

Date: 13 February 2003
Time: 09:00 to 11:35
Venue: Shotton Paper, Deeside Industrial Park, Flintshire
Title : ECONOMIC DEVELOPMENT MINISTER'S REPORT

GOVERNMENT BUSINESS

Encouraging Innovation & Entrepreneurship

1. **Wales Enterprise Index (Windex):** I was pleased to be able to launch Windex at an event held at the Assembly in Cardiff Bay on 4 February. Windex, a statistical bulletin highlighting the activity levels of the Local Enterprise Agencies in Wales, will be published monthly with a quarterly news bulletin and will allow us to monitor the performance of these agencies that are helping develop the businesses of the future.
2. **The Optic Technium**, which is supported by Objective One Funding and to be located on the St Asaph Business Park, had its USA launch on 28 January during the major Photonics West Conference in San Jose.
3. **Aberystwyth Technium:** Construction is continuing on the Aberystwyth Technium. Work is currently being undertaken on a marketing strategy to support the concept, which will assist the start-up and growth of businesses and spinouts in fields varying from biotechnology to media. The Technium could be operational by early Autumn.
4. **Inside Welsh Industry:** The new 3-year Assembly Government funded "Inside Welsh Industry" best practice, company visiting programme, was officially launched on 30 January to coincide with a visit to the British Airways Maintenance operation at Rhoose.
5. **Wales for Innovation:** As I stated in my previous report I attended a number of events at the end of last month to promote the IAP. The audiences at the events were very receptive to the IAP and as a result some very interesting responses have been received. The consultation period ended at midnight on 4 February and some 34 responses have been received.

Promoting ICT

6. **'BT Talking Business' Roadshow:** Britain's biggest communications roadshow was in Cardiff on Tuesday 11 February, at Cardiff's City Hall. The event showcased a range of IT technologies from Broadband to wireless Local Area Networks (LAN's). It was estimated that 150 firms attended the event.

Broadband

7. **Wireless Broadband networks:** I spoke to both Stephen Timms and Peter Hain at the end of last week on this issue. My conversation with Stephen Timms centred around whether there is any opportunity to revisit the licence areas. I also sought to secure agreement to full discussions on any future spectrum licence maps.

I have arranged to meet with the Chief Executive of the Radiocommunications Agency, Rolande Anderson, on 20 February to make our extreme disquiet known and discuss both the 3.4Ghz licence and any future arrangements for spectrum auctions.

8. **Digital Vale Project:** I am delighted that the Digital Vale Project has recently (27th January) received Objective 1 approval (grant value £495,999). The project is based on the use of unlicensed radio technology (802.11b), to offer cost effective, fast, "always on" broadband access to residents and businesses. It will provide access to approximately 1500 homes and businesses in the Blaenau Ffestiniog, Ffestiniog, Maentwrog, Penrhyndeudraeth, Talsarnau, Harlech and Porthmadog areas. I wish the project every success and hope it will offer new opportunities to attract businesses and further investment.

Supporting Business

9. **Mid-Wales Manufacturing Careers Booklet** – On 5 February I launched the Mid-Wales Manufacturing Careers booklet and was pleased to be present at the signing of a partnership between the Mid Wales Manufacturing Group and Careers Wales. Employers in Powys recognise their role in working with schools and FE colleges to develop an informed knowledge of the world of work in young people. Links between Welsh Education providers and Welsh Businesses are more important than ever if we are to respond to global economic challenges and initiatives such as this can only be applauded.
10. **Cleddau Bridge:** The facilities at Cleddau Bridge can now be offered to call centre operators who do not necessarily want an outsourced solution. On 6th February I launched a Manpower/WDA promotional CD-ROM which will further boost the marketing of the facilities. I was also briefed on possible tenants who have shown an interest in the Cleddau centre but at this stage

commercially confidential discussions are involved.

