

Agenda – Economy, Trade, and Rural Affairs Committee

Meeting Venue:

Committee room 1 – Senedd
and video conference via Zoom

Meeting date: 21 January 2026

Meeting time: 09.30

For further information contact:

Robert Donovan

Committee Clerk

0300 200 6565

SeneddEconomy@senedd.wales

Hybrid

Private pre-meeting

09.15 – 09.30

Public session

09.30 – 11.40

1 Introductions, apologies, substitutions, and declarations of interest

09.30

2 Inward Investment: Panel 3

09.30 – 10.30

(Pages 1 – 18)

Jessica Hooper, Director, RenewableUK Cymru

Janis Richards, Membership Director – Wales, Make UK

Professor Max Munday, Director of Welsh Economy Research Unit – Cardiff

Business School, Cardiff University

Attached Documents:

Research brief



Break

10.30 – 10.40

3 Inward Investment: Panel 4

10.40 – 11.40

(Pages 19 – 22)

Ken Poole, Head of Economic Development, Cardiff Council
Councillor Dave Hughes, Leader, Flintshire County Council
Councillor Rob Stewart, Leader, Swansea Council

Attached Documents:

Evidence paper – Swansea Council

4 Papers to note

11.40

4.1 Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill

(Pages 23 – 29)

Attached Documents:

Welsh Government response to the Economy, Trade, and Rural Affairs
Committee's stage 1 report – 12 January 2026

4.2 Inter-Institutional Relations Agreement

(Pages 30 – 31)

Attached Documents:

Meeting of the Inter-Ministerial Standing Committee – Letter from the Deputy
First Minister and Cabinet Secretary for Climate Change and Rural Affairs – 9
January 2026

Celtic Heritage Agreement – Annual Report – Letter from the First Minister of Wales to the Chair of the Legislation, Justice and Constitution Committee –
14 January 2026

4.3 European Commission adoption of new data adequacy decisions with the UK
(Page 32)

Attached Documents:

Letter from the Cabinet Secretary for Economy, Energy & Planning – 14
January 2026

4.4 Follow-up from the General Ministerial Scrutiny session held on 3 December 2025
(Pages 33 – 37)

Attached Documents:

Letter from the Cabinet Secretary for Economy, Energy & Planning – 14
January 2026

4.5 Steel inquiry
(Pages 38 – 39)

Attached Documents:

Letter from the Chair to the Secretary of State for Wales – 15 January 2026

5 Motion under Standing Order 17.42(ix) to resolve to exclude the public from the remainder of the meeting

11.40

Private session

11.40 – 12.00

6 Inward Investment: Consideration of evidence

11.40 – 11.55

**7 Development of Tourism and Regulation of Visitor
Accommodation (Wales) Bill: Order of consideration for Stage 2
proceedings**

11.55 – 12.00

(Pages 40 – 44)

Attached Documents:

Order of consideration for Stage 2 proceedings

Agenda Item 2

Document is Restricted

Economy, Trade, and Rural Affairs Committee, Welsh Parliament

Inquiry into Inward Investment

Please find below the written response from Swansea Council against the questions listed in the terms of reference.

How effective is the Welsh Government's approach to attracting inward investors to Wales, and what are its main strengths and weaknesses?

How should any perceived weaknesses be addressed?

The Welsh Government's approach to attracting investors has shown positive results over the last 12 months, although there are areas for improvement.

Strengths

- Welsh Government funding through schemes like the Transforming Towns programme has allowed a wide range of investment opportunities in Swansea to come to fruition.
- In 2024–25, a 23% year-on-year increase has seen Wales secured 65 FDI projects—a 23% year-on-year increase
- Inward Investment Summit putting Wales on a global stage, during which Swansea Council were pleased to promote our Porth Copr development investment opportunity at the Capital Investment Session.
- Looking ahead it is pleasing to see that for the first time there will be an All Wales stand at UK Real Estate, Infrastructure and Investment Forum (UKREiF) 2026. Giving the Welsh regions the platform to showcase the range of investment opportunities as a united Wales.

Weaknesses

- Better Soft-Landing support for foreign investors with financial incentives and greater support mechanisms, will help Wales compete better with other regions of the UK.
- Need for new commercial properties and refurbishment of older and aging commercial properties. South West Wales has a commercial property occupancy rate of 96.6%, which demonstrates the demand for commercial property in the region. Expanding the Development Bank of Wales Commercial Property Fund would help investors development new sites.

To what extent does the Welsh Government's approach to attracting inward investment target areas of strength within the Welsh economy?

How successfully it is taking opportunities in emerging sectors with the potential to play a key role in the future economy?

The Welsh Government's approach to focus on key industry clusters through Enterprise and Growth Zones is generally a good approach. Currently there is no such zone located within Swansea, this is something that we would be welcomed in Swansea.

