

**Date:** 30 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**

### Latest economic position

The next Quarterly Economic Update Report will be provided for the next EDC meeting, on 13 February.

### A Winning Wales

The formal launch of "A Winning Wales" took place at Calsonic in Llanelli on Monday 28 January. A version has been available on the Internet since 13 December. Calsonic was chosen since it is the sort of company which epitomises the economic future of Wales (sustainability-conscious, committed to learning, training and skills and new technology to compete in the world market).

The focus now is firmly on implementation. Officials have established a Project Group with interested parties to drive this forward. The Group met for the first time on 9 January. It will continue to monitor and fine-tune the Strategy as time goes on as well as ensuring actions at present contained in the Strategy are realised. I will personally take stock of progress on a regular basis and make reports to this Committee.

At the launch I also announced an extra £5.6 million for the Welsh Development Agency for this year, to secure 50 acres of land for the completion of Port Tawe Innovation Village, Swansea.

### Local Authority Transport Grant announcement - 22 January

I am pleased that the CBI Wales has welcomed the press release on 22 January, in which Sue Essex announced support of £130 million in addition to the £300 million announced in January 2001. The Director of CBI Wales, David Rosser, commented that 'the new infrastructure projects will deliver transport infrastructure improvements to key employment sites and help to boost economic development.

### Tourism advertising campaign, UK OK

The British Tourist Authority launched a £5 million marketing campaign on 23 January to help attract overseas visitors to Britain. It has been launched under the banner of 'UKOK' and will focus on Britain's core strengths - Heritage, Countryside, Cities and Sport . The campaign is a direct response to the negative impact of 11 September and foot and mouth on international tourism.

## **1.2 RECENT ENGAGEMENTS**

### Welsh Affairs Committee.

On 21 January, the House of Commons Welsh Affairs Committee visited the Assembly to take evidence from me and the Secretary of State for Wales, supported by Assembly, DTI and HM Treasury officials. The purpose of the enquiry is to examine the Wales Objective 1 programme. The Committee had previously taken evidence from three English Government Offices for the Regions, and was to take evidence from European Commission officials on 28 January. Its enquiry is due to end in around a month's time.

As well as devolved matters, I was happy to discuss issues such as the programme management structures, the partnerships and how well they are working, application procedures, and our general assessment. I believe this will help the Committee to gain a full perspective on Objective 1 in Wales. Secretary of State Paul Murphy gave a clear explanation of his pivotal role, particularly in the SR2000 UK Government spending review, the outcome of which is so vital to the successful implementation of Objective 1. DTI explained that the future (post 2006) of the structural funds was a matter for the Member State, and they would be consulting fully on the development of the UK government's position. Committee members are aware that the Assembly government has begun its own thinking on this. What is essential at the moment is to make the most of the current programmes.

### Trade mission to Israel 12<sup>th</sup> – 19<sup>th</sup> January

Five companies have recently returned from a successful WalesTrade International organised trade mission. This was the third Welsh trade mission to visit Israel. Pearl Technical Coatings of Treforest secured an order for £70K and report that significant potential exists for the remainder of the year. KPMF appointed an agent and estimate potential orders to be around £100K.

MSP Global Ltd, of Cardiff signed a partnership agreement with Latent Image Technology Ltd of Jerusalem to market an imaging system with potential sales estimated to be £1million per annum. Credent Vascular, who produce artificial blood vessels won an initial order of £5-10K and are optimistic of future prospects. Harwin Components are hopeful of receiving orders as a direct result of their visit.

## Showcase Ireland - Dublin - 20/ 23 January 2002

An annual event, with over 650 exhibitors, attracting buyers from over 30 countries. WTI provided an original stand for the 10 exhibitors representing 14 Welsh companies, 2 of them exhibiting for the first time. There was a wide range of products on display including hand painted glassware, clothing with Welsh and Irish designs and themed china products.

Early indications are of over 90 orders worth £30,000. Also there were well over 400 leads/ contacts.