11. **Airbus UK Ltd. Broughton:** Friday 31 January saw the official opening of the East Factory Developments at Broughton, the first phase of the A380 project which is being supported by the Welsh Assembly Government. I was pleased to hear that the company, after the events of September 11, intends to recruit (subject to the Middle East situation) up to 1200 staff at Broughton in 2003.
12. **Design 2 Print of Llandudno,** is gearing up for further growth investing in new equipment to improve customer turnaround and the quality of its product. The investment has been made possible thanks to an Assembly Investment Grant and a business development grant from Conwy County Council.
13. **AIG, North Wales:** 12 companies (Genesis Screen print and Embroidery, Tywyn; Trugate, Caernarfon; L S Printworks, Anglesey; Kitchen and Bathroom, Anglesey; Fumo Communications, Colwyn Bay; Roncol, Conwy; Gon Granite and Marble, Denbigh; Corwen Forestry, Corwen; Thermographic Measurements, Connah's Quay; Buckley Foods, Buckley; Hi-Mark, Wrexham and Bryn Roberts Workshops, Wrexham) have benefited from offers of Assembly Investment Grant totalling £487k and will create 49 new jobs and maintain a further 68.
14. **Western Board Ltd, Treforest** – 67 jobs have been safeguarded at this manufacturer of fibreboard thanks to an MBO supported by RSA from the Welsh Assembly Government. The mill is the only one of its kind in the UK and uses only 100% recycled paper.
15. **Acorn Recruitment and Training's** new headquarters and training facility is to be officially opened on 13 February. The training facility incorporates a number of state of the art training suites that will allow staff to be trained on site in such disciplines as call-centre technology. The project has been supported by RSA.
16. **Component Obsolescence Group (COG):** I attended the Welsh Electronics Forum and COG Dinner on Tuesday 11 February. This marked the occasion of the COG holding one of their regular quarterly meetings in Wales for the first time. COG plays an important role in bridging the gap between new and old technology with innovative solutions. We have a vibrant electronics sector in Wales, and whilst I acknowledge the current difficult global climate, I look forward to seeing the possible benefits that can be brought to Wales through the Welsh Electronics Forum and COG working together.

Setting a Fresh Direction

17. **Green Dragon Awards™:** On 30 January I presented Sony Manufacturing and Transco Wales and West with prestigious awards for their efforts in promoting environmentally friendly practices via Environmental Management Systems. The Green Dragon™ Award programme, which was launched in February 2002 with support from the Objective One programme, offers a "Made in Wales" approach and a staged progression in implementing a certified Environmental Management System (EMS). Sony and Transco are the only ones to date to have been awarded the Green Dragon™ Award Level 5 standard.

Establishing Wales in the World

18. **Multi-sector trade mission, Japan:** WalesTrade International are leading a multi-sector trade mission to Japan from 15-22 February visiting Tokyo and Osaka. This follows the successful trade mission to Japan led by the First Minister in September 2000. The mission will be well supported with 17 Wales based SMEs participating. These come from a number of sectors including IT, Engineering, Industrial Products, Creative Industries and Pharmaceutical. Some of the better known organisations joining the mission are S4C International, Simbec Research Ltd and the Royal Welsh College of Music and Drama.
19. **Export Figures:** It was disappointing to see that Welsh exports to the EU and the rest of the world fell in the third quarter of 2002 compared to 2001. Some initial analysis of the figures has been carried out to establish trends in specific markets and sectors. A number of the contributory factors are outside of our control, such as the continued effect of 11 September and continued difficult trading conditions. However, if we look at quarter on quarter results for 2002, there are some encouraging trends starting to emerge that we need to ensure we build upon. The provision of solid support to our SMEs in order to encourage their export potential and market shares is more important than ever in view of current global conditions.

Creating Strong Communities

20. **Cardigan and South Ceredigion Regeneration Plan:** I was delighted to be able to unveil the Cardigan and South Ceredigion Regeneration Plan on 6 February. The event at the Theatre Mwldan in Cardigan was the culmination of a concerted effort by Team Wales and Ceredigion County Council to put together a plan to stimulate the economy in the area. The plan, which involves an investment of some £30m over the next 2-3 years is squarely aimed at the need for sustainable regeneration and is not a quick fix.

