Transforming the economy, engineering success

A small but strong, determined and ambitious country, Wales is embracing its incredible history and proud traditions, while striding forward with an economy focused on cutting-edge technologies and great talent.
Wales: Bold and ambitious transformation attracts array of global giants

Wales’ proactive approach to business has thrust the once agricultural-based economy into the international spotlight, with sectors like technology, renewables and life sciences spearheading this economic revolution.

Having punched well above its weight for several decades and making long-lasting impressions in diverse and competitive international markets, Wales’ economy is riding high despite the challenges triggered by the U.K.’s departure from the EU.

The proud and ambitious country of three million people is no stranger to adversity and a strong part of its national identity has been shaped from its highly successful transformation from a predominantly agricultural-dependent economy to one concentrated on industrial and services-based activities. As well as hosting cutting-edge factories and research and development operations for blue-chip companies like Airbus — which has a huge factory in North Wales — the nation offers a wealth of investment and commercial opportunities in sectors including life sciences, technology, renewable energies and tourism.

At the same time, the Welsh Government is investing significant amounts of time, money and effort into boosting the country’s famous entrepreneurial spirit with strong levels of fiscal support offered to smaller firms as part of a commitment to double the number of employment-based businesses by 2026.

Meanwhile, a sharp rise in remote-working post-COVID has seen professionals and high-ly qualified workers relocate from urban areas in England to green pastures to take advantage of a better work-life balance. The appeal of a lower-priced real estate market that includes accommodation set along some of Europe’s most attractive coastline, or among rich valleys and forests cannot be underestimated.

Like other countries, the COVID-19 pandemic hurt the principality’s economic performance for a while, but the robust rebound in its fortunes since borders reopened is testament to its resilience and international appeal. In addition, close relationships with trading partners like the U.S. mean Wales is accustomed to showcasing its talents on a global platform.

“Airbus is a big company in North Wales and because of our strong agricultural history, we are also really interested in food manufacturing and provenance. Now areas of the economy are absolutely developing well, such as fintech, and the U.K. Government recognises that sector in Wales is ripe for growth. We have a significant compound semiconductor center with lots of academic research around it, that is still expanding within South Wales.”

The minister highlights how different opportunities exist in different parts of the country. They include potential for investment in modern tidal and wind power infrastructure in North Wales, investment in nuclear energy projects in that region, and openings in the fintech sector in South Wales.

“Tourism is a huge sector as we have many striking landscapes and features,” he adds. “Wales has a great and proud past, but we have a great future.”

Now home to about 700 multi-national companies in more progressive industries, Wales is positioning itself to grow into new research-driven industries, with a

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Gething, Minister of Economy. Raisin says Wales is ripe for growth.

New areas of the economy are developing well and the U.K. Government recognizes Wales is ripe for growth.

Mr. Gething, Minister of Economy.
Unlocking firms’ rich potential
By boosting the provision of sustainable and effective finance, micro to medium-sized companies are growing thanks to the Development Bank of Wales

Standing tall as the UK’s largest regional and smallest medium-sized enterprise (SME) investment entity, the Development Bank of Wales is dedicated to promoting Welsh industry and commerce, meaning it plays an integral role in shaping the future of thousands of businesses.

Despite being formed only five years ago, the bank has already made a valuable contribution to more than 3,000 businesses with an overall economic impact of £1.2 billion. The state-owned bank makes it easier for businesses to access their needed funds through loans of up to £10 million at market interest rates — to help businesses quickly and effectively.

The award-winning enterprise manages more than a dozen funds worth almost £2 billion — including the £204 million showcase Wales Business fund — and a business angel network, Angel Investment Wales. In addition, the respected company is a significant co-investor in higher-risk/higher reward technology venture investments. With a dedicated technology investment team, the bank has free access to offshore and other tech due flows. Investors can work with investment-ready firms and technologies, where a number of investors are required.

"Wales can be an energy center as the renewables opportunities are more significant than anywhere else," says Giles Thorley, CEO, Development Bank of Wales.

