

Date: 16 January 2002
Time: 14:00 to 17:30
Venue: Committee Room 3, National Assembly, Cardiff Bay
Title : ECONOMIC DEVELOPMENT MINISTER'S REPORT

1.1 GOVERNMENT BUSINESS

BT Announces Launch of DIY Broadband

One of the main hurdles to increasing the number of broadband users is the need for a BT engineer to visit every customer. BT Wholesale will launch a DIY broadband service on 15 January that removes this need. IP Stream Home and Office will allow customer's to install their own broadband service. After 15 January, the self-install version should be available in all areas that are covered by ADSL. In Wales this means areas of South Wales and the ten rural towns covered by Strand 6.

Airbus, Broughton

Has announced that it is to accept 200 applications for voluntary redundancy at its Broughton site in North Wales. As well as the redundancies announced, company hopes to freeze pay, cut overtime and introduce a 35 hour working week, thus reducing the amount of job cuts initially identified (1,300). The Company's proposals were accepted by the workforce by a 2 to 1 majority. Am also delighted to see that Easy Jet have confirmed that Airbus' offer is more competitive than Boeing's.

Shotton Paper Company/WRAP - Waste and Resources Action Programme - scheme

Delighted to hear Shotton Paper Company announced as the new preferred bidder, replacing Aylesford Newsprint. Competition on target to enable an extra 321,000 tonnes of recovered newspapers and magazines to be recycled each year by 2004. Decisive action taken by WRAP Board to boost recycling. Looks as if there will be a £80 million (€129 million), recycled fibre plant at Shotton Paper. No additional jobs but there could be in the future.

Camddwr Trust

Wind energy has had a great deal of press coverage recently and again recently there have been reports in the Western mail including the Camddwr Trust's massive 150+ turbine windfarm proposal in the Tregaron area which I believe would straddle the borders of Ceredigion and Powys. The proposal is in its preliminary stages and no formal application has

been submitted to DTI. I understand the Local Authorities are trying to arrange a scoping meeting shortly with the developers to discuss the proposal.

Discussions will start shortly on my proposal that responsibility for major renewable projects of this kind should transfer from the DTI to the Assembly.

New Years Honours

I was delighted to see the New Year Honours List, which included amongst others the Ford Bridgend plant manager Colin Johnson (OBE); retired Economic Development Department SMART Case Officer Michael Cross (MBE) and Lesley Garrett (CBE)

Innovative Action Plans

Members will have seen the Minister for the Environment's Written Statement on 9 January announcing European Commission approval of the Welsh bid for funding under the ERDF Regional Programme of Innovative Actions. Simply put, this programme gives scope to undertake experimental projects which:

- use skills, flair, ingenuity and regional identity to promote sustainable development and thus create a sustainable society;
- use innovation and technology to achieve sustainable success in the new knowledge-based economy; and
- exploit ICT to improve effectiveness and competitiveness and help reduce the demands on natural resources and bridge any 'digital' divides.

The Welsh programme incorporates each of these themes and will create a regional laboratory that can test and demonstrate the way towards a sustainable knowledge-based economy in Wales. A copy of the full text of the bid is available on the following Intranet page:

<http://www.wales.gov.uk/subitradeindustry/content/innovactions-app-e.doc>

Members of this Committee may recall that the decision to submit this bid for funding was taken during the plenary session on 16 November 2000, and that the National Assembly for Wales' sustainable development scheme should be used as the basis for application. A consultation exercise was undertaken in January 2001, prior to the bid being developed and finalised in discussion with a range of experts from the public and private sectors who had past experience of the programme themes. The Deputy First Minister submitted the bid to the Commission in May 2001.

Approval of this programme is excellent news for Wales and gives us a first-rate opportunity to advance our sustainable development agenda in line with our vision for Wales in A Winning Wales, the recently adopted national economic development strategy. I will be formally launching this €4 million programme later this month.