Fishguard and North Pembrokeshire Regeneration Plan: I also commissioned work on a regeneration plan for Fishguard and North Pembrokeshire following Dewhurst's decision to close its factory in the town. The Assembly Government has led the Team Wales effort to prepare a draft plan for consultation, working very closely with Pembrokeshire County Council. The draft Plan draws heavily on the discussions that took place at a consultative meeting in Fishguard on 21 November, which I attended. It also takes account of contributions and comments made by a range of local organisations and individuals over the past 2 months. The

draft was presented to a group of local people and organisations on 6 February and there was warm support for the proposals made in it, the commitment to action and the investment of significant resources, including £5 million new money. Further comments have been sought by the end of February following which I will make final decisions on the programme and announce the final plan by the middle of March.

21. **National Industrial & Maritime Museum:** On Monday 10 February I attended the ground breaking for the £28m National Industrial & Maritime Museum in Swansea. The project, which is part of a much wider £200m regeneration of Swansea's waterfront has benefited from funding from the National Lottery, the WDA, the WTB, the private sector and Objective One. The Museum will act as a focal point of the development as it strives to become a nationally recognised leisure and tourist attraction.

Tourism

22. **Barry Action,** the partnership between the Vale of Glamorgan Council and the Welsh Development Agency, has commissioned London-based LDA Urban Design to conduct a feasibility study for the proposed Wales International Centre for Hospitality, Tourism and Leisure Management at Nell's Point, Barry Island. I will be meeting the project's sponsors in the near future.

OTHER NEWS

23. **Corus** – On Monday 3 February I attended the official recommissioning of Blast Furnace number 5 at Corus' Port Talbot site. The furnace, which was built in record time, involved an investment of £73m and will safeguard the immediate future of the Port Talbot site. Of course our thoughts are with the 3 men and their families who sadly lost their lives when the old blast furnace exploded in November 2001.
24. **Cardiff Ambassador Programme** – At the end of last month, the Cardiff Ambassador Programme was launched at Cardiff City Hall. This innovative programme is designed to help academics to entice their associates from across the globe to choose Cardiff for their conferences.
25. **BT Data Centre:** I welcome the news that the BT Data Centre in Cardiff Bay is now completed. This is another coup for Wales with this unique facility putting us at the forefront of the technological future.
26. **Udex** - A hi-tech Newport company Udex, has secured £3m of venture capital funding to fuel its drive to establish a worldwide standard for the ubiquitous barcode.
27. **Ferrari's,** one of the most famous and historic names in Welsh baking, has invested £3m in a modernisation and expansion programme at its Hirwaun bakery.
28. **Pelikon:** Caerphilly-based electro-luminescence firm Pelikon is looking to increase its turnover to £100m and its workforce from 35 to 100 over the next five years. It is looking to diversify from its current markets of remote controls and mobile phones into microwave ovens and washing machines.
29. **Vale of Glamorgan Railway:** I welcome the news that, thanks to the intervention of the Welsh Assembly Government, the re-opening of the Vale of Glamorgan Railway Line has been secured after the suspension of Partnership Funding by the SRA. The line is vital if we are to realise the full potential of Cardiff International Airport and economic growth in the Vale.

Job Gains/Safeguarded (50 and over) since the previous EDC

30. None above 50 reported since last EDC

Job losses (50 and over) since the previous EDC

31. **IQE, St Mellons,** which manufactures advanced customised wafers to the semi-conductor industry, said it is to make 60 staff redundant as the result of continued difficult trading conditions in the global semiconductor sector.
32. **KTH, Llanidloes,** part of the Triplex Group, which manufactures automotive parts is to close its site in Mid-Wales with the loss of over 200 jobs. The redundancies are due to the announcement by one of the company's major customers that it will be ceasing placing orders with KTH. I have asked team Wales to take immediate action to see what can be done to maintain the facility and employment in this area.

ACTION OUTSTANDING FROM PREVIOUS MEETINGS

EDC Minutes 22 May 2002 (para 4.06) – WEFO to provide a geographical analysis of INTERREG IIIA applications.

WEFO will provide the information requested by members as part of their Structural Funds Quarterly Report to this meeting.

EDC Minutes 14 November 2002 (para 2.08) – Minister to arrange an update of the table detailing sources of match funding.

