



Cynulliad  
Cenedlaethol  
Cymru

National  
Assembly for  
Wales

# Cofnod y Trafodion The Record of Proceedings

[Pwyllgor yr Economi, Seilwaith a Sgiliau](#)

[The Economy, Infrastructure and Skills  
Committee](#)

19/10/2017

[Agenda'r Cyfarfod](#)  
[Meeting Agenda](#)

[Trawsgrifiadau'r Pwyllgor](#)  
[Committee Transcripts](#)

## Cynnwys Contents

- 4 Cyflwyniad, Ymddiheuriadau, Dirprwyon a Datgan Buddiannau  
Introductions, Apologies, Substitutions and Declarations of Interest
- 4 Ysgrifennydd y Cabinet dros yr Economi a'r Seilwaith—Gwerthu Cymru  
i'r Byd  
The Cabinet Secretary for Economy and Infrastructure—Selling Wales  
to the World
- 35 Papurau i'w Nodi  
Papers to Note

Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynddi yn y pwyllgor. Yn ogystal, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd. Lle y mae cyfranwyr wedi darparu cywiriadau i'w tystiolaeth, nodir y rheini yn y trawsgrifiad.

The proceedings are reported in the language in which they were spoken in the committee. In addition, a transcription of the simultaneous interpretation is included. Where contributors have supplied corrections to their evidence, these are noted in the transcript.

**Aelodau'r pwyllgor yn bresennol**  
**Committee members in attendance**

|   |  |
|---|--|
| Hefin David<br><a href="#">Bywgraffiad</a>   <a href="#">Biography</a>        | Llafur<br>Labour   |
| Russell George<br><a href="#">Bywgraffiad</a>   <a href="#">Biography</a>     | Ceidwadwyr Cymreig (Cadeirydd y Pwyllgor)<br>Welsh Conservatives (Committee Chair)   |
| Vikki Howells<br><a href="#">Bywgraffiad</a>   <a href="#">Biography</a>      | Llafur<br>Labour   |
| Huw Irranca-Davies<br><a href="#">Bywgraffiad</a>   <a href="#">Biography</a> | Llafur (yn dirprwyo ar ran Hannah Blythyn)<br>Labour (substitute for Hannah Blythyn)   |
| Mark Isherwood<br><a href="#">Bywgraffiad</a>   <a href="#">Biography</a>     | Ceidwadwyr Cymreig<br>Welsh Conservatives  |
| Jeremy Miles<br><a href="#">Bywgraffiad</a>   <a href="#">Biography</a>       | Llafur<br>Labour   |
| David J. Rowlands<br><a href="#">Bywgraffiad</a>   <a href="#">Biography</a>  | UKIP Cymru<br>UKIP Wales   |
| <b>Eraill yn bresennol</b><br><b>Others in attendance</b>                     |  |
| Claire Chappell   | Pennaeth Perfformiad Brand, Llywodraeth Cymru<br>Head of Brand Performance, Welsh Government   |
| Andrew Gwatkin  | Dirprwy Gyfarwyddwr Buddsoddiad a Masnach<br>Ryngwladol, Llywodraeth Cymru<br>Deputy Director, International Trade and<br>Investment, Welsh Government                 |
| Ken Skates<br><a href="#">Bywgraffiad</a>   <a href="#">Biography</a>         | Aelod Cynulliad, Llafur (Ysgrifennydd y Cabinet dros<br>yr Economi a'r Seilwaith)<br>Assembly Member, Labour (The Cabinet Secretary<br>for Economy and Infrastructure) |

Jason Thomas                      Cyfarwyddwr Diwylliant, Chwaraeon a Thwristiaeth,  
Llywodraeth Cymru  
Director, Culture, Sport and Tourism, Welsh  
Government

**Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol**  
**National Assembly for Wales officials in attendance**

Robert Lloyd-Williams      Dirprwy Clerc  
Deputy Clerk

Gareth Price                      Clerc  
Clerk

Ben Stokes                        Y Gwasanaeth Ymchwil  
Research Service

*Dechreuodd y cyfarfod am 12:30.*  
*The meeting began at 12:30.*

**Cyflwyniad, Ymddiheuriadau, Dirprwyon a Datgan Buddiannau**  
**Introductions, Apologies, Substitutions and Declarations of Interest**

[1]    **Russell George:** Croeso i'r **Russell George:** Welcome to the  
Pwyllgor Economi, Seilwaith a Sgiliau.      Economy, Infrastructure and Skills  
Committee.

[2]    I'd like to welcome Members to the committee this morning. I move to  
item 1. We have two apologies, from Adam Price and Hannah Blythyn, and we  
have a substitute today, Huw Irranca-Davies. I'd like to welcome Huw to our  
meeting, albeit for a short term, but you're very welcome to join us today in  
committee.

**Ysgrifennydd y Cabinet dros yr Economi a'r Seilwaith—Gwerthu Cymru**  
**i'r Byd**  
**The Cabinet Secretary for Economy and Infrastructure—Selling Wales**  
**to the World**

[3]    **Russell George:** I'd like to welcome our witnesses this afternoon, and  
the Cabinet Secretary Ken Skates. I wonder if you could introduce your

officials for the record.

[4] **The Cabinet Secretary for Economy and Infrastructure (Ken Skates):** Thanks, Chair. It's a pleasure to be with you again. I have Andrew Gwatkin, who takes care of international trade affairs, I have Jason Thomas, culture and tourism, and also Claire Chappell, who looks after marketing and public relations.

[5] **Russell George:** Lovely. Well, I'll start with the first set of questions. In 'Prosperity for All', you say that we need to deliver a step change. What does that mean?

[6] **Ken Skates:** A step change in terms of how we promote Wales, how we market Wales abroad, how we integrate—crucially, how we integrate right across Government, and, indeed with stakeholders, activities that promote the country, promote our exporters, promote the country as a strong destination for foreign direct investment. I do think, Chair, we're in a really, really strong place right now, right across the portfolio in terms of international operations and, indeed, in terms of tourism within the UK, attracting visitors. You'll be aware that the figures are at a record high in terms of the spend in Wales, in terms of visitors to Wales. In terms of foreign direct investment, last year was the third highest year on record, and, crucially, it had the widest spread of FDI donor countries, including, for the first time, many countries that have invested here without any previous investment, such as Malta and Russia.

[7] In terms of tourism and promoting Wales, I do think there's a huge amount of excitement about what's happening in Wales now, and a great amount of attention to the way that we've gone about promoting Wales, with the thematic years. Now, I reflect on the fact that, back in 1985, around the world, billboards were going up that said,

[8] 'If adventure has a name, it must be Indiana Jones'.

[9] I think we can genuinely say now, 'If adventure has a home, it's Wales.' We are now the centre of adventure tourism in Europe, and that is as a consequence of having a very strong, concerted effort and one vision to promote Wales on the back of what is genuinely its greatest strength, which is the great outdoors and its heritage and culture.

[10] **Russell George:** So, you say you're in a strong position now, but a step

change implies a change, it implies something different.

[11] **Ken Skates:** Indeed, yes, because we don't want to rest on our laurels. We want to improve our performance still further. In terms of integration, I think it's important that we draw together stakeholders and other operations across Government even closer, behind shared objectives, and that we identify new territories as well that we can take advantage of in terms of export opportunities, and that we look at territories where we can attract the greatest degree of foreign direct investment. I think there are opportunities around working more closely with the Department for International Trade's UK operations abroad. There are also opportunities in terms of education, and some of the other Government activities, to align what's happening right across Government with the brand of Wales.

