

Written Response by the Welsh Government to the report of the Economy, Infrastructure and Skills Committee entitled 'Selling Wales to the World'

There are fourteen recommendations in the report. These recommendations can be grouped into six categories: Trade & Inward Investment; International Relations; Marketing; Tourism; Transport and Higher Education. Detailed responses to the report's recommendations are set out below.

Recommendation 1

The Committee recommends that the Welsh Government should give serious consideration to creating a specific cabinet post to combine responsibilities for international trade and Brexit implementation, in order to provide further focus to this key area and regular and structured opportunities for scrutiny.

Response: Accept

The new First Minister will be advised to give serious consideration to this recommendation.

The Ministerial Code (paras 2.1 to 2.4) makes clear that Ministerial responsibilities and titles are matters for the First Minister.

All First Ministers will take a range of factors into account when determining portfolio formation following an election or reshuffle. The Government of Wales Act restricts the number of Ministerial appointments to fourteen including the First Minister and Counsel General, so the grouping of responsibilities and determination of titles has to be considered in this context.

It should be noted that although international trade and Brexit do not currently feature in a Ministerial title, both matters are given the highest priority with the First Minister and the Cabinet Secretaries for Finance and Economy and Transport all taking a leading role in promoting Wales across the world and negotiating the best possible outcome following departure from the EU.

The Welsh civil service has been restructured this year to support this work with the establishment of a Director General post leading a Department of the First Minister and Brexit with responsibility, amongst others, for the Wales European Funding Office, European Transition and International Relations which includes a network of Welsh Government offices across the world.

Financial Implications: None

Recommendation 2

The Committee recommends that the Welsh Government should develop an export growth strategy to prepare companies for international markets and increase the number of companies exporting.

Response: Accept

Supporting companies to export is prioritised within the Economic Action Plan, which has been in place for almost twelve months, and we have, for many years, been committed to supporting Welsh companies to grow their exports through our Export Support programmes. We assist companies to grow their business through exporting and have a comprehensive range of services to support them to achieve that ambition. We can help companies to become export and market ready and connect them with opportunities and customers in their chosen markets by supporting companies to travel to overseas markets, exhibit at trade fairs, or meet with potential customers. As an example, the Food division has prioritised the Middle East for Food exports and included visits to Qatar and Gulfood in its export programme.

Over the last year, we have also held a number of in-Wales events for companies to advise them on exporting in a post-Brexit environment. As well as providing more general advice to exporters, in-Wales events include *Blas Cymru/Taste Wales* at which we target overseas buyers to meet Welsh food producers over a two-day period. We showcase the products of more than 100 Welsh food producers and a variety of new products are developed for the event.

Our programme of export support also forms part of the current international strategy *Wales in the World* and is aimed at companies of all sizes who want to export to all destinations, both inside and outside the EU, with around 60 per cent of Welsh exports currently being sold to countries within the European Union. We regularly take companies to visit markets and exhibitions in North America, the Middle East, the Far East and South East Asia; having recently supported companies on trade missions to Qatar and Brazil, and particularly welcome the high take up of small businesses for our recent two-centre trade mission to Singapore and Malaysia. Our programme of visits for the rest of this financial year includes China, Hong Kong and Australia and exhibitions at ADIPEC in UAE and Aero India. We also recognise the importance of maintaining export links with countries within the EU and have a comprehensive overseas events programme aimed at promoting and strengthening our exports to these countries which will continue even after the UK leaves the European Union.

Financial Implications: No additional financial implications. The export support programme is funded from the existing programme budgets.

Recommendation 3

The Committee recommends that Welsh Government should be more proactive in using the existing network of Foreign and Commonwealth and Department for International Trade offices and connections across the world.

Response: Accept

The Welsh Government has worked closely with Foreign and Commonwealth Office (FCO) and Department for International Trade (DIT – formerly UK Trade & Investment or UKTI) over the years to promote Wales within a UK context and we have developed a strong working relationship. As a result we can now rely on FCO and DIT to undertake some independent promotion of Wales, especially around St David's Day, and to support our activities, for example, providing support and hosting receptions when we take trade missions to market.