Continued investment in new emerging sectors such as compound semiconductors, fintech, advanced manufacturing and clean energy needs to be supported with the relevant skills and training requirements.

How well do the different layers of government work together to bring inward investment into Wales, and are there any improvements that could be made?

The Welsh Government's Inward Investment team works alongside the UK Government's Department for Business and Trade. This is the key source of inward investment referrals from UK government, although there has been an apparent decline in referrals in recent years.

Recent collaborative work between the UK and Welsh Governments include the delivery of two Investment Zones in Wales, the designation of two Welsh Freeports and more recently the launch of the Local Innovation Partnerships Fund. All of which are aimed to boost economic growth and attract further inward investment to create job opportunities.

As demonstrated through the successful delivery of the Shared Prosperity Fund, where Swansea Council acted as the lead authority on behalf of the South West Wales region. Local government can play a key role in the distribution of funding due to its understanding of local needs in areas like skills, business, community, and infrastructure.

How effectively does the Welsh Government provide ongoing support to inward investors, and to what extent does this support existing investors to expand or safeguard their operations in Wales?

The Welsh Government provides effective ongoing support primarily through its through its Trade and Invest initiative, where Business Development and Relationship managers provide specialist in key sectors (inward investment team). This is supported through the Business Wales which helps businesses stay and grow in Wales. Discretionary funding support mechanisms are available to businesses looking to expand or safeguard their operations in Wales.

Although the extent to which Welsh Government provide ongoing support to inward investors is limited to the resources available to the Welsh Government inward investment team.

What are the key barriers Wales faces in attracting and retaining inward investment, and how should these be tackled?

- Having a clear brand and identity - Further develop Brand Wales through the Trade & Invest, Study Wales and Visit Wales channels.
- Transitioning from traditional heavy industries (i.e. Steel & Coal) into new industries – With a particular focus on Life Sciences and Clean Energy, Life Sciences and Advanced Manufacturing within the Swansea region.
- Skills and training – Work with Industry, Academia and Regional Skills Partnerships to further develop skills in new emerging sectors.
- Talent drain – Attract better-paid jobs primarily through economic regeneration, skills development aligned with key growth sectors, and city centre development to attract high-quality businesses and investment.
- Poor transport infrastructure – This can be resolved with the implementation of the Swansea Bay and West Wales Metro as well as extending the electrification of the main railway line to Swansea.
- Sites and property - Expanding the Development Bank of Wales Commercial Property Fund would help developers and investors build new sites.
- Post-Brexit Uncertainty – Have a clear roadmap for replacement funding schemes and allow Local Authorities a greater say over how to target regional aid funding at local projects of benefit for local people and economies and best support infrastructure, environment, enterprise and social cohesion.

Which examples of best practice from beyond Wales could the Welsh Government learn from in relation to attracting inward investment and providing ongoing support to inward investors?

It is evident that the Welsh Government has already adopted best practice in attracting inward investment through the cluster-led strategy for key and emerging sectors such as clean energy and semiconductors.

Create a soft-landing hub in priority clusters (e.g., semiconductors, clean energy), offering workspace, mentorship, legal/regulatory services, and local university links. Examples of soft-landing programmes can be found in across the US (Maryland, Detroit, NY), Europe (Hamburg, H2020 Project) and within the UK (North East England, West Midlands).

To what extent does the available data provide a clear and comprehensive picture of inward investment into Wales, and are there any improvements that should be made?

Official statistics from Welsh Government and the Department for Business and Trade provide a general picture of inward investment into Wales. But greater data on the long-term impact, investment quality and the spread across Wales would be welcomed.

Mark Drakeford AS/MS
Ysgrifennydd y Cabinet dros Gyllid a'r Gymraeg
Cabinet Secretary for Finance and Welsh Language

Agenda Item 4.1


Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: MA-MDFWL-3074-25

Andrew RT Davies MS
Chair
Economy, Trade, and Rural Affairs Committee
Senedd Cymru
Cardiff Bay
Cardiff
CF99 1SN

12 January 2026

Dear Andrew,

Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill

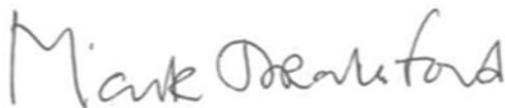
Thank you to you and the Committee for your detailed scrutiny of the Development of Tourism and Regulation of Visitor Accommodation (Wales) Bill, for your report, published on 19 December 2025, and the accompanying recommendations.

I am pleased that the Committee supports the general principles of the Bill.

I intend to respond to the key points raised in the recommendations during the debate itself, and I will write again following the debate, should there be any further information it would be helpful to share ahead of Stage 2. However, as requested, please find preliminary responses to recommendations 6, 13, 15, 17, 18, 20, 21, and 23 in the Annex attached, each of which proposes that the Government should provide information 'in advance' of the Senedd debate on the general principles of the Bill.