[12] The awards that we have now received in terms of the branding work speak volumes. Just this week, Visit Wales, down at the British Design Museum, was shortlisted for an award. Regularly, we're being recognised for the strong brand work that's being carried out, and, in many respects, we're seen as the benchmark now. Scotland have been asking us how we've managed to pull off such a compelling vision.

[13] In terms of, though, the step change, as well, I'd just like to ask Andrew to talk about some of the international opportunities and international work—

[14] **Russell George:** Can I just move on—because we might come back to that, with some of the other questions—if that's all right? You suggested bringing forward three national priority sectors, and those will be identified in the forthcoming economic action plan. How will those sectors—? The exporters, investors and tourism businesses, how will their support change if you're bringing forward three priority sectors?

[15] **Ken Skates:** Well, we'll identify it in detail in the action plan. But I think it's safe to say at this stage that one of the drivers for increased productivity is exports. So, clearly, I've talked about a new economic contract between businesses and Government. I'd like to see businesses examine the potential to export more, and that could be potentially part of the contract. In terms of some of the regional working on tourism, I recognise that the regions have a hugely beneficial position in promoting their own distinctiveness. And that's been particularly successful in north Wales where we've had Lonely Planet recognise the region as one of the greatest places to visit this year. I also

recognise, though, that the footprints of the regional tourism fora don't perfectly match the economic footprints because, of course, we have mid Wales as well. I think mid Wales is in a unique position in terms of tourism and promotion. I wouldn't want to get rid of the regional fora there; instead, I'd wish to maintain the four in order for the regions to go on promoting what they have that's unique and compelling.

[16] In terms of some of the sectoral support, I want to move to a position where we are examining the industries of the future as a means of futureproofing the economy. That will mean looking at how we can exploit opportunities internationally in terms of exports based on what our key unique strengths are today, and where we're going to be transitioning to over the coming years.

[17] **Russell George:** Can I just ask—? There might be some sectors that, if they're not identified as a priority, will be asking, 'What is support going to look like for us?'

[18] **Ken Skates:** In terms of export opportunities, there are nine priority sectors right now, but we wouldn't confine export support just to businesses within those nine priority sectors. The way that we support businesses right now is multifaceted. We support in terms of financial resource to help go to trade fairs and on trade missions. We help through Business Wales with the advice; that would continue. But what we are determined to do is to make sure that through a sharper focus—. Bearing in mind that we're going to have less resource to utilise for all manner of services, we want to have a sharper focus on what sectors—indeed, if they are clearly defined sectors—are going to provide economic growth in the future. So, the plan—I can't divulge exactly how we're going to do it today, because it's going to be published this autumn—the action plan will address the need to improve exports, to further focus in on the industries of the future, and to make sure that we get alignment across Government and, indeed, across stakeholders in terms of promoting Wales for certain sectors and for certain employment opportunities.

[19] **Russell George:** The British Council in their evidence to us has suggested that Wales needs an integrated international strategy, so bringing together the business, tourism, inward investment, educational and cultural sectors together. Do you agree with that?

[20] **Ken Skates:** I think that's happening; it's happening already. Andrew,

if you want to outline how we are integrating at the moment, I think it might be helpful in just actually demonstrating how we really are taking this seriously.

[21] **Mr Gwatkin:** Thank you, Cabinet Secretary. Yes, that's absolutely something that we're working on already. We are working with 'Prosperity for All' as our base, with the economy plan also to inform us, and we are integrating our international approach, whether it be through use of our overseas offices, our sector teams here within Wales and also key stakeholders, and that's work that we have over the coming months, in particular looking at the context of Brexit and what that will mean for us within Wales.

[22] **Russell George:** Thank you. In that case, I'll move to the next set of questions and to Jeremy Miles.

[23] **Jeremy Miles:** Thank you. I'd like to talk about inward investment and, in particular, you will have seen the points that the Federation of Small Businesses have made in relation to the use of jobs as a metric for measuring inward investment. That relates to two aspects: safeguarded jobs and new jobs. Can I ask you firstly about safeguarded jobs? How does the Government decide whether jobs need safeguarding and, if so, whether they have been safeguarded by the intervention that the Government has made? What's the approach to that generally?

[24] **Ken Skates:** In terms of prioritising safeguarded jobs over creation of new jobs, or—?

[25] **Jeremy Miles:** Well, obviously, the metrics for success here are both categories of job, if you like, so I'm just trying to understand a little bit more about how one measures whether jobs have been safeguarded by the intervention, really.

[26] **Ken Skates:** Sorry—yes. In terms of the actual monitoring of companies that we offer support to on the basis of creating or safeguarding jobs, as part of the support criteria, they have to demonstrate that they've made good on the promise of creating or safeguarding jobs, and that has to be verified by independent auditors, which in turn has to be paid for by those companies.

[27] **Jeremy Miles:** Right. So, there's an assessment, is there, that jobs are

at risk because they're presumably thinking of moving overseas or—?

[28] **Ken Skates:** Yes, sorry, there are also various assessments, depending on the type of support that's being pursued and the type of investment that could be made. But in terms of jobs that are safeguarded, it could be because there is threat of mobility in terms of investment; it could be because of the risk of investments going elsewhere. In terms of safeguarding jobs because the company is at risk, you'll know from what we've done with Tata that there is strict criteria that's applied to the awarding of grant funding that concerns a number of jobs over a period of years. So, we monitor and we also enforce.

[29] **Jeremy Miles:** So, you are able to enforce that effectively, are you?

[30] **Ken Skates:** If grants are drawn down or if support is drawn down and then the criteria are not met, we can recoup that. For example, recently, there was the announcement by Newsquest concerning jobs, and we said immediately, 'Any money that we've given you on the basis of securing jobs for five years, if you've not met the criteria, we will claw that back'. And, indeed, we were able to secure some of that back. So, we do monitor it and we do enforce it whenever and wherever possible.

[31] **Jeremy Miles:** Okay. And in terms of new jobs, the FSB's analysis has been that the policy doesn't take account of jobs essentially lost by investors making those decisions to go elsewhere—so, I guess, circumstances where the Government just hasn't been able to safeguard, for all sorts of reasons that may be beyond the Government's control. What would you say about that, about the kind of—? I suppose I might call it churn, in a way; those jobs lost in the process of it, and how the Government takes the whole picture into account. How would you respond to that?

[32] **Ken Skates:** Well, any economy would benefit from churn, anyway. It sounds counterintuitive to say this, but we need businesses to die as well as businesses to grow. It's a sign of a healthy economy to have a good degree of churn. There is an optimum point and we're not yet there. In terms of the FSB's concern over the jobs that are lost, I'm not exactly certain of what the contentious point is with this, because I struggle to see how Welsh Government support for companies that wish to see jobs safeguarded could lead to jobs elsewhere being lost. Certainly, I've not seen any demonstrable evidence of this.

[33] **Jeremy Miles:** No causal link, essentially.

[34] **Ken Skates:** Not that I'm aware of.

[35] **Jeremy Miles:** No, sure, okay.

[36] **Ken Skates:** But if there is any academic—if there is any empirical evidence concerning this, then I'd very much welcome it.

