA last Wednesday. This programme, supported by £4.2 million of Assembly money (from the Pathway to Prosperity Fund, over 3 years) plus match funding, will help Tier 1 suppliers within the automotive sector in Wales recruit Champions to work through their supply chains, to help improve competitiveness and develop new products. Key note speakers at the conference, like John Towers, Professor Garel Rhys and Nick Reilly, helped reinforce the valuable contribution the automotive sector makes to the economic wealth of the UK, and the need for it to continue.

Envirowise Wales Launch -- I launched Envirowise in Wales on 27 November. Formerly the Environmental Technology Best Practice Programme, Envirowise is a UK wide government programme which offers businesses free independent advice on practical ways to minimise waste and increase profit. Envirowise works in partnership with the National Assembly under the Business and Environment Campaign to provide services tailored to meet the needs of Welsh Industry. Wales Environment Centre have been appointed as local delivery agents for Envirowise in Wales.