

Inquiry into the Welsh Government's approach to the promotion of trade and inward investment

Contributors

1. To put this contribution into context, we thought it useful to give some background on the contributors as follows:

Dave Long – Employed in international trade support by both the Welsh Office and Welsh Government, from May 1993 to July 2011 (left the Welsh Government at this point under the voluntary severance scheme). Was part of the team which established WalesTrade International and subsequently became its Head of Corporate Services. This entailed management of three areas, namely marketing, IT and finance. In addition, was given responsibility for corporate governance, including production of annual business plans and performance monitoring, providing responses and briefing to ministers and senior officials in response of Assembly Questions and other occasions as required, including draft speeches when necessary, management the organisations adherence to the qualifications which it held, such as ISO 9001 and liP, adherence to necessary Welsh Government procedures such as risk management, health and safety etc. On the creation of International Business Wales, and after its demise, was employed as Marketing Manager firstly for the IT and Telecomms sector and subsequently Europe, Middle East and Africa (EMEA). These roles were mainly dealing with inward investment marketing activities.

Geoff Harding – Employed in international trade support by both the Welsh Office and Welsh Government, from 1994 to 2009 and then as a Business Relationship Manager in the now defunct {FSB?} Welsh Government initiative as a life sciences sector manager (left the Welsh Government in 2011). Was part of the team which established WalesTrade International and subsequently performed a range of roles including Deputy Director of operational trade managing three teams delivering global support to Welsh business, identifying specific trade opportunities and managing the trade missions and events programme. Also, established a trade office in the USA and Senior Vice President for the Welsh Government for the Americas and was based in the USA for 4 years assisting Wales based businesses, hosting trade missions, Ministerial visits and promoting Wales as an investment location and tourism/cultural region. I also recruited the consultancy network that delivered (and still does, in some cases) the international trade opportunities initiative in the Region.

Does the Welsh Government's current in-house approach to encouraging trade and inward investment represent an improvement on the organisations that previously existed to perform the same functions? (i.e. the Welsh Development Agency, Wales Trade International, and latterly International Business Wales)

2. It should be noted that, at the time of the creation of International Business Wales, support for international trade development was significantly downgraded. The Chief Executive and senior management team made it quite clear that the main focus was inward investment. To this end, a number of direct trade support staff moved onto other duties, ex-WTI staff in overseas offices were informed that inward investment promotion would now be their key activity and the ex-WTI marketing team was disbanded. This strategy seemed to have little impact on improving investment performance but certainly diluted the support afforded to Wales based business. In general, there was support for an integrated trade and investment body within the trade sections but was on the basis that such an approach would

recognise the vital importance of trade as an equal partner not, as turned out, a “nice to do” add on. As trade seems to be back high on a political agenda, it is fair to say that the disbanding of IBW and subsequent failure of Flexible Support for Business to deliver even a modicum of strategic support can be seen as several “lost years” for Welsh business.

3. With regard to the current situation, there is little transparency in the current publication of performance activities. An annual statement “Supporting Business and The Economy” is published by the Department for Economy, Science and Transport (ES&T). With regard to its 2011/2012 report, the section headed “Action to Support International Trade and Investment” contains no performance information of note. Whereas WalesTrade International and, to a lesser degree, International Business Wales were measured on actual business won by Welsh companies and also new exporters created, the only figures in the report relate to supporting a total of 120 companies participate in 28 trade missions/trade fairs. It makes no reference to actual business won or being pursued as a consequence of participation. Also, there is no information provided on inward investment results.

4. A recently submitted Freedom Of Information request (copy of response attached for information) established that ES&T no longer apportion business won to individual events as they are regarded as part of a wider programme of intervention. During the time of WalesTrade International and for a small part of the time that International Business Wales was in existence, it was normal practice for such intervention to be provided through the International Trade Opportunities (ITO) programme. This involved working with companies to gain market information and establish potential contacts in advance so the market visit was used to its full potential. This programme was only reinstated during 2010. It is interesting to note that, in 2011/12 only 12 briefs were submitted to contractors of which 11 were auctioned. This would indicate little prior market support for event delegates. With regard to 2013/14, to date a total of 66 ITO projects have been undertaken. Bearing in mind that there are currently 9 key sectors subject to intensive departmental support, the pro rata take-up of the programme is very low. However, we should acknowledge that the teams involved have had few tools to work with in terms of marketing the initiative and rebuilding faith in the Government offering. We understand, from information obtained through several sources, that the total spend on the programme in 2013/14 is expected to be well below the budget set aside for it.

5. As far as performance figures are concerned, the only figures which were provided show that the 2011/12 cost of the missions and fairs programme was £226,025.61, excluding departmental running costs. The total value of new orders won across all interventions in 2011/12, including from those interventions was £836,000. This would suggest a low rate of return on total investment by the Department. The take up for the trade mission programme may, similarly, be hamstrung in rebuilding faith but few trade missions, in the days of WTI/IBW, would have proceeded with less than 5 delegates – unless the circumstances were exceptional. The FOI shows, of the 12 missions listed 5 left Wales with 4 delegates or less. Missions are normally supported in market by travelling officials and/or designated consultants so, perhaps, these should be accounted for in the overall numbers. Both Arab Health and MEDICA are longstanding events that attract the excellent support of in market officials and MEDIWALES respectively – both having run for many years with WTI/WDA/IBW type collaboration and proof that such collaborations can work if managed effectively.