[37] **Jeremy Miles:** Okay. The other point I wanted to raise with you is: when we were in Brussels a couple of weeks ago, we talked to UK Trade and Investment and the Canadian trade delegations. They were talking about a change in their approach to seeking inward investment, which was—. And again, this has echoes in the FSB's report. They were piloting this, I suppose; they were saying they would target particular sectors in particular territories where there was a fit between existing Welsh supply chains and the nature of the sector they were targeting. I just wanted your observations as to whether that is something Welsh Government's already doing or whether you think there's scope for doing it.

[38] **Ken Skates:** We do do that to a great degree. If you like, I can offer a couple of examples, perhaps. Let's take Carpeo, which opened today—350 jobs are going to be created based on our existing strength in that particular sector. CAF, as well—Wales will be building trains for the first time as a consequence of us pursuing an advanced manufacturing operator that was looking to invest outside of its own country. We pursued that particular opportunity because we knew that there were existing skills that were available in the Newport area and that the presence of CAF in that particular area would enhance the regional reputation as a centre of excellence for advanced manufacturing, particularly in terms of automotive and transport manufacturing.

[39] We already do exactly what it appears Canada and others are looking at doing. For the future, we've looked at where our strengths are in terms of exports and in terms of territories where we could attract inward investment. Not all territories share the same characteristics in terms of what they're looking to do with their investment. So, you have to be very intelligent in the way that you go about seeking and drawing in investment.

12:45

[40] We are developing an approach that will ensure that we continue to grow the sectors and the sector specialisms—sub-sectoral specialisms—that have already contributed significantly to economic growth and to job creation. But we also want to make sure that we are identifying the right territories for the right exports as well. So, for example, food and drink—. If I give an example, food and drink has seen a huge increase in terms of exports—almost 100 per cent in recent years. That’s as a consequence of being able to identify the territories where there are big opportunities. So, we’re doing it in both directions.

[41] **Jeremy Miles:** Okay. All right. Thank you very much.

[42] **Russell George:** Mark Isherwood, you have a question on this subject.

[43] **Mark Isherwood:** If I may, could I ask two very short questions? Firstly, on the jobs aspect, what the FSB actually said, quote, is:

[44] ‘The impact of inward investment on job numbers in Wales over the past 15 years has at best been static’.

[45] They link that to investors relocating in search of Government financial support elsewhere, as opposed to businesses dying.

[46] **Ken Skates:** Yes. I think that’s probably a valid point given that the work that the WDA did at times was excellent, but, for much of the period that the WDA existed, there was an approach that saw ‘here–today–gone–tomorrow’ jobs attracted to Wales. So, that churn that Jeremy spoke of, I think, in part, can be attributed to businesses seeking Government support elsewhere.

[47] **Mark Isherwood:** Well, they referred to the last 15 years. Could we perhaps go back to the FSB and see—? Because you asked for more empirical evidence; if there was more empirical evidence, we could better understand the picture they were painting.

[48] **Ken Skates:** Yes.

[49] **Mark Isherwood:** My second and final question: in your paper, you refer to levels of investment reaching record highs in recent years. We know that, I think in 2016–17, Department of International Trade figures show 85 new projects coming into Wales. I believe it was 103 the year before.

[50] **Ken Skates:** Yes—97 the year before and 101 the year before that. It's increased from around 63 to 67 just five years ago. So, the increase is quite considerable. There's also been an increase in the number of jobs created or safeguarded from just over 7,000 to more than 11,000. So, the increase is quite significant. I know that there are some who would like to see us recreate the WDA. My first question would be: why? Why do we want to create something, an arm's-length body, when our operations are currently proving to be so successful? The answer most often offered back is that creating an arm's-length body would enable you to sack the chief executive. That's not the best job advert—that's not the best reason to set up an arm's-length body and it's not the best motivation for people to do the best they can either, the threat of being sacked.

[51] **Mark Isherwood:** My question hadn't got—. It wasn't about the arm's-length body; I think that might come later. It's more related to the fact that it is over recent years and DIT figures showing or stating that they've had a role in the majority of those. We also received evidence from a number of witnesses stating that Wales needs to be taking advantage of the UK Great brand, as a portal, alongside its own brand, to capitalise on that growth alongside the DIT. How are you pursuing that?

[52] **Ken Skates:** Okay. Well, DIT certainly need to offer more leads to us—the leads that come to them need to be passed on to us—but we do work with DIT where and when we can. In terms of the Great campaign, I think I'll ask Claire to just give an overview of how we've developed a relationship with VisitBritain to take best advantage of the Great campaign, but I do think that that's given us a great opportunity and it's in no small part because we have a secondee within VisitBritain, and VisitBritain have now aligned the Great campaign—the Welsh part of it—with our thematic years. So, it's actually already being done, what you outline should be done.

[53] I do think that, in terms of DIT's operations, we need to, particularly with regard to their White Paper, see more detail on what they wish for the devolved administrations to be part of in terms of negotiating future trade agreements. I also think that we need DIT to be engaging with us on trade missions and we need to have a better understanding of how DIT operations and trade missions can complement what we're doing. Claire, if you would just give an overview of Great—.

[54] **Ms Chappell:** I would just say that as Great takes a very holistic

approach to promoting the UK and Great Britain in the world, the Wales brand, and having all of these different areas of Government in terms of promoting Wales to the world in one place, has enabled us to take a very integrated approach and a cost-effective and a streamlined approach to taking Wales to the world. So, we are building Wales's nation reputation through the Wales brand and, in effect, that enables us to work very closely with the Great team in terms of how they promote Great Britain to the world, and Wales as part of that.

[55] **Russell George:** What is Wales's brand?

[56] **Ken Skates:** I think we've developed a brand with a compelling vision of Wales as a confident nation, a nimble nation, a creative nation, and this is something that's been noticed by other agencies in other countries. We now have a very strong symbol as well, a logo of Welsh strength—the dragon, which, again, reflects some of the other branding that has been developed in recent years, aligning perfectly, for example, with the Welsh Government brand, with our national flag. As a consequence, we have the same themes running through all of our marketing now, and the same approach being taken to all of our marketing, and that's something that few other countries have been able to achieve. We've had contact from a number of agencies in recent times asking for best practice to be shared by us, and I think that recognises the immense work that's taken place, and the strong vision that was developed some years ago, which is now being rolled out.

[57] **Russell George:** Well what about—? I was going to say, what about branding in terms of—? You're talking about other agencies, and perhaps—. But, from a public perspective, from those around the world, the everyday person on the street, what do they see Wales as?

[58] **Ken Skates:** As that new, confident, dynamic country. That creative country. That country—

[59] **Russell George:** And you feel confident that is the image around the world.

[60] **Ms Chappell:** The Wales brand is about three things: it's about projecting a very confident approach to promoting Wales to the world, challenging perceptions, outdated perceptions, of who we are, reinforcing positive perceptions of the reality of Wales today and all those stories that we need to celebrate. So, it's about a very clear, compelling and straightforward

narrative that we continually repeat. That's actually one of the strengths of the Great brand that we've taken with the Wales brand. It's about agreeing a compelling common narrative. It's built on two things: about showing Wales to the world, but it's equally important that the brand inspires the people of Wales to get behind it.

[61] So, the brand is as much about getting the people of Wales and the stakeholders and our industry partners to get behind this idea of who Wales is and what we stand for. It's equally about the visual identity. That's what people tend to think of with branding, and, indeed, we are in the London Design Museum at the moment, being heralded as one of the most beautiful and creative brands that's been developed of recent years. One of the legacies of the brand, really, is going to be about experiences that we develop here in Wales that really show Wales's confidence, so new projects, new products, new initiatives that actually really elevate Wales's status in the world.