The strength of our existing relationships with the FCO and DIT has meant that we have been able to draw upon their support during the recent openings of our new offices in Canada, Germany, Qatar and France. The Welsh Government's existing network of overseas offices currently consists of 20 offices across eleven countries plus an additional office in London. The majority of our overseas teams are co-located within FCO and DIT offices to ensure that we are able to work closely with colleagues in the UK Government. We have worked with DIT, both in London and overseas, to identify and meet potential investors and develop tailored propositions. Our overseas teams take part in DIT's trade and investment team meetings, which ensures that they are aware of wider activity in their respective markets.

We have also developed links with the FCO and DIT networks in markets where we do not currently have a presence. DIT has assisted with the organisation of trade missions to countries where we do not have an office as well as making introductions to potential inward investors. The Welsh Government's trade mission to Brazil in June 2018 is one of the most recent examples of proactive working with DIT in a market without a Welsh Government office. As a result of our excellent relationship with the DIT team in Rio de Janeiro, we are working with the Head of Trade and Investment for Brazil to develop a follow up visit programme in Wales. During the visit, Welsh companies who went on the trade mission, and other companies with an interest in Brazil who were unable to participate in the trade mission, will have the opportunity to discuss the export links they brokered in Brazil and identify any issues they are facing directly with DIT. DIT will be able to work effectively with the Welsh Government on any follow up activity in Brazil, having heard feedback directly from the companies.

This year, the UK Government appointed nine new Her Majesty's Trade Commissioners (HMTCs) to support UK trade and inward investment with global regions after the UK leaves the EU. The new HMTCs will work closely with Ambassadors, High Commissioners, the wider diplomatic network and the FCO and DIT networks. We are currently developing a programme of engagement with the HMTCs to ensure that they are aware of existing links between Wales and their respective regions, as well as developing new relationships with these regions through the HMTCs. The most recent engagement was with the HMTC for the Latin America and Caribbean (LATAC) region.

After years of encouragement, the FCO now regularly includes Wales on its familiarisation tours for new Heads of Mission to ensure that new teams in market have met relevant Welsh Government teams and are aware of the Welsh proposition. Our proactive engagement with the FCO and DIT network is targeted at those markets where we believe that we will be able to work effectively and gain the greatest return for Wales.

Financial Implications: No additional financial implications. Any activity to promote Wales using the FCO and DIT networks will be drawn from International Relations and Trade & Inward Investment budgets within existing planned overseas activity.

Recommendation 4

The Committee recommends that the Cabinet Secretary should publish a detailed remit for the overseas offices, and report to the Assembly annually on the delivery against the business plan for each office.

Response: Accept in Principle

We have recently appointed a Performance Manager, based in Wales, to work specifically with our overseas teams to develop bespoke business plans for individual markets. Each overseas office has developed a business plan tailored to the individual strengths of their market. The current business plan format was introduced within the last twelve months and sets out objectives for the coming financial year.

With regards to annual reporting against the business plans, as the function of the overseas offices is currently within the First Minister's portfolio, this will be a matter for discussion with the new First Minister and Cabinet to understand their requirements for reporting on our international activity and the Committee will be updated in due course.

Financial Implications: No additional financial implications.

Recommendation 5

The Committee recommends that the remit of the overseas offices should be communicated to businesses and stakeholders to enable dialogue between them, and maximise use of the offices. Further overseas offices should be focused on markets with high potential.

Response: Accept

Our website, tradeandinvest.wales, already publishes contact details for each of the Welsh Government's overseas offices. Businesses and stakeholders are able to engage with our offices directly. In addition, as referenced in Recommendation 2, we have held events in Wales to advise companies about exporting after Brexit. A number of our overseas officers from key markets attended these events to highlight the support they can provide directly in market to companies.