I am copying this letter to the Chairs of the Legislation, Justice and Constitution Committee, and the Finance Committee for information.

Yours sincerely,



Mark Drakeford AS/MS
Ysgrifennydd y Cabinet dros Gyllid a'r Gymraeg
Cabinet Secretary for Finance and Welsh Language

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1SN

Correspondence.Mark.Drakeford@gov.wales
Gohebiaeth.Mark.Drakeford@llyw.cymru

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Economy, Trade and Rural Affairs Committee – Stage 1 Report Recommendations Preliminary responses

Stage 2 Amendments

Recommendation 6

In advance of the Stage 1 debate, the Cabinet Secretary should set out what amendments he plans to bring forward at Stage 2.

In responding to this recommendation, I have set out below various amendments the Government intends to bring forward at Stage 2, including those in response to matters raised by Committee members and other stakeholders during Stage 1 scrutiny, and recommendations in both this and the Legislation, Justice and Constitution Committees' reports.

Officials are also continuing to review the Bill in the light of evidence given during Stage 1 scrutiny, including the supplementary written evidence referenced in recommendation 23, to consider where there may be other opportunities to clarify the Bill's intended effect and I will bring forward various amendments throughout the Bill for this purpose.

Returning to **recommendation 6**, the amendments set out below also encompass my response to a number of other recommendations from this Committee, as well as recommendations 3, 5, 7 and 8 from the Legislation, Justice and Constitution Committee. (In each of these cases, I intend to accept the corresponding recommendations, either in full or in principle). The proposed amendments are as follows:

- Commencement and coming into force (Section 59) – To include a sunrise provision as a backstop to commence the Act, if it has not been commenced by the date specified.
(ETRA Committee Recommendation 4 refers.)
- Post-implementation review – To include a requirement to undertake a post-implementation review.
(ETRA Committee Recommendation 7 and LJC Committee Recommendation 3 refer.)
- Procedure for extending the definition of regulated visitor accommodation (Section 5)– To include a requirement to consult for a minimum period prior to the use of the power under paragraph 5(1)(b).
(ETRA Committee Recommendation 9 and LJC Committee Recommendation 5 refer.)
- Fire prevention standard (Section 9) – To clarify the requirement and ensure parity with the Fire Safety Order 2005.
(ETRA Committee Recommendation 13 refers.)

- Licence periods (Section 25) – To include a power to make regulations to provide for different licence periods.
(ETRA Committee Recommendation 16 refers.)
- Procedures for Regulations (Section 57) – To include reference to sections 27 (provisional licences), 38 (fees) (for the first time such regulations are made), and 40 (provision relating to campsites and caravan sites) within the list of powers subject to Senedd Approval.
(ETRA Committee Recommendation 19 and LJC Committee Recommendations 7 and 8 refer.)
- Criminal offences – To include a limitation on provisions under the Bill that include the power to create offences, so that convictions may not result in custodial sentences.
(LJC Committee Recommendations 6 and 10 refer.)

Further information on the detail of these amendments, and any others required, will be available in the purpose and effect document shared upon tabling at Stage 2.

Additional matters

The remainder of this Annex sets out the further information requested in the respective recommendations in advance of the debate on the General Principles of the Bill.

Recommendation 15

In advance of the Stage 1 debate, the Cabinet Secretary should review the additional evidence provided by the Short Term Accommodation Association and confirm the average number of total licences that Rent Smart Wales deals with each year and the time taken to process applications at present. The Cabinet Secretary should also set out any estimate he has made of the length of time it will take to process and issue the estimated 30,000 visitor accommodation licences that will need to be issued in the first year of operating the licensing scheme.

Officials are reviewing the additional evidence shared by the Short Term Accommodation Association and I will follow up in writing with the Committee, alongside any other information required, as set out in my response to recommendation 23 below.

Recommendation 17

In advance of the Stage 1 debate, the Cabinet Secretary should provide further information to the Senedd about how the provision for complaints in section 22 is expected to work in practice, including how complaints will be assessed and what the practical effect will be of a complaint being upheld.

The provision in relation to complaints in section 22 provides a mechanism for all visitors to be informed of how to raise issues about the licence status of accommodation in which

they are staying, as complaints will be one of the primary sources of intelligence on potential breaches of licence conditions.

Formal action can only be taken under the Bill if a complaint gives the licensing authority reason to believe that a licence condition has been breached or that the accommodation provider has committed an offence by providing false or misleading information to the licensing authority. In this case, the licensing authority may need to obtain more information from the provider, either informally or under an information notice; undertake an inspection; or, where it is satisfied a breach has occurred, issue a remedial notice informing the provider of the action they need to take to keep their licence.

