

Mid Wales Regional Committee MID 04-01(p.5a)

Date: Friday 2 November 2001

Time: 10.30am to 1.00pm

Venue: Village Hall, Aberporth

Submission by Dr. Geraint Davies, Welsh Development Agency

Economic Development Strategies for Rural Wales - West Wales in Context

1. Opportunities for Economic Development in Wales

The Welsh Development Agency's draft corporate plan, 'Making a Difference', recognises that the key to successful economic development is through a range of activities:

- Innovation and adding value
- Investing in the digital age
- Generating more new business
- Adding value in the rural economy

These activities can be targeted through developing key sectors, such as biotechnology, optoelectronics, software and media, through focussing on high growth and/or high margin businesses and by providing an infrastructure which enables innovation and growth, and the development of a 'knowledge economy'. A 'knowledge-based economy' is one which utilises technology and information opportunities in all areas of business; from holiday accommodation on the Internet to isolation of chemicals for pharmaceuticals. A successful knowledge economy results from businesses investing more in development or research activities.

1. Economic Challenges and Opportunities in Rural Wales

There is sometimes a perception that rural industries are disadvantaged because they are not innovative, and cannot utilise technology. However, while businesses may face challenges as a result of poor logistics or isolation, rural businesses have an even greater need to employ appropriate technologies. They must overcome these issues and compete effectively in a global market – development of 'stay-green' grasses for sports applications, or a Welsh language telephone directory enquiries service are both examples of technology

based competitive opportunities in the West Wales economy.

West Wales has suffered a decline in its economy and has been given Objective 1 status in order to reverse this. Provision of support, and stabilisation of existing businesses will not be enough to achieve this. West Wales has only one short opportunity to 'make a difference', and this must be a step change. Only major changes, ambitious visions and focussed implementation can reverse the economic decline.

Rapid acceleration in technology, and particularly communications - even without a broadband capability – means that high growth rate/ high margin businesses can be small and do not need to operate from urban locations. West Wales is therefore ideally competitively positioned now to take advantage of this, offering a unique environment, lifestyle, education system, and a highly committed workforce willing to develop new skills. With the deployment of Objective 1 funding to create the infrastructure for this to happen, there is the potential to make step changes a reality. For example, Theatr Mwldan can become a centre providing incubation for new and expanding media businesses. The Horeb Food Centre can thrive, providing services to a growing number of food businesses and West Wales Airport can develop and spin out businesses such as flight training, aircraft maintenance and support specialist tourism through its air operation. Aberporth Technology Park can be a hub supporting all of these developments.

2. Opportunity to Reality – The Obstacles

Implementing this vision is a long-term process, and one which has already begun. But major changes on the scale of those described takes time, planning and determination. West Wales can no longer compete on price in a global economy. Marketing UK and world-wide, changing perception, encouraging and developing skills and confidence in the local workforce are all essential for success, as well as infrastructure development. No single organisation has the capability of doing this. To make progress, a focussed approach has to be adopted by the public and private sector working together.

Technology itself could enable regulatory and other bodies to place major obstacles in the path of this plan. The capability to physically measure and evaluate increasing numbers of complex variables means that real development effort could be diverted into addressing more and more detailed questions. This can easily extend the timeframe for the project to one which cannot succeed.

This situation can only be overcome if there is real dialogue, understanding and confidence between all involved in the development and regulation of West Wales, and a will to move forward – a shared vision. Difficulties such as the water storage capacity in West Wales are already being addressed in a team approach in order to identify specific actions required to progress. As soon as a full understanding has been developed, and any gap funding issues identified, the development of West Wales can continue. The National Assembly for Wales is itself a key partner in the vision. It can provide the overview and help to ensure that specific issues preventing the development team from progressing, and using tools such as Objective 1 funding, can be resolved. The reality of

development in West Wales can only be achieved by integrated and focussed efforts, and this unique opportunity will be lost without it.