6. . There also appears to be a further issue with the re-introduced International Trade Opportunities programme, namely the amount of time taken to obtain approval for a project to go ahead. ES&T have set in place a programme framework whereby there are a number of approved contractors. When a company submits a proposal, it is issued to all contractors so they can make a financial “bid” to undertake the work. These are then reviewed and the contract given to in most cases, the lowest bidder. This is a

time consuming process and we have been made aware of cases whereby some five weeks have elapsed before the company receives a response. In the current business climate, such a time delay is not acceptable.

7. Moving onto inward investment, the response to the Freedom of Information request showed very poor results by the current approach. The response is as follows – “In 2010/11, Wales secured eight new foreign direct inward investment projects; there was direct involvement in four of these by ES&T. In 2011/12, ten new foreign direct inward investment projects were recorded for Wales; there was direct involvement by ES&T in one of these successes.” Even in the current difficult economic climate, involvement in securing one project one project is a very poor result. Perhaps some clarification on how the 10 projects developed and landed would help shape policy and the current relationship between UKTI and WG should be at the centre of this.

To what extent is there a coherent Welsh brand for trade and inward investment?

8. There is no longer a coherent Welsh brand for either trade or investment. The WDA was a strong, positive brand which was well-respected in key international markets and this was a contributing factor in Wales success in encouraging inward investment. In addition, WalesTrade International had established a strong, well-respected in-Wales brand for encouraging international trade as a business development option.

9. At the time of bringing the WDA and Wales Tourist Board into the Welsh Assembly Government, the then-First Minister instructed that Wales would be the brand, with IBW and Visit Wales conduits for access. There were therefore no major campaigns to establish IBW and Visit Wales as such conduits and Wales position, certainly in overseas markets, became more difficult to establish. Unfortunately for IBW the only time the organisation made any real impact on the wider media and public was of a negative nature and led to the cessation of the organisation.

10. From an international trade development perspective, there is now no recognised brand for such activity. All enquiries are dealt with via the Welsh Governments' Business Wales helpline, along with a range of non-international trade related enquiries.. However, Business Wales has not been established a brand which can be recognised, although it is now being used on both <http://business.wales.gov.uk/> and www.wales.com as a strapline., In a recent initiative to promote an international trade day, there is an example of a company seeking advice only to be referred back to a helpline and then on to a consultant. This hands off relationship seems to fly in the face of any desire to get to know, understand and support business within Government before passing them on to the, often, excellent support available in the private sector with which WG contracts.

How well the Welsh Government is working with its UK Government partners, such as UK Trade and Investment and UK Export Finance

11. For WTI, interaction with UKTI was an important part of the development offer to Welsh SME's. As well as staff forging strong links so that both the UK and overseas based staff were aware of the Wales offer, in respect of international trade, great use was made of UKTI commercial officers while they were conducting tours of duty back to the UK. Bringing them to Wales on a regular basis, either for seminars or, more often, one-to-one meetings with appropriate companies so that individual circumstances could be considered, created valuable relationships and knowledge transfer opportunities between Welsh SME's and the commercial officers.

12. This relationship certainly suffered upon the establishment of IBW, with inward investment staff often looking at UKTI more as a potential competitor than partner – for completeness there was evidence of this being a two way street but it certainly diluted the relationships developed on the trade development side (where, perhaps, it was more important). Latterly, a team was put together to redevelop the working relationship but this work was not fully finished, mainly due to the internal issues which IBW had to turn its attention to.

12. It is difficult to quantify how close a relationship has now been forged. The ES&T “Supporting Business and the Economy” documents states “We hosted a number of high profile visits from UKTI, at Ministerial and official level, as a means of raising the profile of Wales and highlighting our expertise and know-how in growth sectors”. However, as with other issues in the document, it does not give any details – and there is no indication that Welsh SME’s were able to gain individual advantage from such meetings.

13. A running theme in this response is the difficulty in obtaining information to try and enable a comparative study of budgets, outputs and successes over even the last few years, never mind the time when many will feel Wales was at its most productive, when providing trade and investment support. The response to the recent Freedom of Information request shows that information is available but is not being released due to the time constraints attached to any FOI request and it being spread across several different sections (no coherence here). This may be arguable in normal circumstances but it is difficult to imagine how any inquiry could reach any meaningful conclusions without such basic comparators being available to it?

14. Thank you for the opportunity to input into this much needed inquiry. It remains a subject close to our hearts and anything that can result in an improved support mechanism for Welsh businesses, organisations and academia should be welcomed on all sides.