New Chair of the WDA

Roger Jones OBE took up the Chair of the Welsh Development Agency on 1 January. Mr Jones brings a range of unique qualities to the role of Wales' leading business ambassador. He is also one of Wales' most successful entrepreneurs with a very strong commitment to science, education and the environment. These strengths will be invaluable during his term of office at the Welsh Development Agency as our future economic success will be based on innovation, entrepreneurship and the knowledge economy.

Pembrokeshire Marketing Consortium

A joint-marketing initiative for Pembrokeshire to counter the effects of Foot and Mouth on domestic tourism was launched on 8 January. Pembrokeshire businesses have come together to form the Pembrokeshire Marketing Consortium and will fund a £370,000 marketing campaign for 2002.

Much of the funding has been made available through the Assembly Government's Rural Recovery Plan, with significant contributions coming from the Wales Tourist Board and Pembrokeshire County Council.

British-American Business Council - Spring Conference, Cardiff, 12-15th April 2002

Delighted that this is to be held in Cardiff. Until now, the BABC conferences have been held in major cities in the US, with the exception of one conference in London. The successful Welsh bid was led by the WNABC.

I have agreed to speak at the event. I will talk about the benefits of the UK not only as the best location in Europe in which to establish a knowledge-driven business but, of course, to highlight Wales as an exemplar of strategic co-operation between the private and public sectors in providing the conducive environment in which to locate and expand.

1.2 RECENT ENGAGEMENTS

Trade Missions/Fairs

- **China/Hong Kong** - Eight companies joined the Trade Mission, the first visit to mainland China securing firm orders worth £284,000 and prospective orders of over £4.6 million.
- **Dublin** – A West Wales based company secured firm orders worth £10,000. Prospective orders for all participants being evaluated.
- **Israel** - Currently there is a WTI Trade Mission to Israel. Outputs will be reported after they return.
- **Medica, Dusseldorf** - WTI recently led 10 companies to the Medica trade fair, the world's largest exhibition for medical equipment for doctors' surgeries and hospitals. A total of 509 meetings took place between the 10 Welsh participants and fellow exhibitors resulting in approximately £1¼ million worth of firm orders, and approximately £640,000 worth of potential orders.
- **Trade Fair Grant Scheme** - The scheme encourages Welsh companies to visit overseas markets, either engaging in 'first time' or 'increased' export activity. Specifically it supports the cost of exhibiting and attending trade fairs. It has been successful in securing £7.5 million worth of firm orders with an additional value of potential extra business worth £34.2 million. The cost of the scheme to date is £156,000.

2. JOB NEWS

- European Semiconductor Manufacturing Limited (ESM) to undertake a major reduction and re-structuring of the business. The decision follows an announcement by its bank to withdraw support from ESM, despite an upturn in orders and growing order book at the Company in recent months. ESM has begun the consultation process, but as plans have yet to be finalized, details on the re-organization are not currently available. Both the Economic Development Department and the WDA have been, and continue to be, closely engaged with this case.
- GE at Nantgarw have won a \$400m, 15 year, maintenance and overhaul contract from DHL Worldwide Express to maintain RB211-53C engines. This is good news for the future of the site. Assembly officials and the WDA are in constant contact with GE. At my last meeting with the company I also agreed to visit the site in the next few months.
- Officials are meeting Wireless Systems International, Cwmbran, next week to discuss the delay in the project caused by the slow take up of 3G technology. The company expects the market to pick up in 2003.