New offices have been based in countries with high potential. The decision to open new offices in Canada, Germany, Qatar and France was based upon an assessment of each of the countries in terms of their economic, cultural and academic links, including their potential benefits for Wales. Germany and France are our top two performing export markets and the new offices in Berlin, Düsseldorf and Paris will build upon the excellent export links that already exist with these countries as well as enable the Welsh Government to work closely with potential inward investors in these important strategic markets. The new air route between Doha and Cardiff has already strengthened the links between Qatar and Wales. Qatar is also a key export market and the new office will build upon the links developed by the new route.

Financial Implications: No additional financial implications.

Recommendation 6

The Committee recommends that the Welsh Government should consider how to enable a wider range of businesses in Wales to access the branding, while retaining control of standards.

Response: Accept

Work has started on a digital Brand hub of guidance, tools and materials to enable businesses and organisations across Wales to properly use and access the brand. All graded tourism businesses will also have use of the brand shortly as the Cymru Wales brand is introduced to all tourism grading signage and labelling.

Financial Implications: Any costs will be drawn from the ESNR Tourism and Marketing budget.

Recommendation 7

The Committee recommends that The Welsh Government should continue to lobby for better representation as part of the VisitBritain digital presence, including the number of bookable products.

Response: Accept

This work is ongoing. Working with the industry to develop bookable products and to take these to market will be a major focus of a strengthened Partnership team within Visit Wales over the next 12 months.

Financial Implications: Any costs will be drawn from the ESNR Tourism and Marketing budget.

Recommendation 8

The Committee recommends that the Welsh Government should consider whether VisitWales could offer bookable products.

Response: Accept

State Aid regulation makes offering bookable products directly a challenge for Visit Wales. However, a number of potential partnership options will be explored further over the coming 12 months, and further support will also be provided to businesses across Wales to develop bookable products and to take these to market more effectively.

Financial Implications: Any costs will be drawn from the ESNR Tourism and Marketing budget.

Recommendation 9

The Committee recommends that the Welsh Government should raise awareness of the support available to small and micro businesses and third sector providers to collaborate and develop bookable tourism packages in their area.

Response: Accept

Through the Micro & Small Business Fund support can be considered to existing and new tourism businesses looking to invest in high quality and innovative tourism product and experiences, which are able to grow the tourism economy in rural Wales and drive growth and wider economic impact. Through the Tourism Product Innovation Fund (TPIF), support is available for tourism private sector partners across Wales; to encourage closer joint working between tourism consortia, partnerships and trade groups; to develop and improve the product offer to visitors which will benefit the tourism sector and local communities; help grow the value of tourism, stimulating local jobs and ensuring the long term sustainability of the sector in Wales.

Financial Implications: No additional funding implications. MSBF and TPIF are funded from existing budgets.

Recommendation 10

The Committee recommends that Transport for Wales should consider how best to raise awareness of the Explore Wales Rail Pass as part of the new rail franchise arrangements.

Response: Accept

The Welsh Government has asked Transport for Wales to consider how it can raise awareness for the Explore Wales Rail Pass.

Financial Implications: None.

Recommendation 11

The Committee recommends that the Welsh Government should continue to lobby the UK Government on the devolution of Air Passenger Duty to Wales.

Response: Accept

The Welsh Government agrees with the comments Professor Pritchard made to the Committee. We are committed to pursuing the devolution of Air Passenger Duty to Wales to promote economic growth and provide benefits to businesses and consumers across Wales. Alongside our partners in the sector we will continue to lobby the UK Government on this matter. The Cabinet Secretary for Economy and Transport will robustly make this case when giving evidence to the Welsh Affairs Committee's forthcoming inquiry into Devolution of Air Passenger Duty to Wales.

Financial Implications: None. Costs will be staff time in Welsh Government and partner organisations and will be borne within existing DRC budgets.