Eich cyf/your ref
Ein cyf/our ref ATISN 7986

Dave Long

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30 December, 2013

Dear Mr Long

Request for Information – ATISN 7986

I wrote to you on 5 December 2013 regarding your request for information. You asked:

1. For the financial years 2010/11 and 2011/12, how many new inward investment projects came to Wales where there was direct involvement by the Department for Economy, Science and Transport?
2. For 2010/11 and 2011/12, a list of trade missions and fairs and, for each individual event:
 - a) The number of business delegates participating;
 - b) The value of orders won;
 - c) The value of potential opportunities for companies to follow up;
 - d) The total annual cost of the missions and fairs programme.
3. For 2011/12 and also the 2012/13 financial year up to 1 December 2013, in the International Trade Opportunities Programme:
 - a) How many project briefs have been forwarded to contractors for them to produce project plans;
 - b) How many projects were actually undertaken on behalf of companies;
 - c) What amount of business orders were secured by the companies using this service.

I confirm that we hold some information relating to your request. In 2010/11, Wales secured eight new foreign direct inward investment projects; there was direct involvement in four of these by the Department for Economy, Science and Transport (ES&T). In 2011/12, ten new foreign direct inward investment projects were recorded for Wales; there was direct involvement by ES&T in one of these successes.

I have concluded that it will cost more than the appropriate limit established in the Freedom of Information and Data Protection (Appropriate Limit and Fees) Regulations 2004 to consider the 2010/11 part of question 2 of your request. The appropriate limit specified for central government is £600. When calculating whether or not your request exceeds the appropriate limit, I am allowed to consider the time it is likely to take to establish if we hold the information, locate, the information, retrieve the information and extract it. If these tasks are estimated to take more than 24 hours of working time, the limit will have been exceeded.

Prior to 2011-12, the information you requested on trade missions and fairs was not held centrally. The missions and fairs were run by three teams with separate budget and administration systems. So far, officials have spent 5 hours searching through archived electronic records for this information and have not been able to complete your request for information for 2010-11. It is estimated that, in addition, we would need to search through more than 20 hard copy files to collect and verify the information you requested. Each file contains a range of information and we estimate that it would take at least an hour to search through each file to extract the information requested. Therefore, we estimate that it would take more than **25 hours** to complete this request. Because this exceeds the appropriate limit established in the Freedom of Information and Data Protection (Appropriate limit and Fees) Regulations 2004, I have decided not to process this part of your request.

In relation to 2011/12, detailed at annex A is a list of the trade missions and fairs undertaken together with the number of delegates associated with each mission/fair. The total cost of the missions and events shown at annex A was £226,025.61, excluding departmental running costs. These events form part of a wider suite of support to help companies internationalise and we do not directly apportion the value of orders won to individual interventions. The total value of new orders won across all interventions in 2011/12, including from those interventions shown at Annex A, was £836,000. We do not collate totals of the value of opportunities identified although, through event evaluation returns, we do ensure that significant opportunities are developed and followed up.

In dealing with your final point, we have assumed that you were seeking details of the full financial years for 2011/12 and 2012/13 and for the 2013/14 financial year to 1 December 2013. In 2011/12, under the International Trade Opportunities programme, 12 briefs were sent to contractors and 11 projects were undertaken. In 2012/13, the number had grown to 42 briefs sent to contractors with 31 of these projects undertaken. There has been further growth in the 2013/14 financial year to 1 December 2013 with 86 briefs sent to contractors and 66 projects undertaken to date.

Any information released under the Freedom of Information Act 2000 or Environmental Information Regulations 2004 will be listed in the Welsh Government's Disclosure Log. If you believe that I have not followed the relevant laws, or you are unhappy with this response, you may request an internal review by writing to:

Mike Hnyda
Deputy Director, Trade & Inward Investment
Department for Economy, Science and Transport
QED Centre, Treforest Industrial Estate, Treforest, CF37 5YR
Mike.Hnyda@wales.gsi.gov.uk

When dealing with any concerns, I will follow the principles set out in the Welsh Government's Code of Practice on Complaints which is available on the Internet at www.wales.gov.uk or by post.

You also have the right to complain to the Information Commissioner. Normally, however, you should pursue the matter through our internal procedure before you complain to the Information Commissioner. The Information Commissioner can be contacted at:

Information Commissioner's Office
Wycliffe House, Water Lane, Wilmslow, Cheshire, SK9 5AF
Tel: 01625 545 745
Fax: 01625 524 510
Email: casework@ico.gsi.gov.uk

Also, if you think that there has been maladministration in dealing with your request then you may make a complaint to the Public Services Ombudsman for Wales who can be contacted at:

Public Services Ombudsman for Wales,
Ffordd yr Hen Gae, Pencoed, Bridgend, CF35 5LJ

Yours sincerely

Louise McShane
Head of Strategy – Trade and Inward Investment

Annex A

2011/12

Trade Mission / Fair	No of Delegates
AUVSI, USA	7
Toronto Film Festival	2
MIPCOM, France	3
WOMEX, Denmark	2
China	5
MEDICA, Germany	38
Turkey	4
MIDEM, France	7
Singapore Airshow	12
Mobile World Congress, Spain	11
SXSW, USA	4
Arab Health, UAE	14