Issues should generally be raised with the provider or the booking agent in the first instance, but we would highlight the types of issues that should be brought to the attention of the licensing authority. Guidance will provide additional detail on how complaints will be dealt with, to ensure visitors and providers understand the process.

Recommendation 18 – Roles of Local Authorities and Visit Wales

In advance of the Stage 1 debate, the Welsh Government should update the Committee on discussions with local authorities as to their potential role in the enforcement process, and clarify the potential role Visit Wales might play.

Officials have had – and continue to have - discussions with the WLGA about the potential role local authorities may play in the enforcement process on the basis I described when giving evidence in Committee. Those discussions focus on the operational details of implementing the Bill.

The Welsh Government delivers its existing tourism functions through its internal tourism team (Visit Wales), and will ensure that the delivery of tourism functions under the Bill is coordinated with this work.

If other types of accommodation were brought within the scope of the licensing regime in future, or new types of conditions added, it would be necessary to review those arrangements in that new context.

Recommendation 20

In advance of the Stage 1 debate, the Welsh Government should set out in further detail how the provision in section 42 is intended to work in practice, including its justification for the inclusion of 42(4).

The intention behind the contractual provisions is to complement the licensing scheme, so that in addition to the enforcement of licensing conditions by the authority, visitors have a clear route to redress if accommodation is not fit for them to stay in. Together, these provisions incentivise compliance, reinforce visitor confidence, and promote standards in visitor accommodation in Wales.

A visitor already expects providers to fix issues quickly and, where that is not possible, to agree a fair and suitable resolution. This could include, for example, a full or partial refund, or suitable alternative accommodation where the issue is significant. In practice, the same applies under these provisions, in that we would expect a provider and visitor to resolve these issues between themselves, without the need for legal action. If the issue cannot otherwise be resolved, depending on the circumstances, the Bill codifies the visitor's entitlement to seek a remedy via the courts. We would not, however, anticipate the involvement of the licensing authority in these matters, except in so far as they interact with the authority's functions to deal with potential breaches of licensing conditions.

The Bill does provide limitations to ensure the obligation is reasonable and proportionate in practice. Sections 43 and 44 limit the provider's liability where the visitor's own actions are the cause of the problem, where the provider was not (or could not reasonably have been expected to be) aware of problems, or, where upon becoming aware, the issues were resolved within a reasonable time.

Finally, subsection 42(4) clarifies the scope of the obligation where other parties are involved, to ensure, for example, that in cases where a booking is made on behalf of the visitor by another person, or where one person has made a booking for a group of people, the obligation applies to each of the visitors staying at the accommodation. Guidance will include further information on these provisions ahead of implementation.

Recommendation 21

In advance of the Stage 1 debate, the Cabinet Secretary should:

- *provide an update on discussions with booking platforms / agents regarding the provisions in sections 46 and 47,*
- *provide further information on the rationale for extending the proposed offence to bodies other than visitor accommodation providers, and*
- *provide further information on the specific steps that may need to be taken to establish a defence to the proposed offence.*

Engagement

WRA have already been in discussions with some of the larger visitor accommodation booking platforms about requirements for registration numbers. The intention is to work towards a solution that works at scale, to help them meet the requirements as easily as possible. My officials also continue to engage with stakeholders across the sector, including with platforms and representative bodies, on the Bill as a whole, and will continue to work with them throughout its implementation. Our aim is to develop similar solutions for smaller booking platforms and other providers, as well as developing operational guidance to set out clear expectations and help ensure that those who advertise visitor accommodation in Wales are able to comply easily with the requirements.

Rationale

During the development of the Bill, we have considered the best way to ensure visitors are able to see whether particular visitor accommodation is licensed. The best way to ensure clarity, transparency and reassurance to everyone - visitors, the sector and communities alike – is to have a single public source of information.

For this reason, the Bill provides:

- for the creation of a Visitor Accommodation Directory (via section 45);
- for all visitor accommodation premises to be issued with a unique number upon registration (via an amendment to the Visitor Accommodation (Register and Levy) Etc. (Wales) Act 2025 (“the VARL Act”) at Schedule 2 to the Bill) which is included on the Directory; and
- a requirement for that number to be shown in any advertising and marketing, whoever is advertising the accommodation.

Together, these provisions create a simple and transparent system whereby anyone can use a premises registration number in an advertisement to check the directory to see whether particular visitor accommodation is registered or licensed – and if it is not licensed, why not.

The purpose of the Bill is to promote tourism in Wales, and the advertising requirements under sections 46 and 47 are key to reassuring visitors booking regulated visitor accommodation that it meets the required standards. They are a fundamental part of ensuring the integrity of the scheme, providing a tool for the licensing authority, WRA, visitors and others to more easily determine compliance by providers. And, where they aren't compliant, helping to prevent them from advertising, undercutting other providers, and undermining visitor confidence in accommodation in Wales. This will help reduce any risk of rogue operators, or underground or illegal markets being created for non-compliant accommodation.