"Wales is very focused on growing businesses locally, attracting talent to Wales and capitalizing on the talent already here," says Giles Thorley, CEO of the Development Bank of Wales. "We are extremely active, providing equity finance to support an incredible range of innovative, technology-based businesses on one end of the scale, and also helping ambitious entrepreneurs in the foundational economy, such as coffee shops and photographers, wind, tidal or hydro," he says. "Developing new technologies in that space is a very important component. The whole strategy of using finance to incentivize and help businesses to decarbonize is quite nascent and we are at the forefront of some of the ideas. That is going to be a very exciting area of development, seeing businesses changing their strategy for benefit, but also for the environment, community and wider world."

Funding for businesses is available for嚎 populate sectors, and Wales has a strong FDI sector, which is a key technology for the future. We have impressive cyber security strengths; many companies operate in that very active sector here. It can be quite windy in Wales, which is useful for onshore wind energy generation. With a coastline of more than 1,200 kilometers, Wales has a rich maritime history and is harnessing this for energy generation through wind, wave and tidal energy. We also have many food and drink companies that have invested in Wales and look at opportunities for electric vehicles (EVs) and have added incentives.

FP: Wales is positioning itself to grow into new research-driven industries and Trade & Invest Wales — an arm of the Welsh Government — has been key in helping set this up. What core pillars does the economy sit on and how is the nation preparing to enter a new era of industry?

AG: We have a proud industrial heritage and have really moved the economy forward. A century ago, the Port of Cardiff was one of the biggest in the world and exported coal. Since then, a lot has happened and we’ve taken steps forward, starting out in business. It is a really eclectic range of businesses and representative of the economy as a whole.”

The senior executive is quick to highlight how the bank’s strongest asset is not its financial muscle, but its network of strategic partners. Wales is a key player in modern supply chains. Foreign entities and investors to work closely with decision makers in Welsh Government in order to make the most of the business opportunities we have here.

Our main attractions are the modernity of our economy and strong links with the education system, infrastructure and the rest of the U.K., as well as our ability to allow investors to work closely with decision makers in Welsh Government in order to make quick decisions.

The Trade & Invest team is linked to our overseas office network of 21 offices in a dozen countries. We work closely with the Department of International Trade in our work and our overseas teams are placed in key markets.

We have a strong team in North America; our biggest overseas presence is in the U.S., recognizing the importance of the market as our most significant investor donor market. Having a presence in key markets allows us to talk directly with entrepreneurs about the benefits of being in Wales. We also have a strong French team based in Wales who aid investors through the entire process.

FP: The U.S. is your largest trading partner, accounting for over 15% of annual exports, while around 270 U.K. businesses are active in Wales. How significant are foreign markets to Wales’ continued success and what strategies and targets will the nation prepare for FDI?

AG: Having a presence in key markets has brought in employment, technology and development capability.

Wales has become an increasingly strong magnet for lucrative FDI in recent years.

WP: What core pillars does the economy sit on and how is the nation preparing to enter a new era of industry?

FP: Wales is a modern and dynamic place to do business. Our ecosystem means firms can thrive and find foreign links.”

T&I Director of International Relations and Trade, Trade & Invest Wales

Andrew Gwatkin

"We have the strongest overseas presence in the U.S. due to the importance of our economic, cultural and historical links. We have maintained a special relationship."

Andrew Gwatkin, Director of Int. Relations and Trade, Trade & Invest Wales

Wales boasts a strong, stable and secure environment for entrepreneurs that is always open to new ideas, as Andrew Gwatkin from Trade & Invest Wales, explains in detail

Wales has an extensive advanced manufacturing sector and a strong automotive industry. We have some very modern aspects of the economy, like compound semiconductors, Fintech and Life Sciences. We have a compound semiconductor cluster in South Wales, which is a fantastic example of how Wales can lead the way.

