

Economic development

Introduction

Following the merger in April 2006 of the Welsh Development Agency and Welsh Tourist Board into the Welsh Assembly Government the promotion of economic development in Wales now falls within the remit of the Enterprise, Innovation and Networks Department.

Overview of current statutory powers of the Assembly

"Economic Development" is Field 4 of Schedule 5 of the *Government of Wales Act 2006*. This means that the National Assembly for Wales can seek Measure-making powers over economic development matters through Legislative Competence Orders.

Economic development powers in UK primary legislation are usually drawn in broad terms and authorise a range of activity, although they rarely confer subordinate order-making powers. These economic development powers have generally been transferred to or made exercisable by the Assembly in respect of Wales and will transfer to Welsh Ministers in the Third Assembly.

Much of the Assembly's activities in the promotion of economic development are provided for by the *Industrial Development Act 1982* and the *Welsh Development Agency Act 1975*. These activities include the provision of business support, advice and financial assistance; promotion of inward investment; development of international trade; and encouragement of innovation and entrepreneurship.

*Council Regulation (EC) No 1083/2006*ⁱ lays out general provisions on the use of the Structural Funds for the period 2007-13. The functions of the Managing Authority for the Structural Funds in Wales will be transferred to the Welsh Ministers in the Third Assembly. Who will then delegate the functions the staff of the Welsh European Funding Office.

All support to business has to comply with relevant UK legislation and European Commission guidance on State Aid. The Department of Trade and Industry retains responsibility for Employment issues (Minimum Wage, working hours and individual employment rights etc.) and is the lead Department for the UK Government on European Commission matters relating to financial assistance to business.

EU policy

The European Commission has published the *Integrated Guidelines for Growth and Jobs (2005-2008)*ⁱⁱ which brings together the broad economic policy and employment guidelines, and forms the basis for Member States' National Lisbonⁱⁱⁱ Reform Programmes. The Programmes spell out the action to be taken at national, regional and local level in order to achieve the Lisbon objectives for growth and jobs.

The Commission requires the 2007-2013 Structural Funds Programmes to 'ear mark' resources in pursuit of these targets so that a minimum proportion of spend is achieved on operations that support the Lisbon related priorities. At least 60% of Convergence and 75% of Regional Competitiveness resources must be directly linked to supporting the Lisbon agenda.

The European Commission's strategy for sustainable development^{iv} (also known as the Gothenburg agenda or strategy) was revised in 2006. This document sets out a single strategy on how the EU aims to more effectively live up to its long-standing commitment to meet the challenges of sustainable development.

Assisted Areas^v are those areas of Great Britain where regional aid may be granted under Community law. There are two levels of aid available, known as Article 87(3)(a) and Article 87(3)(c), after Articles of the European Union Treaty. West Wales and the Valleys qualifies for the higher levels of aid under Article 87(3)(a). Parts of East Wales are eligible under Article 87(3)(c).

In Wales the main form of such aid is RSA Cymru Wales (Regional Selective Assistance), delivered by the Welsh Assembly Government to help support new commercially viable capital investment projects that create or safeguard permanent jobs.

Key Assembly Government strategy documents and action plans from the Second Assembly:

- ◆ *Wales: A Vibrant Economy*^{vi} is the Welsh Assembly Government's strategic framework for economic development.
- ◆ *Turning Heads: A Strategy for the Heads of the Valleys 2020*^{vii} sets out the Welsh Assembly Government's vision for the Heads of the Valleys area within the context of the *Wales Spatial Plan*^{viii}.
- ◆ *A Science Policy for Wales*^{ix} presents the Welsh Assembly Government's strategic vision for Science, Engineering and Technology.
- ◆ The Operational Programme document for the European Regional Development Fund (ERDF) Convergence Programme was agreed by the European Commission in March 2007^x. The draft operational programme for the European Social Fund (ESF) Convergence Programme is still being negotiated.
- ◆ The draft Operational Programme documents^{xi} for the Regional Competitiveness and Employment Programmes (ERDF and ESF) were submitted to the European Commission on 6 March 2007. There now follows a period of negotiation on the content of the Programmes.

Legacy issues from the Second Assembly

The Enterprise, Innovation and Networks Committee's legacy paper highlighted a number of issues for the attention of the Third Assembly including: *Wales: A Vibrant Economy*; Structural Funds; monitoring of the EIN department's performance following the merger; the Aerospace industry in Wales; the Heads of the Valleys Strategy; the implementation of policy stemming from the Assembly Government's response to the Committee's report on its reviews of science policy and economic inactivity in Wales; and aspects of the EC work programme for 2007 relating to both the Lisbon and Social agendas.

Useful links

Enterprise, Innovation and Networks pages on the Welsh Assembly Government website:

<http://new.wales.gov.uk/about/departments/dein/?lang=en>

The Department of Trade and Industry has a section on its website covering regional economic development: <http://www.dti.gov.uk/regional/index.html>

The webpage of the European Commission's Directorate-General for Enterprise and Industry can be found at: http://ec.europa.eu/enterprise/dgs/index_en.htm

Further information

Research papers are available on economic indicators, European structural funds, regional Gross Value Added and Gross Domestic Product per head in European regions at

<http://assembly/presidingoffic/mrs/briefings/economic-development-transport-e.htm>

For further information on any aspect of economic development, please contact:

Ben Stokes, Members' Research Service on ext. 8208

ben.stokes@wales.gsi.gov.uk

ⁱ [Council Regulation \(EC\) No 1083/2006](#), 11 July 2006.

ⁱⁱ European Commission, April 2005, [Integrated Guidelines for Growth and Jobs \(2005-2008\)](#)

ⁱⁱⁱ Further information on the Lisbon agenda is available [here](#).

^{iv} Further information on the Gothenburg Strategy is available on the European Commission's website [here](#)

^v Further information on the Assisted Areas is available on the Department of Trade and Industry website [here](#).

^{vi} Welsh Assembly Government, November 2005, [Wales: A Vibrant Economy – The Welsh Assembly Government's Strategic Framework for Economic Development](#)

^{vii} Welsh Assembly Government, June 2006, [Turning Heads' - A Strategy for the Heads of the Valleys 2020](#)

^{viii} Welsh Assembly Government, November 2004, [People, Places, Futures - The Wales Spatial Plan](#)

^{ix} Welsh Assembly Government, November 2006, [A Science Policy for Wales 2006](#)

^x Welsh European Funding Office, [Convergence Programmes – Operational Programmes](#)

^{xi} Welsh European Funding Office, [Regional Competitiveness and Employment Programmes](#)