This can only achieve its intended effect if the publicly available information is reliable. Hence the requirements need to be robust, and to apply to all visitor accommodation in Wales, across all advertising.

If we were to limit the offence to providers alone, either it would not apply when a third party advertises their accommodation, or it could make providers liable for any advert for their accommodation, irrespective of whether they control it. The former would create loopholes in the system whenever accommodation is advertised indirectly and would give platforms and other agencies little incentive or responsibility to ensure registration numbers are included on advertising at all. The latter could result in visitor accommodation providers being prosecuted for inaccurate or missing information on advertising for which they may have little or no control.

It is not unreasonable for booking platforms to be held accountable for ensuring the adverts they list for visitor accommodation are compliant. We have, however, tried to keep the system, and these requirements, as simple and straightforward as possible to help

them comply, with a single unique number assigned to each and every visitor accommodation premises across Wales. We will also continue to work through the operational practicalities with them, and develop detailed guidance to set out what we will expect of providers, booking platforms and other types of agents in respect of these requirements.

This is a scheme that focuses first and foremost on supporting the tourism sector in Wales through improving standards, but we must also have legal safeguards available where necessary. The offence at section 47, including adverts posted by platforms and agencies, therefore, is necessary to supporting the integrity and efficacy of the scheme.

Defence

We will work with providers and platforms on the operational detail, including the format and how best to display registration numbers, and what other information may be required, so that we can develop a process which works for the industry and ensures visitors can easily verify the accommodation's registration and/or licence information.

I have made clear throughout, that prosecution would not be the first step in dealing with compliance matters, whether that be with a provider, a travel or booking agent, or a large booking platform. Provided booking platforms, or anyone captured by this requirement, follow the guidance and work with the licensing authority to deal with instances of non-compliant accommodation as efficiently as is reasonably practicable, I would expect there to be few occasions where the licensing authority would pursue prosecution of an offence under section 47. In the event that prosecution is required, however, it would be for the courts to determine whether the actions taken in a particular case are sufficient to amount to a reasonable excuse for not showing the correct registration number.

Recommendation 23

In advance of the Stage 1 debate, the Cabinet Secretary should respond to the specific additional evidence received by the Committee.

Analysis of the additional evidence provided to the Committee is underway, and I will follow up in writing with any additional clarifications or responses required.

Huw Irranca-Davies AS/MS

Y Dirprwy Brif Weinidog ac Ysgrifennydd y Cabinet dros
Newid Hinsawdd a Materion Gwledig
Deputy First Minister and Cabinet Secretary for Climate
Change and Rural Affairs



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: HID-PO-004-26

Mike Hedges MS
Chair
Legislation, Justice and Constitution Committee
Senedd Cymru

9 January 2026

Dear Mike

I am writing in accordance with the inter-institutional relations agreement, and further to my letter of 11 November, to draw to your attention a [Written Ministerial Statement](#) summarising discussions at the most recent meeting of the Inter-Ministerial Standing Committee ('IMSC').

This letter has been copied to the Chairs of the following Committees: Finance; Economy, Trade and Rural Affairs; Culture, Communications, Welsh Language, Sport, and International Relations; Health and Social Care; and Equality and Social Justice.

Yours sincerely,

Huw Irranca-Davies AS/MS

Y Dirprwy Brif Weinidog ac Ysgrifennydd y Cabinet dros Newid Hinsawdd
a Materion Gwledig
Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1SN

Gohebiaeth.Huw.Irranca-Davies@llyw.cymru
Correspondence.Huw.Irranca-Davies@gov.wales

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.



Mike Hedges MS
Chair
Legislation, Justice and Constitution Committee
Senedd Cymru

SeneddLJC@senedd.wales

14 January 2026

Dear Mike,

Inter-Institutional Relations Agreement: Celtic Heritage Agreement Annual Report

In accordance with the inter-institutional relations agreement, I am writing to notify you that the Celtic Heritage – Cornwall-Wales Collaboration Agreement: Annual Report 2025 has been published on Cornwall Council's website and is available [here](#).

Cornwall Council and the Welsh Government signed the Celtic Heritage – Cornwall-Wales Collaboration Agreement on 17 July 2023. The Agreement, which runs for an initial five-year period, builds on existing partnership working between Cornwall Council and the Welsh Government by encouraging further cooperation and understanding in areas of mutual interest and for mutual benefit. Four areas were identified as providing significant opportunity to grow the relationship between Cornwall and Wales. These were:

- a) Sustainable housing provision.
- b) Achieving Net Zero.
- c) Thriving rural economies.
- d) Celebrating culture and language.