[62] **Russell George:** I'd love to carry on talking about branding; it's a really interesting subject, but we've got so many other subjects to talk about as well.

[63] **Ken Skates:** It is really interesting. No, it is intriguing, and we're working together with other strong brands as well to ensure that we're all enhancing one another's offer, and the impact that we have. It wasn't long ago that, for Wales, you had to see England, but now Wales has a really distinctive, strong, deep brand.

[64] **Ms Chappell:** I would just reinforce that in that, on an inward investment side, what's proving successful at the moment is using the Wales brand to attract businesses that have invested and located to Wales. They're proud of the Wales brand; they want to be part of it.

[65] **Ken Skates:** So, Aston Martin, for example.

[66] **Ms Chappell:** Aston Martin—

[67] **Russell George:** Have you done research around the world? What research have you done around the world that tells you how strong your branding is?

[68] **Mr Thomas:** Can I come in on—? There are a couple of things. We've

had fantastic feedback from the sector within Wales in terms of how the brand's going down out there. I think it's been transformational, actually. We're out on the road all the time working with stakeholders, from big hoteliers to small operators, and saying, 'Actually, the things that you're doing now are transformative.' I think the litmus test for us is, if you look at the numbers, the numbers are showing that there are more people coming into Wales now, and you have to attribute some of that success to the way that we've repositioned ourselves. Visitors are coming to Wales now and saying, 'We love your identity.' They've bought into it, and I think the numbers are speaking for themselves, but, really importantly for me, feedback from all those out there in our sector is saying, 'Actually, we're doing the right thing here.' Our 'years of' campaigns are really galvanising people.

[69] **Ms Chappell:** And research is showing that it's working. Research has shown—

[70] **Russell George:** I've got another 10 questions, but I'll have to wait and ask them again.

[71] **Ken Skates:** All of the evidence can be captured in those visitor figures, the spend, the exposure, the advertising equivalence of some of the activities that we undertake, some of the events that we support—

[72] **Russell George:** You're teasing me now. I've got all these questions I've got coming up, but we're running out of time, so I've got to move on to the next subject area. Huw Irranca-Davies.

[73] **Huw Irranca-Davies:** Thank you very much, Chair. I'll just say, it would be interesting if there are any international indicators that look at brand awareness of nations and their presence both in terms of exports and inward investment. I don't know if it exists, but I'll just put that out there because that would be helpful, I think, to the committee.

[74] Can I just flip this on its head? I want to look, actually, now at levels of trade support, what we're doing with trade support, and what we're doing for the Welsh export community. What are your thoughts, first of all, Cabinet Secretary, on the adequacy of levels of support for our export community in Wales?

[75] **Ken Skates:** At the moment, we have healthy support in terms of

financial support and also in terms of human resources. There are eight dedicated staff supporting export opportunities within Welsh Government. They're supported in turn by account managers within the sector teams, and by Business Wales. Business Wales offers bespoke one-to-one advice on export opportunities, but also there is a particular portal dedicated to exports on the Business Wales website. So, the support is there, available, and is being utilised very well indeed.

[76] In terms of financial resource within the budget, there's about £1.7 million available for export support, but that's used to lever in about £1 million of European funding through Business Wales. So, I guess the question moving forward is going to be, 'What happens when that £1 million no longer exists?' My view is that we have to make sure that that funding is made good by the UK Government. But, given that we've stated that we intend to see our international operations expand and our operations within offices extended to other territories, new cities, it is entirely reasonable to expect the financial resource attached to this to have to increase.

[77] **Huw Irranca-Davies:** Are you anticipating that the demand for support will increase in the future, not least because of the external factors we're all aware of?

[78] **Ken Skates:** We're aiming for that to happen. Well, we're aiming for more—

[79] **Huw Irranca-Davies:** You're anticipating that need will be there for additional support.

[80] **Ken Skates:** Certainly we are aiming for more companies to export more goods and services. That is one of our priorities.

[81] **Huw Irranca-Davies:** So, the direct read-across is—?

[82] **Ken Skates:** The direct read-across would normally be that you would then expect more companies to be demanding more financial support to help go on trade missions and fairs. I think it's fair to say that our contribution has been generous to date. Of course, we're going to be operating in the future within a tighter envelope, so we're going to need to examine how best we can share the resource that's going to be available. But I think you're entirely right, if we're going to have more companies demanding more support, or requesting more support, then we will have to visit future

budgets to ensure that adequate support, financial support, is given.

[83] **Huw Irranca-Davies:** You must do some sort of feedback loop with the export community. What's the feeling that they have at the moment about the support they currently have? Not just the funding available, but the wide support you're talking about. How are they feeling about it? How does it compare to two or three years ago, four years, five years ago?

[84] **Ken Skates:** I'll ask Andrew to answer this.

[85] **Mr Gwatkin:** Thank you. We regularly run workshops and one-to-one meetings with exporters. The Cabinet Secretary has been very much a part of that, an integral part of those workshops, and we are getting feedback that there is an increased desire to look elsewhere. There is an increased desire for support in terms of export, and that's not just the obvious manifestation of a trade mission on going to a market, that's actually the research beforehand, the support to a business to see if it's export ready, to help it through the whole process from inspiring it to export right through to actually winning business overseas, which is not easy and it's something that businesses do need support on.

[86] **Ken Skates:** One thing I was keen to do when I got this role was to draw together some of the other international activities to add value to the work of exporting businesses. So, we brought together a lot of the cultural activities undertaken abroad with the trade missions and the fairs. For example, the Welsh National Opera were present in the middle east recently when there was a trade mission there. It adds huge value. I went out with a trade mission and a cultural mission to China earlier this year. The added value of having a cultural presence is immeasurable; it's incredible. Also, I think Andrew's absolutely right, the feedback that we've had has been very heartening. The fact that roadshow slots are taken so quickly once they're made available, I think, demonstrates that there is an awareness of the support that we are offering and there is a determination to be part of it.

[87] **Huw Irranca-Davies:** I want to turn briefly to the outcomes and how we measure the success of all of this. But can I just ask you: in anticipating that there is going to be an increase in demand from the export community to go to new places, to do more, and you want to grow the base of exporters as well, what are the ways in which the Welsh Government and its agencies are thinking differently about maximising the bang for the buck in the investment you put in here. Are you doing things—? You mentioned

engaging with cultural things. What are you doing, for example, in terms of using businesses who have been part of trade missions to actually mentor others?

13:00

[88] **Ken Skates:** Exactly. Ambassadors, if you like. Yes, that's something—. Actually, it's a really—.

[89] **Huw Irranca-Davies:** And I'd like to know what you are doing differently from other parts of the UK and elsewhere.

[90] **Ken Skates:** Okay. It's really, really relevant, this. The Chair actually represents a constituency where we have one of the best ambassadors for exports—Zip-Clip. It's an incredible company, which has been present on our trade missions. It's also very proactive in spreading the word about benefits of exports and working to develop an ambassadorial scheme for exporters to spread the word, spread best practice and encourage other businesses, particularly in the SME sectors, to do more—to export more and to take advantage of the support that we have.