## Optronics Sector, North Wales

Wales's optronics sector, centred in North East Wales, was well represented at the recent prestigious "Photonics West" 2002 conference/exhibition in San Jose, Silicon Valley, in the USA. I am pleased to record the invaluable support these organisations received from both Wales trade International, and the WDA.

## Consignia, Cardiff

I visited the Mail Centre in Penarth Road, Cardiff last Friday to see at first hand how Consignia are progressing.

## **2. MAJOR ISSUES UPDATE**

### Corus

I will be making a statement tomorrow, the day preceding the first anniversary of the Corus announcement to shed over 6,000 jobs of which nearly half were in Wales.

Corus announced the knocking-down of Blast Furnace number 5 at Port Talbot and its new £75 million replacement, slightly increasing iron capacity , and with improved emissions standards to demonstrate how heavy industry can adapt to environmental expectations of the modern world. This is sustainable development in the widest sense.

## **3. JOB NEWS**

RSA statistics for 2001 – we announced details of RSA activity for 2001 on 21 January. £120 million of RSA was offered in 2001, for 240 projects. With the help of our partners in the WDA this should trigger new capital investment of some £553 million and create 8,700 new jobs and safeguard 4,700 others.

Sinclair Garages, Swansea – 20 jobs saved after company takes over Mercedes franchise formerly with Continental Cars

Alcoa, Dolgarrog - The Assembly was represented at a meeting to discuss the report commissioned by Conwy CBC and the Welsh Assembly Government will keep close to the developments and in particular indicate the assistance it is able to give

### **3.1 Job Gains since the previous EDC**

Cerrig Ltd, Pwllheli - should create 16 jobs as part of a £700,000 expansion. The company have been supported by an RSA grant.

Irvin GQ Parachutes, Bridgend – I officially opened this £3.3 million expansion on 24 January. The expansion has been supported by RSA and aims to create 53 jobs in addition to the 180 people the company already employs at Blackmill.

Curry's, Swansea - a new store creating 27 new jobs in Swansea at the beginning of March as part of a five year 70 store expansion plan.

Asda, Wrexham, Llandudno, Queensferry and Rhyl – 90 new jobs at these North Wales stores following expansion.

Chicago Rock Café, Swansea – up to 100 new jobs to be created (at last half are full time) with opening of new cafe

GAP, Swansea – new clothing store, creating 38 new jobs

### **3.2 Job losses (over 50) since the previous EDC**

ESM, Newport.

Receivers PricewaterhouseCoopers were appointed and reduced the workforce by 235. The job cuts, which include the chief executive, the director of technology and three other executive board members will reduce ESM's workforce to 292. I am closely in touch with possible further developments which are at a very sensitive stage.

Shanks Waste Solutions, New Inn, Pontypool.

A waste incinerator will be shut down at the end of March at the Shanks Waste Solutions plant at Pontypool with the loss of 40 to 50 jobs. The company is consolidating activities at its Fawley site, Hampshire. However, 25 administration jobs on an adjacent site at Pontypool will

remain.

Graham Packaging, Gwersyllt – plastic bottle manufacturing plant expected to close in April, with the loss of 67 jobs, as customers transfer production to mainland Europe

Betts UK, Wrexham – facility to close in December 2002, with the loss of 97 jobs, as management moves operation to main plant in Essex

Deeside Furniture, Gresford – 35 jobs to be lost as company pulls out of caravan market due to lack of profitability

R D Precision, Deeside – to lose 31 staff from total workforce of 128 at its Pentre plant.

#### **4. ACTION OUSTANDING FROM PREVIOUS MEETINGS**

##### **EDC 16 January 2002**

##### WTB Remit letter

We believe that the WTB's Section 4 Scheme (which originally covered the Assisted Areas in the whole of GB) was notified to the European Commission (EC) during the 1970's. An extension of the Scheme to cover the whole of GB was notified and approved by the EC in 1982

WDA and WTB Remit Letters are expected to issue this week. Comments made by the Committee were taken up.

##### Rural Recovery Plan

Excellent progress being made on implementing the Rural Recovery Plan. Of the £37m provided for the current financial year some £28m had been spent to 31 December. Press notice issued on this recently. The latest progress report is on the intranet since it was provided to the Agriculture and Rural Development Committee.