I have also copied this letter to the chairs of the following Committees: Climate Change, Environment, and Infrastructure Committee; Culture, Communications, Welsh Language, Sport, and International Relations Committee; Local Government and Housing Committee; and Economy, Trade, and Rural Affairs Committee.

Eluned Morgan

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1SN

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400
Gohebiaeth.Eluned.Morgan@llyw.cymru
Correspondence.Eluned.Morgan@gov.wales

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

Pack Page 31

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Agenda Item 4.3

Rebecca Evans AS/MS
Cabinet Secretary for Economy, Energy and Planning
Ysgrifennydd y Cabinet dros yr Economi, Ynni a Chynllunio



Llywodraeth Cymru
Welsh Government

Andrew RT Davies MS
Chair
Economy, Trade, and Rural Affairs Committee
Senedd Cymru
Cardiff Bay
CF99 1SN

14 January 2026

Dear Andrew,

I wrote in August last year to update the Committee that, on 22 July 2025, the European Commission announced it had launched the process to adopt two new adequacy decisions for the UK to allow the free flow of personal data between the European Economic Area and the UK.

I am pleased to update the Committee that, on 19 December 2025, the European Commission confirmed the two adequacy decisions for the UK had been renewed. The new decisions are subject to a sunset clause of six years, running until 27 December 2031. The European Commission, together with representatives of the European Data Protection Board, will also review the functioning of the adequacy decisions after a period of four years.

I trust the Committee will find this update useful.

Yours sincerely,

Rebecca Evans AS/MS
Cabinet Secretary for Economy, Energy and Planning
Ysgrifennydd y Cabinet dros yr Economi, Ynni a Chynllunio

cc.
Chair, Culture, Communication, Welsh Language, Sport and International Relations
Committee
Chair, Legislation, Justice and Constitution Committee

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1SN

Correspondence.Rebecca.Evans@gov.wales
Gohebiaeth.Rebecca.Evans@llyw.cymru

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Rebecca Evans AS/MS

Cabinet Secretary for Economy, Energy and Planning
Ysgrifennydd y Cabinet dros yr Economi, Ynni a Chynllunio

Agenda Item 4.4



Llywodraeth Cymru
Welsh Government

Andrew RT Davies MS
Chair, Economy, Transport and Rural Affairs Committee

14 January 2025

Dear Andrew,

Thank you for your letter seeking further information following my scrutiny session before the Economy, Transport and Rural Affairs Committee on 3 December 2025.

Please see responses to your queries:

AI Growth Zones

Please could you provide some more detail on AI Growth Zones, particularly what exactly you anticipate the zones will do and what you are hoping they will deliver?

The Welsh Government is finalising the plans and initiatives associated with the very recent announcements of the AI Growth Zones (AIGZs) in both North and South Wales. By way of immediate example, the former industrial site of the Ford engine plant in Bridgend is already subject to plans for rejuvenation and multi-billion-pound investment as part of the South Wales AIGZ. As discussions between the Welsh and UK governments are finalised, we will be able to present and announce more detail in the month ahead.

Our plans in Wales have ambitions that stretch far beyond the build of Data Centres, and align stakeholders from industry, academia and public sector for the realisation of shared innovation and R&D for public and private sector AI development, deployment and adoption, whilst also seeking to develop and grow our start up and inward investment opportunities as relates to AI.

The Welsh Government's plans for initiatives associated with the AIGZs have skills development and career pathway activities as part of a core deliverable. This is in addition to activities with investment partners that operate their own skills pathway provisions to support their supply chain needs.

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1SN

Correspondence.Rebecca.Evans@gov.wales
Gohebiaeth.Rebecca.Evans@llyw.cymru

Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Jobs created and protected

Please could you include your exact definitions for jobs created and protected, including timeframes for how long the job must last post intervention.

When delivered through our primary funding mechanism, the Economy Futures Fund (EFF), jobs created and safeguarded (protected) are defined as a permanent full-time job which requires 30 hours or more of work a week by one employee. A permanent part-time job of more than 15 but less than 30 hours or more, counts as half a permanent full-time job, and these permanent part-time jobs can be cumulated to count as Full-Time Equivalents (FTEs).

Jobs supported by EFF must be maintained for three years (SME) or five years (Large) after all payments have been released to the business, and funding is subject to formal Post Completion Monitoring conditions, where outputs are reviewed to ensure compliance. Shortfalls against these outputs can result in recovery of a proportion of the funds previously released.

More broadly, through its activities, Business Wales defines a job created as a new post which is expected to exist for at least 12 months and did not exist prior to the support intervention or investment. A job safeguarded is an existing post which was considered at risk prior to the support intervention or investment.

Global Centre of Rail Excellence

Further detail regarding funding.