[91] We are also working closely, as we look to future operations and future presence in new territories, on how we can co-locate with some of the UK Government operations. From the personal experience of having visited Japan, I do believe that our presence within the embassy in Tokyo gives us added value as well. Andrew, is there more that you'd like to add to this?

[92] **Mr Gwatkin:** Yes. We are also thinking about new markets as well. So, we are very much keeping in with the traditional markets of North America and Europe, but also, responding to customer demand, we have run a trade mission to Iran this year, and we will be visiting South Korea. So, we are looking at the new opportunities as well as the existing, and that is very much listening to exporters, listening to the needs that they have and how we can support them.

[93] **Ken Skates:** There's also a role here for other Government departments, principally education, where we are drawing together Welsh Government with higher education institutions, and businesses, of course, in order to identify opportunities abroad not just to exploit export opportunities, but also to look at how we sell Wales as an attractive place to invest to new territories, and for students to come and study there. So, for

example, the Cabinet Secretary for Education may be travelling out in November to Vietnam, which is a new territory that we will be visiting.

[94] **Huw Irranca-Davies:** Okay, thank you. I'm just interested in your take as to whether you do this creative use of resources, piggy-backing on other things, where necessary, including UKTI and so on. Also, do you think you do it better than, or just as good as, other parts of the UK? We are a small country. I don't want you to do down other parts of the UK, but are you ahead of the game here, or what?

[95] **Ken Skates:** I think, to a great extent, yes, in terms of offering a very distinctive brand, but also utilising, where we can, UK plc. What struck me this year is that there's been enormous reputational damage caused to the UK as a consequence of the referendum result, where there is an impression of the UK as retreating from the international community. It's an unfair belief, but, nonetheless, it exists in many parts of the world. In some countries, that's a particular problem, and it's a particular challenge for Britain. In Germany, it's a particular problem, and in parts of the far east as well.

[96] What we've been able to do by developing our own distinctive strong brand is insulate ourselves to some extent—not completely; by no means completely. But we have been able to insulate ourselves from some of that reputational damage. So, as a consequence of that, I think we are better placed than other parts of the UK.

[97] **Huw Irranca-Davies:** Interesting. I'm going to pause there because I know the Chair is going to pull me up.

[98] **Russell George:** No, no, no.

[99] **Huw Irranca-Davies:** There's a couple of other things that I want to touch on, but thank you. That was helpful. Nobody likes being ignored or rejected, including committees. The fourth committee here recommended back in 2014 that you should publish, in the context of the discussion that we have just had, a range of annual key performance measures so that we can actually measure how you are doing. They suggested a range of things. It could be on the number of trade missions, the number of delegates, the value of outcomes, the opportunities that come from it, and the costs, et cetera. Do you reject that?

[100] **Ken Skates:** It's very difficult to tie the outcomes of all of our support to specific interventions. Or, rather, it's difficult to assess whether an increase in exports from a company can be attributed to their presence on a—

[101] **Huw Irranca-Davies:** You're letting us down easy here, Cabinet Secretary. Okay, if you don't want to be measured on key performance indicators, how do you want this committee and the Assembly to measure your success?

[102] **Ken Skates:** Okay, so, if I just identify what we do tally: it's the overall export that's generated from companies that we support. So, for example, £70 million—I think that's correct—last year. So, actually, we are gathering that intelligence, that information, but what we can't do is disaggregate the overall level of export increase from the trade mission activity, the peer support, the business advice and other forms of support that take place here and, indeed, abroad. So, there is that headline figure that we can capture, but it would be very difficult and I think it would require an unfair undertaking on the part of businesses themselves to try to capture the data that I think the previous committee was searching for. Is that fair?

[103] **Mr Gwatkin:** May I suggest also, within the £70 million, we absolutely do track? That is a business win that's actually identified by the business, not by us. The businesses confirm that to us, and it's exactly the point the Cabinet Secretary makes: it's the timing, the lag, that's often difficult to manage. We help a business, we have an intervention and, over the coming months—six, 12, 18 months—a business will continue to grow its order book overseas. So, we absolutely do track and have that, and in terms of the spend that the Cabinet Secretary has already mentioned, in terms of our export support, we really genuinely feel that is good value for money. Seventy million pounds compared to what we're spending.

[104] **Ken Skates:** I don't know whether we could offer another note, if you're really interested in this, but in terms of, for example, the support that we offer companies who want to attend trade fairs, we will ask for the anticipated benefits of their activities and calculate the return on investment. That can be really considerable. We will then follow it up or chase it up, so we can tally all of those figures. It's really difficult to be able to disaggregate the support that we give as a whole and the outcomes that can be attributed to each element of that support.

[105] **Mr Thomas:** Can I come in as well, Cabinet Secretary? Just in terms of being a business-friendly Government sometimes, sometimes you can overburden companies with key performance indicators. I'd say, almost, the proof of the pudding is in asking the businesses—those who come and they want to go on repeat missions because they're having success. They are seeing it on the bottom line. If they didn't want to come back, then they wouldn't have been successful, and you can see, by the growing number of missions, by the growing number of companies that want to go on them, that they see tangible benefits. So, it's almost that their bottom line is the ultimate KPI, in many ways.

[106] **Ken Skates:** Seventy million pounds from £2.7 million, there or thereabouts, is a pretty good return.

[107] **Russell George:** Can I just ask for a very brief answer to this question? Is it easy for a small business to know about trade missions and to be able to take part in a trade mission?

[108] **Ken Skates:** I think it is, and that—

[109] **Russell George:** Okay, that's all I need. That's fine. You think it is, that's fine. That's what I want to know. Vikki Howells.

[110] **Vikki Howells:** Thank you, Chair. I'd like to ask some questions around the development of overseas tourism. We know that, currently, overseas tourists account for around 20 per cent of visits to Wales, but their spend is more than double the spend of domestic tourists. So, there's clearly huge potential for us to tap into this as a growth market. Now, we've taken some quite contradictory evidence around the relationship between Visit Wales and VisitBritain, which is obviously one of the portals through which overseas tourists can find out information about Wales. What's your assessment of the current working relationship between Visit Wales and VisitBritain?

[111] **Russell George:** Before you answer, can I just say that we are pushed for time? So, although I appreciate the detailed answers, you've got to be quite specific in the answers and, if you don't mind, if you're happy for Members to interrupt if they don't feel that you're quite hitting the point—

[112] **Ken Skates:** Very happy for that, Chair. Sorry if I take too long in answering.

[113] **Russell George:** No, no apology needed for that, but thank you.

[114] **Ken Skates:** In brief, the relationship has improved, and it's certainly improved as a consequence of the memorandum of understanding, which identifies the respective roles and the people who are going to be carrying out certain duties. I think that's helped. One of the historic problems that we've had is that, in order to meet the target set for VisitBritain, the easiest thing for VisitBritain to do is to get more tourists into London. We've been consistently calling for targets to be set for each of the nations and the regions of England as well. But the relationship has improved, and I think it's improved as a consequence, in part, of the MOU, and also because of the secondee that we have there, and because of the Great campaign now reflecting the thematic years.

[115] **Vikki Howells:** I was interested that there are two different websites for VisitBritain. VisitBritain.com seems to have far more content regarding Wales, however if you look at VisitBritain.org, the only other logo that's on there is currently Visit England, and I would sincerely hope that that is not symbolic of wider problems in the working relationship, but it certainly doesn't bode well when that's the first thing you see when you log on.

