

**Date:** 12 June 2002  
**Time:** 14:00 to 17:30  
**Venue:** Committee Room 1, National Assembly for Wales, Cardiff Bay  
**Title :** ECONOMIC DEVELOPMENT MINISTER'S REPORT

## **1.1 GOVERNMENT BUSINESS**

### Economic Research Advisory Panel

The first meeting of the Panel took place on 7 June. The Panel considered the research programme for 2002-2003 and began work on the development of a 3-year rolling programme of research activity into aspects of the Welsh economy. The Panel also had some initial discussions about building the capacity of Wales based institutions to contribute to the research agenda. The First Minister attended the opening part of the meeting and emphasised the need for a strong practical focus to research activity and the need to learn from the experience of others. I also met the Panel members of the Advisory Panel informally over lunch.

### Alcoa, Dolgarrog

On 30 May I was delighted to approve a £3m Regional Selective Assistance grant to a company planning to buy the Alcoa plant and safeguard 122 jobs on the site. The grant will enable the new management team to acquire the assets of the Alcoa Rolling Mill and invest in new plant and equipment.

Arm Plastics Ltd, Bridgend - Plans to expand its facility, supported by an offer of Regional Selective Assistance.

Everwhite Plastics, Aberdare - will benefit from Regional Selective Assistance toward a £2.1m capital investment project

Accountis, Parc Menai Ind Estate – this new-tech company has announced future investment plans with the support of a Regional Selective Assistance grant to create 40 new jobs

Marix Research & Development, Llantrisant - plans to create up to 50 new jobs with the support of Regional Selective Assistance and a Finance Wales loan.

Aegis Conservatory Roof Systems Ltd, Rhyl - with the support of Regional Selective Assistance they will invest £3 million in a new production facility to manufacture conservatory

roof systems at Cefendy Road in Rhyl, with the forecast creation of 40 new jobs.

## **1.2 RECENT ENGAGEMENTS**

I launched the Community Enterprise Wales awards on 23 May, before flying to Brussels for the TeleRegions Network (TRN) Annual General Meeting. I am in my second year of Presidency of the TRN, and Wales will host the next Conference in March 2003. Later that day I addressed the Information Society Conference organised by the Government of Asturias in Spain.

I attended the Welsh BAFTA Awards in at the CIA in Cardiff. I also spoke at the Knowledge Exploitation Centre Conference at University of Wales Swansea. I had a very useful meeting with Colin Mitten, the CEO of Finance Wales.

On 29 May I met representatives of the voluntary sector regarding the social economy. This was one of my regular six monthly series of meetings with the voluntary sector to discuss economic development issues.

I attended the launch of the Newport Urban Regeneration Company, part of the Corus Response Programme, before attending the Council of Mortgage Lenders' Dinner.

I had a very informative lunch meeting with Andrew Pinder, the e-Envoy, together with the Permanent Secretary and senior Assembly officials.

I met Brian Willott of the Dragon International Film Studio to discuss a range of potential economic benefits to Wales, before meeting Stan Liptrot, the MD of Dewhirst. Later that day I addressed the dinner to celebrate the 25<sup>th</sup> anniversary of the TCS (formerly known as the Teaching Company Scheme) in Swansea.

I had a very informative breakfast meeting with Professor Ken Board of Swansea University on the roll-out of Technium throughout Wales later that day, I visited a range of tourism attractions in the Brecon area with representatives of the Wales Tourist Board.

I was pleased to help publicise the successful Objective 1 project for WalesTrade International.

Earlier this week I met with the Federation of Small Businesses and attended the Wales Management Council Reception in Cardiff.

## **2. MAJOR ISSUES UPDATE**

## Blast Furnace No. 5

I am very pleased that work has started on the rebuilding of the No. 5 blast furnace at Corus' Port Talbot steelworks. It is expected to be ready for production by January 2003.

## Steel tariffs – EU retaliatory measures

The Welsh Assembly Government has written in support of the EU response to the steel tariffs imposed by the US. We have asked whether Eastern European steel rod - a product not covered by proposed EU measures - is being re-branded and imported to the EU via a second party to the detriment of UK and Welsh producers.

We have also tried to ensure that Welsh business is not adversely affected by the proposed retaliatory measures. This particularly applies to jobs in Welsh companies that are heavily dependent on US suppliers and need time to source from elsewhere. Otherwise, business could be lost to overseas competitors, such as a US manufacturer that I understand may already be sourcing elsewhere.

## **3. JOB NEWS**

### **3.1 Job Gains (50 and over) since the previous EDC**

Redrow, Flintshire - this North Wales based house builder and commercial property developer is submitting plans for a new office development for knowledge based or similar businesses which could create up to 2,000 office jobs in Flintshire.

Asda, Chepstow - As part of its major expansion bid to create 1,250 jobs across the UK, 120 jobs will be created in its distribution centres in Chepstow.

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

LG Phillips, Newport – 98 jobs are to be lost due to re-structuring plans, changes in product ranges, and efficiency savings. Team Wales is already providing affected staff with all possible assistance to find alternative employment.

Dewhirst, Swansea – this factory is to close later this summer with the loss of 435 jobs, blamed on a loss of profits due to "continued consumer pressure on prices". Team Wales officials are in constant touch with the company. They have attended numerous meeting in the past couple of weeks to ensure that all possible assistance is provided not only to affected staff, but also to

the company to assist remaining operations in Wales.

## **Annex**

### **ACTION OUSTANDING FROM PREVIOUS MEETINGS**

#### EDC 22 May item 2.8 Large CHP proposals

Any CHP proposal in excess of 50MW requires DTI approval. DTI has to be notified about any CHP proposals, involving gas and oil, between 10-50MW. CHP proposals with the highest efficiency levels are looked upon most favourably, especially when end users are in place. The higher the efficiency, the greater the exemption from the CCL.

#### EDC 22 May item 4.4 Analysis of RSA and AIG

We are looking at whether the next regular report on RSA, due within the next few weeks could use VAT registered location as a reasonable proxy for indigenous companies. It will be possible to report meaningfully on the new Assembly Investment Grant in October when we will have statistics for the first 6 months.

#### EDC 22 May item 4.6 Geographical analysis of INTERREG IIIA applications

Members asked about the geographic split of applications in the first round of the Ireland/Wales INTERREG IIIA Programme. A few of the 28 project applications received cover the whole of the Welsh INTERREG Programme area. The remainder is split evenly between south-west and north-west Wales. The applications are now being appraised and they will be considered by two Steering Committees at the end of July.

#### EDC 22 May item 4.13 WDA monies spent in Cardiff through Section 165 agreement

Gross expenditure by the Welsh Development Agency associated with Cardiff Bay development assets in 2000-01 and 2001-02 was £1.023 million and £1.765 million respectively. In 2000-01 expenditure on all aspects of Bute Avenue, including the unitary payment, was £2.392 million. In 2001-02 it was £5.929 million.