Global Centre of Rail Excellence Ltd (GCRE) has received a funding commitment up to the end of September 2026, within the £50million allocation commitment made in 2021. This will enable the company to continue to work towards its objective of delivering a designed and consented scheme to include the rail research, development, innovation and testing facility along with complementary enterprises which can be accommodated on the Nant Helen site. The funding agreed will meet both operational and capital costs up to the point when a final investment decision can be taken on the delivery phase of the project.

Welsh Government continues to work with GCRE Ltd and with UK Government to exploit the opportunity presented by the GCRE project and to ensure that the benefit to be derived from partnering with the private sector is maximised.

Project to use heat generated from old mines

Further detail of the project to use heat generated from old mines being carried out by the Mining Remediation Authority.

Building on the Mine Water Heat Opportunity maps commissioned and published by Welsh Government, the Mining Remediation Authority (MRA) identified an opportunity for low-carbon heat recovery at the Lindsay mine treatment scheme near Ammanford, Carmarthenshire.

The naturally occurring mine water being treated by the MRA is warm due to geothermal energy from the earth's crust and heat retained from its time circulating through underground rock layers and former coal mines. This previously untapped heat is now being harnessed to provide low-carbon heating for a nearby business.

The innovative project utilises heat exchangers submerged in one of the settlement ponds at the Lindsay scheme to recover heat from the mine water, which is then transferred to a nearby industrial unit to supply low-carbon heating and hot water, and is predicted to save 17.5 tonnes of CO2 per year.

The treatment scheme is a very short distance from an industrial park and the MRA worked with a local business Thermal Earth Ltd to supply heat to their nearby industrial unit. Thermal Earth is also an accredited heat pump installer, so the project has built up their experience and knowledge too.

The MRA is continuing to work with organisations in Wales to look further into the potential schemes supplying heat to new and existing buildings.

Jobs created and safeguarded through Welsh Government support

The analysis of the number and location of jobs created and safeguarded through Welsh Government support.

The Welsh Government is currently undertaking a piece of work regarding the number and location of jobs supported and this will be published in the next statistical release in February 2026.

Delivery of economic development by Corporate Joint Committees

Your expectations for the delivery of economic development by Corporate Joint Committees.

The Welsh Government recently held a public consultation on proposals for the Local Growth Fund. As set out in the consultation document, we propose that following a transition year, the Corporate Joint Committees (CJCs) will provide regional leadership and strategic oversight of the Local Growth Fund, co-ordinating investments to ensure they align with regional economic development priorities. Subject to the outcomes of the consultation, we also expect to develop the capacity and capability of the CJCs during the transition year, enabling them to drive coherent, long-term economic growth across Wales.

The Welsh Government will publish a summary of the responses to the consultation.

Support for SMEs attracting inward investment

Further detail of the support for SMEs regarding attracting inward investment, how that supports the supply chains, upskilling SMEs, the use of AI, and what Business Wales is offering in these areas.

Business Wales support helps make Wales an attractive proposition for inward investment by making it easier for SMEs in Wales to access the information, advice and support they require to start, sustain and grow their businesses. The service helps SMEs to build more resilient businesses and develop their business practices and aims to improve productivity and stimulate business growth in an inclusive and sustainable way, through improved investment, export and the creation of good quality employment.

Business Wales provides entrepreneurs and businesses with access to a wide range of impartial information, advice and guidance to help them start, grow and upskill. Support

includes general business advice, equality and fair work, resource efficiency, international trade, mentoring and digital exploitation. Bespoke support is also provided to help businesses access more procurement opportunities, improve marketing and sales, access finance, employment, HR and skills advice.

Business Wales is the first point of contact for employer enquiries relating to workforce development, employment and skills support. This includes dedicated helpline members to provide frontline information and dedicated skills advisers that work with businesses to understand their needs and signpost to relevant support under the Business Recruit and Train. Business Wales Recruit and Train provide skills development support to help employees learn new skills to benefit a business or inject new talent into the team, and access to many Welsh Government programmes that can support skills, training and recruitment needs.

Business Wales helps to improve supply chains and works with public sector purchasers to enable business in Wales to secure greater proportion of public sector spend and provides procurement advice to assist businesses to bid for contracts in the public and private sector.

Business Wales can also help to develop understanding and completion of the procurement processes and works with buyers to host events including supplier briefings and meet the buyer events. Tendering Advisers help businesses become 'fit for tender' to improve their chances of winning public and private sector contracts, sub-contracting work on larger public-sector projects and securing places on public sector frameworks. They also help businesses understand public sector procurement, buyer needs and expectations, and how to make the most of the Sell2Wales portal, including help with registration and improving profiles.

Business Wales provides information, advice, and guidance to stimulate digital adoption, supporting clients understanding and adoption of digital solutions to improve financial and business operations, cyber resilience and e-commerce to reach more customers and simplify work processes, which includes the general use of AI. Business Wales actively promotes opportunities, workshops and learning on AI from the wider ecosystem for business clients through our digital channels.