[116] **Ken Skates:** The Member is absolutely right. Vikki highlights one of the concerns that I have, which is that since the merger of VisitBritain and Visit England, which, to be quite honest, is not that well known—not Visit England; the merger itself—it has left us with a bit of a problem in terms of how we are seen as equal partners in VisitBritain. That is certainly a challenge. We've got a ministerial meeting of the devolved nations next week in Wales, and this is one of the concerns I'll be raising with colleagues from the other devolved nations and with representatives from DCMS.

[117] **Ms Chappell:** I would say that, in terms of what VisitBritain actually delivers for us, the website is part of this, and we're certainly working with them on what they can do to enhance Wales content on the website. But, behind that, there are a number of areas of activity where we're really delivering some good results by maintaining that close working relationship with them that was developed through the memorandum of understanding. An example of that is the joint media relations activity that we do with them and the press visits. In 2015–16, for example, we jointly generated £120 million-worth of advertising value equivalent from our joint media relations activity. We are increasingly establishing commercial marketing partnerships with VisitBritain, so we're leveraging their influence and their contacts with

big commercial partners like Expedia, like Warner Brothers on the King Arthur film, to actually generate much more share of voice for Wales through those commercial partnerships. We also work really closely with them around key opportunities presented by Wales, like the Champions League final, and working with them on an Expedia campaign. So, there's a lot going on that we're doing with VisitBritain that's beyond the website and the content that they show through the Great campaign and through the VisitBritain website is what I'm saying.

[118] **Mr Thomas:** I'd also say really quickly as well, because our brand is so compelling now, I think VisitBritain themselves want to be a part of that. They want to partner with us because they see what we've done. We're also doing things with them now that we haven't done in the past. VisitBritain's got a portal, so if you're an overseas tourist looking to come to Wales, they've got a shop—a VisitBritain shop. We've actually got products that we actually market through there as well. You can buy an explorer pass to visit Cadw sites through there now, which we didn't used to do.

[119] **Russell George:** So, VisitBritain wants to learn from Visit Wales?

[120] **Ken Skates:** By their own admission, I think they would wish to learn more about how we've developed the brand and the success of the brand as well.

[121] **Ms Chappell:** I was with the different nations at a VisitBritain meeting just earlier this week, and they looked to the Wales brand as excellence. They think we're carving a niche for ourselves in certain areas. That's what they want from nations in order to be able to go out and sell them. The themed years have given a real, strong proposition for Wales. VisitBritain research amongst consumers is showing that Wales is a stand-out destination for adventure. That's coming through loud and clear from VisitBritain. They're also showing Wales's strengths through certain products that we're developing, such as the new tourism route we're introducing later this year. It's giving them something very tangible to go out to market and sell about Wales. So, rather than a fuzzy view that, 'Wales is the place to come', they're actually using products and propositions we're developing to go out and sell those internationally for us.

[122] **Ken Skates:** That's a really important point about the product—the role of the product. A lot of people still think that the only way that you can market is by putting out adverts or by creating movies, by having adverts or

leaflets, including it in a newspaper, but it's not. It's about the product that you're developing and how well your product reflects the brand. We've been very keen in recent years to use capital funding to develop world-class products that build on the brand of Wales, and that's paying dividends. I think, again, other countries would look to Wales and some of the products that we've been able to support in recent years and appreciate that the brand is very closely aligned to the likes of Zip World or Surf Snowdonia or the mint's visitor centre. It's about making sure that we squeeze every penny from the pound of our investment to add value to the brand and to make sure that we continue to promote Wales as a place for investment.

[123] **Russell George:** Did you have further questions, Vikki?

[124] **Vikki Howells:** Yes. So, talking about the brand, currently we're in the Year of Legends, and if I can link that to the VisitBritain shop, where you can buy these different passes, it was good to see that we are being represented there, but when we looked at the evidence and we compared Wales to other parts of the UK, it did clearly seem that we were under-represented. I couldn't believe, for example, that, in the Year of Legends, there was no pass for our world heritage site castles in north Wales, for instance. So, I still think there's room for improvement there. What, briefly, would you say to that?

13:15

[125] **Ken Skates:** Absolutely. If you look at the committee report from the predecessor committee to the Welsh language and culture committee, you'll find that, back in the fourth Assembly, we were urging national institutions to come together to market collectively. That then informed our manifesto commitment to create Historic Wales, and it's informed the work of the steering group to bring together the heritage and culture community more closely together for joint ticketing and for joint marketing. And I would wish to see, as a consequence of that work, more opportunities for people to visit the VisitBritain website in the future and to get those joint ticketing arrangements from that particular portal.

[126] **Ms Chappell:** I would just reinforce, though, that the VisitBritain website and the shop is one very small area of work that we do to attract tourism into the UK and into Wales; it's not the main focus of our activity. We are working very closely with businesses in Wales to inform them about the VisitBritain shop, but that is a very, very small part of what we're able to deliver with them in terms of results. I didn't touch on the travel trade: we

work very proactively with VisitBritain on travel—

[127] **Russell George:** If you can just be very brief because we're a bit pushed for time. No—carry on, please, Claire, but just be brief.

[128] **Ms Chappell:** We work very proactively with VisitBritain in terms of the travel trade and that's generating some real tangible results. So, inbound tour operators into 2016 delivered £9 million-worth of spend: an equivalent to 206 jobs to Wales, so we've actually got some real tangible results from some of the activity we're doing with VisitBritain in other areas beyond the website.

[129] **Vikki Howells:** Thank you. One final question as well, if I may: we took some evidence from the Wales Tourism Alliance, which suggested that the current 'year of' approach that we're using works very well with the domestic market but when you're trying to sell Wales abroad it can take maybe five years or more to, sort of, get that brand up and running, and that perhaps the 'year of' approach could be a little bit confusing within that. What would be your response to that?

[130] **Ken Skates:** Codswallop. Absolutely nonsense. We saw, in the new year, 2016, Wales featured in a multitude of publications around the world because of the Year of Adventure—instant hits, more advertising equivalent than we could ever afford ourselves. And it continued: it continued because we'd aligned the major events with the themed year. We've done that this year as well. One of the reasons we went for the Year of Legends was because we knew we were getting the Champions League final, we knew that we were going to be hosting the senior golf open—we knew that, in 2017, Wales would be the destination for legends. And, again, what happened at the start of the year? Well, Lonely Planet declared north Wales to be one of the greatest destinations for the year, and, again, we saw international publications promoting Wales off the back of the excitement about legends. I'd suggest the Wales Tourism Alliance need to take a closer look at how you market in the twenty-first century and actually value the way we've gone about increasing visitors from abroad to Wales.

[131] **Ms Chappell:** And the themes resonate with our audiences—

[132] **Ken Skates:** Absolutely.

[133] **Ms Chappell:** The legends theme, our culture and our heritage is a key

motivation for our German audience, in particular, to come to Wales. The message is relevant internationally about our themed years because it's helping us carve a niche, an area of expertise for us, but there's a lot more that we do to promote much broader messages about Wales in our international market so we don't focus purely on the themed years. The tourism route I mentioned to you, the Wales Way, which we're launching at the end of the year, gives us this strong, international proposition that we can sell about Wales.

[134] **Russell George:** Unfortunately we're going to have to move on because we've got three subject areas. Did you have a very brief question, Mark? It'll have to be very brief.