##### Wind Farms

Responsibility for consultation on electricity generating station proposals of greater than 50MW capacity lies with the Department of Trade and Industry (DTI). Where those applications relate to Wales, the National Assembly is a formal consultee and has an opportunity to provide a view to DTI. As the Cefn Croes proposal was above 50MW the Assembly Government, published on the National Assembly website on 26 October. The Assembly Government's

comments took account of economic, environmental, planning and conservation issues, and the views of statutory advisers, like the Countryside Council for Wales. The decision on a public inquiry on the Cefn Croes proposal was a matter for the Minister for Energy at the DTI and not the Assembly Government.

The Local Planning Authority (LPA) is a statutory consultee in the consent process and has 4 months to respond to DTI. In the case of Cefn Croes, the County Council considered the views expressed at local level and were overwhelmingly in favour of the proposal.

## **OBJECTIVE ONE: INFRASTRUCTURE PARTNERSHIP**

### Summary

This paper sets out the issues surrounding the creation of the Objective 1 Infrastructure Regional Partnership and the discussion of the Infrastructure Strategy, as requested by the Committee at its meeting on 16 January 2002.

### Infrastructure in Objective One

The current Structural Funds Programmes supported by the European Commission are not designed to provide large amounts of physical infrastructure to the eligible regions and the Single Programming Document for West Wales and the Valleys has very limited funding available for infrastructure.

The main Priority involved is Priority 6 (Strategic Infrastructure Development), which has a total of £129m grant available over the lifetime of the Programme - 11% of the overall Programme funding. This is shared between four measures:

<b>Measure</b>	<b>Description</b>	<b>Funding (£m)</b>
6.1	Accessibility & Transport	51.72
6.2	Energy Infrastructure	15.83
6.3	Strategic Employment Sites	33.60
6.4	Environmental Infrastructure	28.48

Priority 2 Measure 1 - ICT infrastructure - has £24.5m of grant allocated over the Programme.

### Establishment of the Partnership

In the first year of Objective 1, a number of regional partnerships were set up to cover various parts of the Programme. The Task and Finish Group, set up in October 2000 and reporting in December 2000, recommended the merger of the existing partnerships and the creation of a new Regional Partnership to cover infrastructure measures in Priority 6 and Priority 2. The

Group also recommended the creation of four Strategy Partnerships, one of which (the Business Assets Strategy Partnership) would be responsible for overseeing Priorities 1, 2 and 6 of the Programme.

Generally the Regional Partnerships and all of the Strategy Partnerships were established by June 2001. The exception was the new Infrastructure Partnership: there were a number of issues regarding membership and the provision of a secretariat on which the partners could not quickly reach agreement. However, these issues were resolved following the PMC in June 2001 and the first meeting of the Infrastructure Partnership took place on 10 August 2001.

### Infrastructure Strategy

The infrastructure measures were open for expressions of interest from February 2001. In the absence of an Infrastructure Regional Partnership the infrastructure measures were taken forward by the Business Assets Strategy Partnership (BASP). The expressions of interest were considered by BASP and feedback given: these alone would have required over £200 million to meet all their needs.

The Partnership agreed that the limited funds available would be quickly used up without a clear policy on the most appropriate use of the measures: it therefore decided that further discussions were needed before considering applications. The Infrastructure Strategy was initially developed by BASP and then taken forward by the Infrastructure Partnership from August 2001. The Strategy was then endorsed by the Business Assets Strategy Partnership in December 2001 and interested parties are being invited to discuss possible projects across West Wales and the Valleys.

The relevant measures of the Programme are all now open for prospective applicants to develop projects. In particular, a large amount of work has been done on identifying a number of 'strategic sites' across West Wales and the Valleys where infrastructure funding can be used to create effective new facilities that will have a wide impact on the economy of the region.

### Current position

As at 31 December 2001, £1.4 million had been committed to projects in Priority 6. However, the partnership expects a number of formal applications to come forward in the next few months.