I will provide members with an update in my report for EDC 6 March.

EDC Minutes 16 January 2003 (para 5.07/08) – Iain Willox to provide 1) information on costs and geographical spread 2) revised Annex B.

Members will find the information on costs and geographical spread and revised Annex B at Annex A of this report.

Annex A

2001-03 Entrepreneurship Implementation Plan – Resources identified to date

		REVISED ANNEX B		
		Projected Spend (£)	KA Spend (£)	Total Estimated Cost (£)
KA1	Promoting an Entrepreneurial Culture			
~	WDA/EU approved Objective One project (2001/2003)	9.8m		
~	Non Objective One- WDA Prospective Objective 2 bid	3.1m	12.9m	20.15m
KA2 S1	Entrepreneurship within Career Development			
~	Careers Wales: prospective Objective One bid	0.14m	0.14m	0.35m
KA2 S2	Entrepreneurship within Primary and Secondary Education			
~	ACCAC Work	0.34m	0.34m	6.46m
	Enterprise Insight Wales			
KA2 S3	Programmes of Enterprise in HE & FE			
~	Knowledge Exploitation Fund (2001/2003)	25.7m		
~	E-College University of Glamorgan: approved Objective One bid	6.37m	32.07m	22.42m
KA3	Taste of Enterprise			
~	Enterprise Factory: WDA/EU Objective One approved project	1.74m		
~	WDA Prospective Objective 2 bid	1.125m	2.87m	3.4m
KA4	Entrepreneurship in Social Economy			
~	(Wales Coop ~ Credit Union: approved Objective One bid)	2.70m		
~	Social Entrepreneurs: approved Objective One bid	0.30m		
~	Local Objective One approved bids	0.65m	3.65m	4.8m

Annex A

2001-03 Entrepreneurship Implementation Plan – Resources identified to date

		REVISED ANNEX B		
		Projected Spend (£)	KA Spend (£)	Total Estimated Cost (£) ⁽¹⁾
KA5	A National Business Birth Rate Strategy for Wales			

~	Under represented groups: WDA/EU approved Objective One bid (POTENTIA)	6.2m		
~	Under represented groups WDA Non Objective One (POTENTIA)	1.5m		
~	WDA Mainstream Business Starts Programme	15.50m		
~	EU/Finance Wales ~ Start up Equity & Loan Objective One	13.4m		
~	Women's Enterprise Wales: EU/ Chwarae Teg Objective One approved bid	1.87m		
~	Women's Enterprise Wales: EU/ Chwarae Teg non Objective One	1.0m		
~	Local Objective One approved bids	1.60m		
~	Business Start Programme for high growth business	4.64m	45.71	83.4m
KA6	Entrepreneurship in Growth Business			
~	Finance Wales~ Objective One Funding	46.0m		
~	Local Objective One approved bids	0.70m		
~	Menter a Busnes Objective One approved bid	0.15m		
~	WDA ~ Sole Traders Initiative	1.20m		
~	~ Diagnostic Service	4.50m		
~	Business Connect	12.50m		
~	Wales Trade International project Objective One	8.5m	73.55m	93.6m
	Total EAP resources identified to date		171.23m	234.58m

The WDA's New Business Starts Programme - Costs per Start

	NO. OF BUSINESSES STARTED	TOTAL SPEND (£) (1)	COSTS PER START (£) (2)
South East Wales	1005	1,951,970	1,942.26
Mid Wales	176	163,801	930.69
North Wales	431	479,804	1,113.23
South Wales	464	468,276	1,009.22
All Wales Costs Per Start (3)	2076	3,063,851	1,475.84

(1) The costs are the actual costs incurred during the period April 2002 - end of Dec 2002.

(2) The cost per start is derived by dividing the total actual spend by the number of actual businesses started.

(3) The WDA has other programmes which also lead to the creation of businesses. The programmes do not lend themselves to a cost per start analysis as the outcome of a company start is not the only reason for their existence. Eg. Graduate to Enterprise, Women's Enterprise Wales, Potentia, National Child Minders Association, Enterprise Factory and Wales Co-op.

Revised Annex B