[135] **Mark Isherwood:** Yes. The Wales Tourism Alliance, I have to emphasise, has great expertise and is speaking from front front-line, direct experience. They told us that VisitScotland, for example, are

[136] 'better resourced, better placed and tourism appears, at least, to be more highly valued in Scotland than in Wales'.

[137] You mentioned the King Arthur film: that was a rehash of the Norman-English legend. In the Year of Legends, we still haven't exploited the origins, the *Cymreig* origins of the Arthurian legends, which could have been such a big pull. How do you respond, particularly, to the WTA's expertise in this area?

[138] **Ken Skates:** Well, I might not be questioning their expertise, but what I will suggest is that they're very, very wrong.

[139] **Mark Isherwood:** Scotland?

[140] **Ken Skates:** Indeed.

[141] **Mark Isherwood:** They're not better resourced?

[142] **Ken Skates:** Okay, Mark, you tell me—simple 'yes' or 'no', whether you're aware of it—whether Scotland's budget for tourism includes capital budget for products.

[143] **Mark Isherwood:** I'm only telling you what people told me.

[144] **Russell George:** I don't think Mark was getting into that.

[145] **Ken Skates:** Well, I can tell you, it's not, no. Ours does, and as a consequence of us being able to offer capital spend as well, we've been able to lever in something in the region of £42 million in recent years to create world-class products that are aligned with our thematic years. In Scotland, would they have had Zip World? They don't have the capital budget to support that sort of product. Would they have had Surf Snowdonia? They don't have that budget to support that sort of project?

[146] **Ms Chappell:** I'd support that. I think Wales needs to be a lot more confident than continually comparing ourselves to Scotland.

[147] **Ken Skates:** Absolutely.

[148] **Ms Chappell:** Wales has a very strong brand. We're very clever and we're very confident about the resources we have and how we're deploying them to maximum effect. It's about being confident about who you are and smarter in your approach. So, I don't see why we always have to compare ourselves to Scotland. There are lots of other nations out there. There are some really valuable comparisons we can make.

[149] **Russell George:** Thank you. Then, can I move—?

[150] **Ken Skates:** Have the WTA also looked at whether running costs in Scotland are attributed in the same way as they are in Wales? The answer is—

[151] **Russell George:** You've given us very clear responses to that view. David Rowlands.

[152] **David J. Rowlands:** I must say it's very encouraging to see the enthusiasm of Claire and the rest of your team—

[153] **Ken Skates:** Thank you, David.

[154] **David J. Rowlands:** —with regard to what they're doing and their true belief in Wales. There's no doubt about that; that comes through. Jeremy mentioned earlier on that we took a trip to Brussels and we met with various officials, particularly concentrating on the smaller nations and what they are doing with their offices overseas. It came over to us that they saw these offices overseas as very, very important promoters of their country and the

brand et cetera, both in commercial terms and with regard to tourism. Could you expand on the suggestion that you said that it's very difficult to quantify—although it's very vital—the impact of overseas offices? This touches again a little bit on what Huw was saying, that, if you can't actually quantify that, surely there's something missing there.

[155] **Ken Skates:** Yes, it is difficult. However, we are introducing metrics. Andrew can perhaps talk through how they're going to be developed.

[156] **Mr Gwatkin:** The overseas offices have always been an integral part of our international delivery, working as a team. That includes the sector teams here, the overseas offices, tourism et cetera. For the future, moving forward with the offices, we've put together business plans so that we know exactly what subsectors we're interested in, whether it be talking about foreign direct investment, what opportunities there are in terms of exporters and also the interest, whether it be from a tourism or higher education perspective. So, moving forward, we have business plans in place for all of our overseas offices and we will be working towards those in terms of our delivery so that we're very proactive and positive in the way that we're projecting ourselves and the type of activity we're doing overseas.

[157] **David J. Rowlands:** Okay. Following on from that, in 'Prosperity for All' it says the Welsh Government intends to

[158] 'take a strategic approach to the expansion of our international offices, based on an assessment of economic opportunity for Welsh businesses.'

[159] So, could you give us an idea of the likely scale and time frame that might be involved with that?

[160] **Ken Skates:** Sure. It will be during this administration. The First Minister's already given his commitment to creating a new presence in Canada. We're currently scoping out what additional territories and which cities may be most appropriate for a new presence, particularly in the context of Britain leaving the EU. We will be able to share with Members the outcome of our work very soon, and we'll implement the approach to developing a new presence in a phased way.

[161] **Russell George:** Jeremy has a quick question.

[162] **Jeremy Miles:** Just on that, you talked about trade missions, which are a sort of focused, time-limited in-and-out with a very specific purpose, and then, at the other end, you've got longer term presences—staffed, budgeted, business planned and all of that stuff. What I don't see, and I'd be interested in your thoughts on this—is there potential for a sort of pop-up presence, I guess, which is somewhere in the middle, which is short term and specifically focused on a sector or on a particular investment opportunity? Do you see scope for that sort of presence?

[163] **Ken Skates:** Yes, indeed. We do that to some extent now, in part in line with major events that take place abroad. So, for example, at the Euros, we had a presence in Paris, which was based on promoting Wales as a tourist destination, but also in terms of the trade missions that we undertake, because some of them are sectorally specific, we are able then to do exactly as you say. I think the idea of having, if you like, a middle point between very temporary and permanent is something that we're keen to explore. But, of course, it would be subject to the availability of resource. One particular means of meeting the suggestion that you make is the World Expo, which takes place over a lengthier period of time than normal festivals and exhibitions. It's costly to attend, but it's far more costly to organise and to host yourselves. I think in the middle east they're looking at spending, potentially, £12 billion on the next World Expo. That will be beyond our reach. However, there is potential for us to exhibit at events such as that.

[164] There are cultural events as well where we have a presence, for example the Venice Biennale is something that we are keen to get better value from in terms of promoting the business sectors in Wales, and there are others too.

[165] **Jeremy Miles:** Thank you.

[166] **Russell George:** Hefin David.

[167] **Hefin David:** Moving on to the next topic, presumably.

[168] **Russell George:** Yes.

[169] **Hefin David:** Okay. What's the rationale and the perceived costs and benefits of holding something like the Champions League final?

[170] **Ken Skates:** There are the measurable benefits in terms of the return

on investment and then there are the advertising equivalent benefits in terms of PR and exposure around the world. Primarily, it has to be based on economic return; it can't just be because these events are exciting and get people cheering in the streets.

[171] **Hefin David:** What was the economic return? What's the return on investment?

[172] **Ken Skates:** The return on investment for the Champions League or generally?

[173] **Hefin David:** What was the particular benefit?

[174] **Ken Skates:** The spend generated by the Champions League within the region and also the advertising equivalent that was generated, not just during the event, but in the lead up to it. For example, by March of this year, the advertising equivalent globally amounted to hundreds of thousands of pounds for Cardiff and the south Wales region, and for Wales itself.

[175] **Hefin David:** Okay—

[176] **Mr Thomas:** Can I come in on that one, Chair? Last year, we supported 35 different events that helped generate 348,000 visitors to Wales and supported 1,200 jobs. I just come back to—you mentioned the Champions League, if you look at major events of recent times, so you look at Euro 2016 in Bordeaux, when that came to town, the return of investment for the area was in the region of 8:1. We've got a really good study that I've seen on that; it's really robust. An 8:1 return on investment, so anything that is intergenerational, it then will impact on these things.