Companies work together and are going through the end-to-end process in terms of compound semiconductors, which is a key technology for the future. We have impressive cyber security strengths; many companies operate in that sector. Wales is a key player in modern supply chains. Foreign entities and investors can work with businesses to secure vital finance — to help businesses quickly and effectively.

The award-winning enterprise manages more than a dozen funds worth almost £2 billion — including the £204 million showcase Wales Business fund — and a business angel network, Angel Investment Wales. In addition, the respected company is a significant co-investor in higher-risk/higher reward technology venture investments. With a dedicated technology investment team, the bank has free access to offshore and other tech due flows. Investors can work with investment-ready firms and technologies, where a number of investors are required.

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Strong trade ties with the U.S. set to shift up a gear

Goods and services offered by enterprises from Wales enjoy a stellar reputation in international markets, particularly in the U.S., which is now the country’s second largest export market and a key source of FDI.

The importance of robust U.S.-Wales trade ties to the latter’s economic health and well-being is illustrated clearly by official data which shows how the export of Welsh goods to its large trade partner totalled $2.6 billion in 2021. Goods making the return journey across the Atlantic last year were at a similar level, reaching $2.5 billion. These impressive statistics underline the significant economic links between the two countries and the massive potential for Welsh business. These openings were boosted in early 2022 when the U.S. lifted restrictions of imports of British lamb to its huge market after more than two decades. In addition, Wales has seen other significant developments in its trade relationship with the U.S., including the lifting of 25% and 10% tariffs on British steel and aluminum, respectively, from this summer. “A number of our traditional industries, such as the steel sector, still have a significant role in the new economy, and that is not business rates retention, planning, regeneration, innovation and trade and investment support,” Minister Gething adds. “Minister Gething is leading the Welsh Government’s push for the export-oriented trade hubs, with officials exporting fierce competition from multiple regions. Innovative bids with high aspirations from across the whole of Wales and strategic collaborations that maximise the opportunities available to the Welsh economy will be lodged in the near future,” he notes.

“Success criteria will include robust conditions around future work, decarbonisation, climate adaptation and maintaining a flourishing natural environment. Freeports deliver sustainable positive economic and social benefits for Wales.” Despite the many challenges created by Brexit, Europe is still Wales’ largest and most important market, but companies and government bodies are committed to seeking out new opportunities in the rest of the world.

We have U.S. and Japanese direct investors outside the European market that are still here with us [post-Brexit]. We want to make sure the rest of the world knows we are very much open for business.”

Vaughan Gething, Minister for Economy

Trade flows and investment on the up

Trade continues to punch well above its weight on the global stage, with the nation exporting goods and services worldwide.

$2.6 billion: The total value of all goods Wales exported to the U.S. in 2021

$2.5 billion: The total value of all goods the U.S. sent to Wales in 2021

$19 billion: The total value of goods exports for Wales in the year ending 31 March, 2022

Export strengths: technologies, life sciences, clean energy, high value manufacturing and consumer products are key export categories

$21 billion: The total value of good imports for Wales in the year ending 31 March, 2022

$43 million: The estimated value of Welsh lamb exports to the U.S. market over the first five years of trade

Equity investment offers alternative funding path

By offering a secure and streamlined investment process, the Development Bank of Wales is boosting businesses’ prospects and reducing their risk from expensive loans.

The Development Bank of Wales has enjoyed a tremendous period of growth and runaway success that has helped many businesses to scale up and generate significant new export opportunities as the Welsh Government’s push to grow Wales’ exports continues.

Giles Thorley, CEO, Development Bank of Wales “With funding of green energy initiatives at record levels, the informal equity investment market is now very different to how it was just a few years ago. In the past, investors would place a bet on a new technology and then watch the business go up or down. In today’s climate, it’s much more about making sure that the business has a solid plan in place and then working with the investors to achieve the outcomes they are looking for.”

Our work has always been about helping our customers to succeed, but in today’s climate, it is even more important that we provide the right level of support to help businesses succeed. That is why we have developed new ways to support businesses, such as our equity investment service.