2.1 Job Gains since the previous EDC

- Morrisons, Port Talbot - 150 new jobs with the establishment of a new supermarket pending only final approval by the Welsh Assembly Government, after plans were approved by the local authority.
- Avana Bakeries, Rogerstone, near Newport - was gutted by fire in December. Has restarted work and is looking to expand, creating up to 90 new jobs.
- Staedtler (UK) announced on 12 December with the support of Regional Selective Assistance a £2m expansion project which will safeguard the company's future as a manufacturing plant.
- High tech manufacturer of multimedia optical discs MCS Manufacturing Ltd., Ystradgynlais has announced on 19 December with the support of Regional Selective Assistance (RSA) the promised creation of 77 jobs well paid jobs as part of a £7.4m investment on the Ynyscedwyn Enterprise Park.
- On 4 January Altron Communications Equipment Ltd., the UK's market leader in the design, fabrication and provision of CCTV mounting equipment announced on 4 January with support of Regional Selective Assistance a £1.7m expansion project at Cross Hands which will safeguard 120 jobs and create a further thirty jobs over the next two years.
- Abbey National, Newport - undertaking a recruitment drive to capture SME market share from the big four High street banks is set to create 60 jobs in Newport.
- Novaspec, Ebbw Vale - The Waterside Automation Group, a manufacturer of products and services for the control and monitoring of plant and equipment, has acquired Novaspec with the help of finance company Venture Finance. The acquisition is expected to create some 100 jobs in the South Wales area.
- The Assembly Government announced on 20 December the expected creation of 77 new jobs with the support of £400,000 in Regional Selective Assistance to four companies in the Cardiff area; The Cabinet Factory Ltd., Cyrus Engineering Ltd, Cardiff Drain Cleaning Ltd., and Valuestays Ltd.

2.2 Job losses (over 50) since the previous EDC

- 73 jobs are to be lost in Crumlin near Newport with the closure of Carlton International, the suitcase and luggage manufacturers. With the downturn in tourism due to September 11 demand for the products has dropped thus playing a part in the decision to transfer production to London. 47 staff will go with immediate effect, the balance staying until the plant is closed in 6 months time
- Online Direct Mobile a mobile telephone sales company based at Dillwyn Street in Swansea have gone into liquidation with the loss of 90 jobs at the Swansea Call Centre and 40 at a warehouse in Llanelli.

3. ACTION OUSTANDING FROM PREVIOUS MEETINGS

Details are at Annexes 1 and 2 (for Water Quality and Activity trends)

Annex 1

Costs of maintaining water quality in Cardiff Bay (EDC 28 November 2001)

1. At the EDC meeting of November 28, further information was requested on the costs of maintaining the quality of water within the Bay. Reference was made to some figures emerging from NAO but officials are not clear what these may be based on. In the past, for example in the NAO Report on the Cardiff Bay Barrage (July 2000), reference has been made to increasing estimates of the overall cost of 'operating the bay'. That, of course, includes the operation of the barrage as well as issues such as maintaining water quality. That report also indicated that the key measures to maintain the standards of water quality are to:
 - Oxygenate the Bay
 - Prevent algal problems
 - Control nuisance plants, pests and insects
 - Prevent seawater entering the Bay
 - Collect litter
 - And deal with one-off incidents of pollution or other emergencies.
1. The note to EDC on outstanding Cardiff Bay matters, which was attached as an annex to my report at the October 31 meeting, covered the issue of the cost of maintaining water quality. It said 'Cardiff Council estimate that, in addition to the Capital costs incurred from 1 April 2001 to end August 2001 totalling some £3.451m in relation to oxygenation and algae/litter collection equipment, their annual budget (including staff costs) for water quality operations is just over £1.5m. This includes water quality monitoring, algae, oxygenation, litter collection, nuisance plants and pest control'. The capital costs are set-up costs whereas operational/revenue costs will be recurring every year (although these might vary).
2. The latest cost estimates can be seen in the Table below. The 2000-2001 cost figures represents the sum of outturn costs for each of the key measures in maintaining water quality as outlined in paragraph 2 above. The costs for 2001-02 and 2002-03 are provisional at this stage, but are based on the Harbour Authority's best estimates. In general, the Harbour Authority expects to spend its full budgets on water quality, though some costs may slip into the following year. The increase in capital costs in 2001-02 reflects the one-off costs of the installation of aeration equipment.

Table – Water Quality Costs between 2000-01 and 2002-03 (£m)

	2000-01	01-02 budget/ forecast outturn	02-03	3 Year Total
Operational	0.7	1.6	1.7	4.0
Costs				
Capital	0.5	4.0	0.6	5.1
Total	1.2	5.6	2.3	9.1

Annex 2

EMPLOYMENT AND ACTIVITY RATES IN WALES FOR 1997 TO 2000



