

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 Cofr 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 develop 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.