The Development Bank of Wales’ equity investment service helps businesses to access alternative forms of investment and growth capital. By offering a secure and streamlined investment process, we can help businesses to achieve their growth ambitions.

Stepping up to the sustainability plate via green project portfolio

Sustainable business is at the heart of our core principles and we have a number of projects. On the residential building side we recently introduced reduced costs of borrowing to incentivize builders to incorporate higher levels of environmental efficiency in developments via our Green Homes Incentive.”

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The senior executive reveals that another emerging area of interest is an integrated stack for businesses that have premises to incorporate a combination of solar panels on the roof, or even wind turbines and electric vehicle (EV) charging stations in their associated car parks. This would mean the business not only benefits from the electricity throughput they generate, but they can use that electricity to decarbonize their transport fleet. “We also have an Australian company developing a very innovative tidal wave power system in Pembrokeshire.”

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Wales is an incredibly outward facing country. International students play a key role in enriching and diversifying our campuses and communities at a time when retaining an international outlook is more important than ever. This is recognised by all Welsh universities who strive to show Wales as a safe, welcoming, and enjoyable place to study. This is supported by the Welsh Government through the Trawth scheme (international learning exchange program) which provides opportunities for inward and outward mobility of students and staff.

Impressive impact investor shines

The Development Bank of Wales’ sustainable and effective finance solutions have helped businesses and communities since 2017.

£528 million: Direct investment into Welsh businesses
£305 million: Total direct investment into Welsh businesses
£1.2 billion: Total impact on the Welsh economy
£109 million: Total direct investment into Welsh businesses in the financial year ended 31 March, 2022
£173 million: Total impact on the Welsh economy in the financial year ended 31 March, 2022
£365 million: Total private sector co-investment
3,074: Businesses supported across the country
32,062: Jobs supported in a broad range of sectors and geographical areas

Wales’ universities offer excellent learning climate

Amanda Wilkinson, director of respected membership body Universities Wales discusses how its nine-strong network is nurturing the best talent of tomorrow, today and into Wales through national and international research partnerships and knowledge exchange. There are several ways in which universities can make a contribution to global challenges and our challenges, and help to build Wales’ future. Amanda Wilkinson, Director, Universities Wales

FP: What are the core strengths of the Welsh higher education system and where does Wales fit competitively internationally?
AW: We are fortunate in Wales to have a rich and diverse group of universities, each bringing their own strengths and areas of expertise and delivering impactful change. Partnership and collaboration underpins our approach, and is a key strength of our university system.

The results of this approach are seen across a range of areas, student experience is a clear strength in Wales. The Welsh higher education sector consistently scores well against the U.K. average in the National Student Satisfaction (NSS) survey. We also outperform the rest of the U.K. in terms of retention rates, as well as having the best continuation of study rates in the U.K. for students from widening access backgrounds.

Ensuring the wellbeing of students is a key priority for our universities, who offer comprehensive pastoral care, mental health and wellbeing support, and financial assistance through scholarships and hardship funds. Welsh universities strive to make all students feel welcome in their new homes and provide opportunities to develop their employability skills, meet new people, and take part in new experiences.

Wales is a safe, welcoming, and enjoyable place to study. This is supported by the Welsh Government through the Trawth scheme (international learning exchange program) which provides opportunities for inward and outward mobility of students and staff.

FP: What fields of research do Welsh institutions excel at in the international arena? How do these contribute to socio-economic development, particularly in pursuance of the UN SDG’s? What research partnership opportunities exist?
AW: Welsh universities undertake world-leading research that brings tangible benefits to the people and places of Wales. This research will be key to tackling the challenges facing Wales and the world, from climate change to technological change and workplace transitions.

The impact of research by Welsh universities is clear to see. With Wales leading the U.K. for proportion of research of whose impact is considered internationally excellent or world-leading according to the 2021 Research Excellence Framework (REF). The Wales Innovation Network (WIN) has been established to capitalise on the diverse strengths of the Welsh research base by facilitating greater collaboration between Welsh institutions, businesses and public bodies.

