

Priorities for an Improved Welsh Economy
Paper to the Council for Economic Renewal

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The Welsh economy faces considerable challenges with the globalization of trade coupled with the economic slowdown triggered by the 2008 financial crisis and subsequent developments.

For the Welsh economy to prosper, providing benefits to all who live in Wales, there has to be a strong focus on increasing the competitiveness and ambition of Welsh business.

The success of Welsh business brings a wide range of benefits to Welsh society, more and better jobs, more spending power and a better quality of life for those who live in Wales.

The Welsh Government has already taken steps to improve the Welsh economy but further actions are needed to ensure that there is a significant improvement in the economic performance of Wales. Business Wales notes the work undertaken by the Micro Business Task and Finish Group and other lines of work currently underway which impact these issues.

We recognize the limited levers of power available to the Welsh Government in this area. However, we believe that in addition to the work streams and actions mentioned above, there needs to be demonstrable dialogue with the UK Government in consultation with business to ensure that all available actions are pursued. In our view it is important that this cross-governmental relationship is productive and responsive.

The actions that should be taken by the Welsh Government are set out below.

Removing Barriers to Economic Growth

Action on Planning – the Welsh Government has recognized the need for the planning system to play a constructive part in economic development and we welcome the intention to introduce a Planning Bill into the National Assembly. It is crucial that in creating the conditions for sustainable development in Wales proper weight is given to the need for sustainable economic development and that this is demonstrated in a Planning Bill that, whilst recognizing the need for adequate environmental and social protection, introduces a positive approach to economic development within the planning system.

Action on Energy - The Welsh Government should consider how their forthcoming Planning Bill could deliver more certainty for investment by energy-intensive industries in projects based in Wales. The Welsh Government must have a much clearer energy strategy than is presently the case with a transparent policy on energy generation, security of supply and energy usage.

Action to Ameliorate the Effect of Eco-regulation – whilst recognizing that the Welsh Government aims to be a leader in battling climate change, the Welsh Government must couple its desire to be a Climate Change champion with a proper regard for ensuring that Welsh businesses are not unduly unhampered by the imposition of additional regulation. Regulation is a last resort not a first response. Where it is considered appropriate for environmental regulation to be more restrictive in Wales than the rest of the United Kingdom, the Welsh Government must work with Welsh businesses to ensure that they are able to compete effectively and obtain benefits from the imposition of additional regulation. The Welsh Government also needs to ensure a more effective dialogue with business to help demonstrate the benefits of sustainable development where these exist.

The Welsh Government should focus more on partnering with industry in tackling climate change through greater energy efficiency measures, future-proofing businesses against climate threats and moving business operations towards carbon neutrality. Only by enabling the market to develop the solutions we need will government and business achieve these goals.

Action on Education - we welcome the recognition that our educational performance has been falling behind our competitors. Competitive businesses require an educated labour force at all levels. We urge the Welsh Government to focus on improving our comparative performance drawing on lessons from elsewhere in the world as to what works best.

Action on Skills - the main responsibility for improving skills rests with business. Businesses are best able to identify their own training requirements; the main focus of the Welsh Government should be the facilitation and support of training provision by business. This includes the skills to ensure that Welsh business is completely focused on satisfying the needs of the customer thereby enhancing the competitiveness of Welsh business in the global economy.

Creating/Enhancing Opportunities for Economic Growth

Action to Attract Substantial Inward Investment – the Welsh economy is stimulated by the attraction of major inward investment projects into Wales. Major projects increase the level of demand in the economy helping smaller businesses to introduce and promote a higher skilled workforce and provide a dynamism that invigorates local economies. Although recognizing that major projects are globally mobile, it is important to continue to develop Wales as a place where major projects can thrive, otherwise there is a danger that Wales is overlooked in the global race for innovation and growth.

In order to leverage these opportunities, there remains a need to further define the Welsh economic offering and brand for the purposes of seeking and stimulating inward investment

Action on Procurement – the Welsh Government has clearly understood the importance of public procurement to Welsh business and Business Wales recognises the work that is presently being undertaken to increase understanding of the public procurement process. The Welsh Government must work harder with

public bodies in Wales to make the public procurement process more accessible to all Welsh businesses, including small and micro businesses.

The Welsh Government should also start a process whereby Welsh businesses are encouraged to seek work from public authorities and other organizations outside Wales, using their experience from within Wales, to stimulate growth and encourage ambition for Welsh businesses.

Action on Empty Property Business Rates – the Welsh Government should establish an independent review group to establish the wider economic impact empty property rates has had on existing commercial, industrial and speculative developments.

Action to Assist with Deposits for First Time House Buyers – the housing market is a key component of a successful economy and the inability of individuals to access the housing market is both an economic and social problem for Wales. The Welsh Government should urgently consider the introduction of a Wales-wide scheme to assist first time house buyers, taking note of the work already being done in this area by some local authorities.

Action to Produce an Infrastructure Plan – the economic impact of a public sector infrastructure plan for Wales can be maximized for Wales if the Welsh Government provides businesses with a pipeline of projects, over many years, that business plans can be shaped around; barriers in the bidding process for infrastructure projects also need to be minimized.

The plan should include as many public bodies as possible. The Welsh Government must explore how the private sector could help fund and deliver important infrastructure improvements and the Government should establish a Task and Finish Group to determine this.

Action on Enterprise Zones - we welcome the Welsh Government's decision to create seven thematic enterprise zones as announced in January 2012. Given the challenging state of the Welsh economy, the Welsh Government must take action to spell out clearly the measures that will be available for each enterprise zone. An action plan should be devised as to how to 'market' these opportunities across Wales and the UK. Due to the proximity of key English and Welsh enterprise zones, the government needs to match or exceed the support available in England.

Action to stimulate town centres – the Welsh Government must step up its efforts to stimulate town centres across Wales. The regeneration of town centres is important to local economies and helps spread economic benefits across Wales. This must be coupled with a clearer regional strategy for Wales that encourages economic growth.

Connecting Wales with the Global Economy

Action to facilitate exports - we welcome the Welsh Government's pledge within the 'Programme of Government' to "work with UK Trade and Investment (UKTI) and

others to promote trade and investment opportunities through targeted trade missions and offices abroad".

This is a good start but a more comprehensive strategy is required. The Welsh Government should publish an 'Exporting Action Plan' which outlines the various measures needed to make companies export-ready, helping them to identify and secure overseas markets. The Welsh Government must ensure that its business support structures are geared to assist a strong export drive and that there are adequate resources in place to provide genuine assistance to businesses that export thereby bringing value into the Welsh economy.

Influencing External Stakeholders

Action on funding capital projects – the Welsh Government should continue to work with Local Authorities to enhance the use of prudential borrowing powers for projects that can stimulate growth whilst pressure should be maintained on the UK Government to allow the Welsh Government borrowing powers for similar purposes.