[177] **Hefin David:** There's a clear return-on-investment outcome that you've established. We took evidence from the European Tourism Association, and they made a case for the localised pattern of tourism demand being disrupted by major international events. They told us that

[178] 'The bigger the event...the bigger disruption there is to the tourism pattern of demand. It would take a normal tourist destination one to two years to recover from an Olympic Games...What you do when you hold a large event is you...tell all your normal customers that you are closed for business. The repercussions of closing yourself for business play out month after month and, in some cases, year after year, until you reestablish some

kind of equilibrium. So, I would be very cautious about holding large events, and if you do, remember to contain them very carefully'

[179] and remember that

[180] 'Bigger event: bigger disruption, bigger problem.'

[181] How would you respond to that? Is there research that counters that view?

[182] **Ken Skates:** Well, that refers, largely, to what we term the mega events, which are very few and far between, principally the Olympic Games, which require huge, huge infrastructure—

[183] **Hefin David:** But they said Euro 2020 and Champions League were in the same bracket.

[184] **Ken Skates:** Okay, well Euro 2020, Champions League can be contained within Cardiff. Cardiff is relatively unique in that it has a contained hosting venue that's in the heart of the city with associated infrastructure very close by. There are very few cities in the world that have transport infrastructure so close to the actual venue that's utilised.

[185] I do think that there are examples, though, in other parts of the world, where mega events have not proven so successful, where the investment in infrastructure has proven to have a zero, or sometimes even a negative return. So, I think in applying any lessons from elsewhere, we need to reflect on the fact that Cardiff, in particular, is a unique destination to host the likes of the Champions League final.

[186] **Ms Chappell:** I would also add that major events bring indirect value to Wales, as well as the direct value of the visitors and the spend during the events. We use them as a hook for marketing activation, to get Wales's reputation out there in the world. They're a great method for us to do that, and they've also formed the basis of our themed years, to some extent, as well. It's no accident that the Volvo Ocean Race will happen during the Year of the Sea, for example.

13:30

[187] **Mr Thomas:** And we assess after every event. The way that we support

them includes a requirement that there's an economic impact assessment on the back of that. We've got such a refined approach to it now. We've got a fantastic team in Visit Wales that leads on major events, and it's really established itself over the years. So, we're really confident that when we go into bidding for these things that we're going in for the right ones that will deliver a legacy for us.

[188] **Hefin David:** Yes, because you mentioned in your submission that Glamorgan County Cricket Club hosted the International Cricket Council Champions Trophy. Do you have a classification for the kind of size and impact of events that you seek to attract? You mentioned mega. Is that an official Welsh Government classification: mega, going down to the localised development growth event?

[189] **Ken Skates:** What we try to do is to have a good balance between cultural and sporting events, have fair geographical spread across Wales and also ensure that we've got a good mix of small, medium, large and mega events. The mega events tend to draw international attention. The smaller events are actually very good in delivering social cohesion and, in particular, all data will show that smaller musical festivals are the most likely form of entertainment and event to attract people from lower socioeconomic groups. So, we've been keen to support events such as FOCUS Wales, which has proven incredibly successful in terms of growth in recent years, but we support right up to the very top in order to get international exposure as well.

[190] **Hefin David:** And what research underpins those decisions?

[191] **Ken Skates:** Variety of—. Well, first of all, there are criteria that we set. So, we don't just base our support on the amount of exposure or the return on investment; we also take into account volunteering opportunities, the ability of an event to draw together people from different socioeconomic groups, and the employment potential as well. In terms of evidence, we are able to examine—because most events have been in existence for some time now that are portable—historic cost-benefits as well. That's certainly what we did with the Champions League Final. It's what we're doing at the moment with the likes of the Giro d'Italia.

[192] **Mr Thomas:** Very briefly, if I may, some of the things that we've done over the years that have been phenomenally successful. So, if you look at the way we've supported some indigenous events in Wales through major event

Welsh Government funding: Cardiff Half Marathon, we seed-funded that, we were involved right in the early days; Green Man; Festival No. 6, we got in there early—

[193] **Hefin David:** You made a list in your submission.

[194] **Mr Thomas:** —and now they're globally recognised, and that's what we look out for all the time.

[195] **Hefin David:** So, is there a place where I could find these criteria for assessing events and the research that you've done?

[196] **Mr Thomas:** We could do a note on that.

[197] **Ken Skates:** Yes.

[198] **Hefin David:** I'd be interested to receive that and have further understanding of how you make these decisions. I think that kind of transparency would be really useful and helpful.

[199] **Ken Skates:** Sure.

[200] **Mr Thomas:** No problem.

[201] **Hefin David:** Thank you.

[202] **Russell George:** Mark, Cabinet Secretary, if I could ask you to skilfully ask questions and replies and keep them as short and brief as possible. Thank you. Mark Isherwood.

[203] **Mark Isherwood:** This is the last question, you'll be pleased to hear. Both this committee and the External Affairs and Additional Legislation Committee on which Jeremy and I sit have met representatives of a number of nations and regions, ranging from Ireland to Flanders, New Zealand to Scotland and others, and they've told us about the detailed modelling they've been undertaking to identify and mitigate the potential impacts of the UK leaving the EU. What equivalent modelling has or is the Welsh Government undertaking to identify the extent to which you'll need to change your approach to selling Wales in terms of trade, investment and tourism?

[204] **Ken Skates:** We've set up the EU exit working group, which sits

beneath the council for economic development. The group has been considering a particular scenario—a ‘no deal’ scenario—recently. We’re going to be considering further scenarios in the weeks and months to come that will then be used to inform as we get a greater degree of clarity about what sort of deal, if we are going to get a deal or if we’re going to get a transition period, what those impacts will be and the likely way that Wales will be able to militate against any adverse impacts. But insofar as tourism is concerned, insofar as business support is concerned for exports, insofar as our approach to foreign direct investment is concerned, we’ve always acted in a nimble way and we’ve adjusted according to market demands, and we’ll do so again in terms of Brexit.

[205] **Ms Chappell:** I would say we’ve got the foundations. They’re there. We’ve got a really strong narrative that Wales is outward-looking, we’re global in our approach; we’re open to working with the world for tourism and trade and investment. That’s there in our brand narrative, so we have good foundations for Brexit.

[206] **Mark Isherwood:** So, you’ve carried out detailed modelling.

[207] **Ken Skates:** In tandem with Cardiff business school, that’s exactly what we’ve been doing recently. I’ve already given my undertaking to publish the first report from the Cardiff business school, which, as I said, identifies the potential impacts of a ‘no deal’. Now, further work is being undertaken, looking at other scenarios, and we’re working with the FSB and other stakeholder groups to identify the challenges and opportunities for businesses of each and every size.

[208] **Russell George:** In that case, I’d like to bring our session to a close. Can I thank you, Cabinet Secretary? We’ve run over a little bit, but can I apologise to you and your officials for sometimes rushing through some of the points today?

[209] **Ken Skates:** Not at all.

[210] **Russell George:** But we’re very grateful for your time with us this afternoon. Thank you.

[211] **Ken Skates:** Thank you.

13:36

**Papurau i'w Nodi**  
**Papers to Note**

[212] **Russell George:** If I move to item 3, and, if Members are happy, we'll note a number of items of correspondence. Yes, we're agreed. That brings us to the end of our meeting today.

*Daeth y cyfarfod i ben am 13:36.*  
*The meeting ended at 13:36.*