

Date: Wednesday 10th July 2002
Time: 14:00 to 17:30
Venue: Committee Room 1, National Assembly, Cardiff Bay
Title : ECONOMIC DEVELOPMENT MINISTER'S REPORT

1.1 GOVERNMENT BUSINESS

As Members will recall, I recently approved an offer of £3m RSA to the company proposing to buy the Alcoa Dolgarrog business, safeguarding 122 jobs. I was delighted to hear last week that the purchase had now been completed with the first instalment of RSA being paid. I am sure that we all will wish the new company every success

I approved the £3.5m Objective One funding towards a £12.3m project by Stena Line Ports, the Holyhead port authority to improve the port, regenerate the town and boost the economy of Anglesey. 50 jobs are expected to be generated by the project. They are building a new double-deck berth to take the world's largest ferries and consolidate the port's position as a gateway to Ireland.

A week ago, I was gratified to hear British Midland announce the adoption of Cardiff International Airport as the base for its low cost airline BMIBaby. The Welsh Assembly Government has worked with CIA for some time to develop the airport and 'Team Wales' played a key role in winning the bid to attract BMIBaby to Cardiff. The move is expected to create 100 new jobs there and Jon Horne the airport's MD believes the knock on economic effect of this move could result in the creation of 1,000 jobs.

I was pleased that the Assembly Government has been able to offer significant support to the hard pressed manufacturing sector in Wales by part funding the new Manufacturing Advisory Service (MAS) which is being operated by the National Centre for Product Design and Development Research (PDR) at UWIC. This exciting development will be based at the new Engineering Centre for Manufacturing and Materials (ECM2) at Port Talbot, and will enable Welsh SMEs operating in the manufacturing sector to access a whole range of practical support to enable them to achieve crucial competitive advantage. Allied to this initiative, a key role will also be played by the Manufacturing Engineering Centre (MEC) at Cardiff University, which has won the contract to establish the Welsh Centre for Manufacturing Excellence (WCME). The MEC will complement the PDR team, and will utilise its facilities and resources to demonstrate to industry, its advanced manufacturing technology capabilities.

Last Monday I was pleased to announce an £8.6m WalesTrade International project, the International Trade Development Programme, which will get underway in the Autumn. It is

financed by almost £4m of Objective One money with the balance coming from Pathway to Prosperity match funding and the private sector. This major initiative will stimulate the growth of the economy across West Wales and the Valleys by assisting SMEs develop their overseas capabilities and help them win new business. A substantial increase in sales is projected to result, creating and safeguarding around 1,200 jobs.

Statistical Directorate and European & External Affairs Division officials followed up Committee paper EDC-07-02(P4) on the future of the structural and cohesion funds by providing an informal briefing to members on 4 July. I was sorry not to be able to attend, but officials have briefed me separately on the findings of their work. DTI officials have been invited to offer their comments on the work undertaken by Statistical Directorate on the treatment of regional disparity measures. I propose to report to the Committee on these issues in the autumn.

1.2 RECENT ENGAGEMENTS

On 27 June I officially opened the e-Learning Conference in Cardiff. Later that day I visited the Corus Ebbw Vale plant and met with workers, Union officials and management to discuss regeneration issues and the official closure of the plant. On Saturday I took part in the march that marked the closure of Ebbw Vale steel plant, which ended 200 years of steel making in the town.

I attended the Business Partnership Council meeting on 28 June, and later went on to meet the GMB union in Swansea to receive a petition regarding the future of the textile industry. Later in the afternoon I met with Professor David Eastwood, Chief Executive of the Arts & Humanities Research Board, to discuss the role of the Arts and Humanities in the knowledge economy .

On Monday 1 July, I attended a meeting with Janice Gregory AM and Garry Owen of the GPMU union regarding the development of the Maesteg Paper Mill. In the afternoon, I received Professor Tomlinson of University of Wales College of Medicine to discuss its major plans for the future of UWCM, and in particular developing the economic potential of bio-technology and medical research in Wales.