Recommendation 12

The Committee recommends that the Welsh Government should review its plans to support the industry with workforce development in tourism, in the context of Brexit.

Response: Accept

Welsh Government has been liaising with the industry on the potential impacts of Brexit and it is clear the impact on the workforce is a key concern for the sector. While Visit Wales does not have the direct control over support mechanisms for workforce/skills planning and the industry have made clear the lead should lie with them, we will continue to work with the industry to consider measures to improve workforce planning issues.

Financial Implications: No additional funding implications.

Recommendation 13

The Committee recommends that the Welsh Government should commit to working with Universities and colleges to ensure that academic and professional qualifications awarded in Wales remain portable.

Response: Accept

The Welsh Government is already committed to working with universities and colleges in Wales to ensure that academic and professional qualifications awarded in Wales remain portable.

The Bologna process ensures comparability in the standards and quality of higher education qualifications resulting in the creation of the European Higher Education Area. The Bologna Process has 48 participating countries, of which 20 are outside the EU, and the UK has confirmed it will remain in the Bologna Process and the European Higher Education Area.

The quality and maintenance of academic standards is assessed in Wales through external quality assurance reviews of regulated institutions. The Quality Assessment Framework for Wales requires that these be undertaken by a body on the European Quality Assurance Register for Higher Education, and therefore comply with the European Standards and Guidelines. The ESG enable higher education providers to demonstrate quality and increase transparency, helping to build mutual trust and better recognition of their qualifications, programmes and other provision. The ESG are used by institutions and quality assurance agencies as a reference document for internal and external quality assurance systems in higher education.

The Minister for Welsh Language and Lifelong Learning has re-affirmed political commitment to re-reference the CQFW to the European Qualifications Framework (EQF) (originally undertaken in 2010), and work on this is underway by Qualifications Wales and CollegesWales. This will provide a valuable, updated description of our

qualifications for other countries' reference when the UK leaves the EU, and support continued portability.

Financial Implications: None

Recommendation 14

The Committee recommends that the Welsh Government should support people wishing to live, work or study abroad. If Wales can no longer benefit from Erasmus+ or Horizon Europe (the successor programme to Horizon 2020), then alternative programmes within and outside the EU should be considered.

Response: Accept

In *Securing Wales Future*, we made clear our view that the UK should continue to participate in Erasmus and Horizon after Brexit. That remains our position.

On Horizon Europe, the absolute priority must be full association and we are in regular dialogue with the UK Government to ensure that Welsh priorities are reflected in the negotiations. Any reduction in access must be compensated with equal and ambitious UK schemes that ensure the UK remains a preferred location and partner for research and innovation.

On Erasmus+, officials are maintaining continuing dialogue with colleagues in the Department for Education on developing an alternative UK programme in the event that future participation in Erasmus+ is no longer possible in a no deal scenario. The Welsh Government is supportive of the principle that talented Welsh students should have the opportunity and funding to study abroad.

However, currently if a student decides to complete a degree at a university outside the UK, they are not eligible to apply for student support. The Diamond Review recommended that the Welsh Government should explore the possibility of running a pilot scheme to establish whether it is possible to extend the student support package for Welsh domiciled students that choose to study outside the UK for the whole of their degree programme. The Welsh Government, therefore, commissioned OB3 Research, in conjunction with the Wales Institute of Social and Economic Research, Data and Methods (WISERD), to undertake a scoping study with the key aim of providing evidence to support the development of an overseas study pilot. The final report was published in July 2018 (<https://gov.wales/statistics-and-research/overseas-study-pilot/?lang=en>) The OB3 report points to low levels of latent demand, difficulty in establishing demand for full portability and limited stakeholder support for providing a maintenance grant/loan to study a full degree abroad.

We have considered the report's findings and options for developing an overseas pilot, and will announce further details regarding a proposed pilot shortly.

Financial Implications: Any additional costs relating to the pilot will be drawn from existing programme budgets.

Ken Skates AM, Cabinet Secretary for Economy and Transport