As part of a recent announcement to support SMEs with AI, the Business Wales service will develop and deliver an AI awareness and adoption support programme, implementing recommendations from recent short-term reviews on SME productivity and AI adoption. This will empower entrepreneurs and SMEs to integrate AI into their business practices ethically and effectively; with practical advice, learning and access to financial support on AI upskilling through the Flexible Skills Programme (FSP) to bridge digital skills gaps.

Impact of AI on the jobs market

Further detail on the work undertaken by the Welsh Government in terms of jobs at risk and the impact of AI on the jobs market

The new capabilities AI brings is already reshaping industries and labour markets, it is therefore crucial we understand and act on the future opportunities, challenges and risks to enable our Welsh and UK economy to adapt and thrive.

The vision of the [AI Plan for Wales](#) is to harness artificial intelligence to drive inclusive economic growth, transform public services in both Welsh and English, and equip the population with the necessary skills to prosper in an AI-shaped future. In support of this ambition, the Workforce Partnership Council for Wales has already issued guidance on the ethical and responsible use of AI within public sector workplaces, thereby reinforcing the

nation's distinctive 'Welsh Way' of social partnership. Concurrently, the Social Partnership Council is actively considering both the demand for and the supply of AI skills across Wales's public and private sectors.

AI is currently transforming every sector of the Welsh economy. Ensuring that businesses are equipped with robust AI skills is critical in helping them to remain competitive, attract new investment, and generate high-value employment opportunities in emerging industries.

To strengthen and align the approach to AI upskilling for SMEs, collaboration is ongoing with key stakeholders such as the Federation of Small Businesses, Business Wales, Cyber Innovation Hub, and the Hartree Centre.

In January, we launched an AI Skills pilot, partnering Business Wales and the Flexible Skills Programme to support smaller businesses to bridge digital skills gaps and accelerate the ethical and responsible adoption of AI in a rapidly evolving digital economy. This multi-million-pound pilot will run until the end of March 2026 and will also build an evidence base to support the development of a long-term policy framework to support effective and ethical AI skills in the Welsh economy.

By adopting AI technologies and investing in skills development, Wales can unlock significant benefits in terms of economic productivity and public sector efficiency. This will empower both individuals and employers to adapt, thrive, and lead in a rapidly evolving digital economy. Nonetheless, there is a clear recognition of the potential risks and impacts that AI may have on the workforce, human rights, and wider society. As such, building public confidence and trust in the use of AI remains a fundamental priority.

Yours sincerely,

A handwritten signature in black ink that reads "Rebecca Evans". The signature is written in a cursive, flowing style.

Rebecca Evans AS/MS

Cabinet Secretary for Economy, Energy and Planning
Ysgrifennydd y Cabinet dros yr Economi, Ynni a Chynllunio

Economy, Trade, and Rural Affairs Committee

Rt Hon Jo Stevens
Secretary of State for Wales

15 January 2026

Dear Jo

Steel inquiry

I am extremely disappointed that the UK Government has not been able to put forward a Minister to give evidence to the Committee as part of our Future of Welsh Steel Inquiry. I acknowledge, and would like to thank you for attending our session in November 2024. However there have been significant developments since that meeting, and it is vital that we hear the UK Government's perspective on progress.

The clerking team has been in contact with both your office and that of the Secretary of State for Business and Trade to try and arrange a suitable time for you to attend. The Committee has been as flexible as possible with dates. It is deeply frustrating that we have not heard anything from the Department for Business and Trade.

Although I appreciate your wish to wait for the Steel Strategy to be published before giving evidence to the Committee, the wide-ranging nature of our inquiry means that your input is important for many matters beyond just those covered by the Strategy. It encompasses the impact of blast furnace closures at Port Talbot on both the local and wider Welsh and UK economies, the support available for those made redundant, and how recent developments at Tata align with broader government initiatives such as the Celtic Freeport. Therefore, UK Government engagement is crucial for the Committee to develop a well-rounded view and to ensure our recommendations are as robust and informed as possible.

With limited time remaining before dissolution, I urge you, or another UK Minister, to reconsider and attend a Committee session at the earliest opportunity. Your contribution would be invaluable to our work and to the future of the Welsh steel industry.

I look forward to your response.

I have copied this letter to The Rt Hon Peter Kyle MP Secretary of State for Business and Trade.

Yours sincerely,

A handwritten signature in black ink that reads "Andrew RT Davies". The signature is written in a cursive style with some capital letters.

Andrew RT Davies MS

Chair: Economy, Trade and Rural Affairs Committee

We welcome correspondence in Welsh or English

CC: The Rt Hon Peter Kyle MP, Secretary of State for Business and Trade

Agenda Item 7

Document is Restricted