The next day I met Cynog Dafis AM and Elin Davis AM to discuss the future of the Dewhirst factories in Cardigan and Fishguard. Later on, I met with First Minister and Education Minister Jane Davidson for a presentation by Jobcentre Plus and ELWa on Welfare to Work and Skills Agenda. At midday, I officially launched the IP Wales initiative supporting SME's efforts to protect and exploit their Intellectual Property rights.

On Wednesday that week, I went to Cardiff International Airport for the official announcement by BMI British Midland. In the afternoon, I received a courtesy call from the UK Ambassador to Norway, and discussed the potential for promoting Wales and the Assembly in Norway and the

rest of Europe.

Last Friday 5th July I spoke to the workers affected by the official closure of the Dewhurst factory in Swansea, before going on to visit the Llandarcy Urban Village Project, being developed on the site of the former BP refinery. Then I spoke at a seminar of the Chairs of Objective 1 Partnerships at the National Botanic Garden of Wales.

Yesterday met with the Welsh Electronics Forum about the ongoing work of the Forum and we can develop this crucial sector. Then I received an official visit arranged by WalesTrade International from Sheikh Juma Bin Maktoum Bin Juma al Maktoum of Dubai, who has been instrumental in developing useful trading relationships with Wales.

This morning, I hosted the informal briefing of Young Enterprise Wales in the Milling Area.

2. JOB NEWS

2.1 Job gains (50 or more) since the previous EDC

- ASDA, Cardiff - doubling retail space at Pontprennau store in 2003/4, creating 100 more jobs.
- Oshkosh, Llantrisant - specialist off-road vehicle manufacturer has confirmed it is to increase production for new orders, increasing workforce by 200 to 330.
- Holyhead, Anglesey - port improvements expected to generate 50 jobs.
- Avana Bakeries, Rogerstone - new M&S contract means 170 new jobs, bringing total employed here to 1,060.
- Cardiff International Airport/BMIBaby, Rhoose - decision by low-cost airline to base operations at CIA will mean 100 more jobs at the airport.

2.2 Job losses (50 or more) since the previous EDC

- Dawn Meats, Cross Hands - meat-processing factory half destroyed by fire and 183 jobs affected.
- Kwik Save, Newport - distribution depot closed with loss of 202 jobs.

- Thames Water, St Mellons, Cardiff - 50 jobs are to be lost from customer service centre, under four-year management plan.

3. ACTION OUTSTANDING FROM PREVIOUS MEETINGS

RSA: Indigenous Companies

I undertook that my officials would provide a breakdown of RSA offers on the basis of Welsh indigenous companies. The position is as follows:

Regional Selective Assistance – Offers made 2001-02

Origin	Number	Offer Value	Project Cost	New Jobs	Safeguarded Jobs	Average Processing Time (Days)
Welsh	196	38,304,370	205,039,395	3,729	651	57
Other UK owned	28	27,382,412	115,127,134	1,826	743	57
Overseas owned	46	77,632,300	303,094,354	3,629	2,595	60
Total						58

The main criteria used in determining a Welsh indigenous company included the following:

- Registered Office in Wales.
- Head Office in Wales.
- Owned, managed and controlled in Wales.
- Not a subsidiary or Division of an English or overseas owned Group.

We will provide a similar breakdown for future RSA reports to EDC.

National Botanic Garden of Wales

At the last meeting, Members raised the issue of funding for Kew Gardens and whether, now that the NBGW had been established, we should be seeking additional funding for Wales as a consequential of any increased funding given to Kew Gardens. Enquiries with Treasury have identified that Kew is a DEFRA grant aided body. Under the Statement of Funding Policy, Kew Gardens are a 'comparable' programme and therefore any changes to the DEFRA baseline (for Kew or other programmes) will feed through via the Barnett formula to the Welsh budget.