By working with partners across the world, Welsh universities will make a contribution to global challenges and our challenges, and help to build Wales’ future.

FP: How are you looking to boost Wales’ global brand as a destination of choice for foreign students and academics?
AW: We run the Global Wales programme—a collaborative and partnership-focused approach to international education in Wales. Global Wales’ values of being impactful, co-operative, and welcoming guide our work with partners. Our work with Welsh universities to reach out to organisations global and local for the benefit of their students and academics.

Through Global Wales we oversee the Study in Wales brand. We use this to raise awareness of Wales as an excellent study destination and assist universities in attracting international students. We encourage international students to apply to scholarships and work with current students to share their experiences.

FP: How do you see Wales leading the U.K. in terms of retention rates, as well as having the best continuation of study rates in the U.K. for students from widening access backgrounds.
AW: We support our undergraduate and postgraduate students to stay in Wales and the world, from climate change to technological change and workplace transitions.

FP: What is the role of universities in Wales in contributing to global challenges and our challenges, and helping to build Wales’ future?
AW: Universities play a key role in enriching and diversifying our campuses and communities at a time when retaining an international outlook is more important than ever. This is recognised by all Welsh universities who strive to show Wales as a safe, welcoming, and enjoyable place to study. This is supported by the Welsh Government through the Trawth scheme (international learning exchange program) which provides opportunities for inward and outward mobility of students and staff.

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Cari-Anne Quinn, CEO, Life Sciences Hub Wales, explains the firm’s role of building on Wales’s strengths in healthcare innovation and working with industry and academia to transform exciting ideas into reality.

**FF:** What has the life sciences sector grown so much in the last decade, and what kind of niche capabilities does it now feature?

**Cari-Anne Quinn, CEO, Life Sciences Hub Wales:** The life sciences sector in Wales employs around 12,500 people and has contributed £2.4 billion. In recent years, the sector’s contribution has continued to grow, which has been absolutely fantastic.

In the last couple of years, in particular, in Wales there has been a re-framing of the relationship between the life sciences sector and health. Wales is absolutely part of the global marketplace and the life sciences sector as a whole is a global industry. We work with companies that are based here as well as internationally based companies to ensure that the health systems and the social care system here locally has access to new technologies and new health solutions.

As absolutely challenging and heartbreaking as the pandemic has been, it is the realignment of the relationship between health and social care on the one hand and industry on the other that has enabled conversations that are now new ways of working and systemic change.

One of the key strengths in Wales is an integrated health system that is large enough to be significant and small enough to be able to get lots of decision-makers in a room together to talk about health innovation positively and proactively. This offers a real opportunity for industry to engage, to think about new ways of working, to try out new areas of R&D, to embrace innovation and ultimately, to bring some of these new products and services into real situations.

Another of Wales’s strengths is precision medicine. Identifying disease areas and utilizing our academic strengths to work together that we are going to realize change and new ways of working. This is an agenda that is being led by the Welsh Government and being driven by industry, the health service and social care. Of the 400 life sciences businesses in Wales — probably 90% — fell into the SME category. It is a buoyant ecosystem and we are seeing that a lot of these SME organizations are strong and successful enterprises.

Wales is now home to hundreds of high-tech life sciences businesses of all sizes.

**FF:** What kind of strategies and programs are you implementing to develop the sector and the greater Welsh economy?

**Cari-Anne Quinn, CEO, Life Sciences Hub Wales:** Our main focus in terms of our broad strategic direction is supporting the identification, development and adoption of innovation. We have a strong vision of making Wales the place of choice for healthcare and wellbeing innovation.

It is about working with organizations as they work through the innovation pathway: taking ideas and challenges from a health context to the point of translation into product.

**In the last few years there has been a re-framing of the relationship between the life sciences sector and health. Wales is absolutely part of the global marketplace.**

Think of the various stages of an innovation pathway where industry needs to work with key delivery partners in the health innovation landscape; we work alongside those organizations to guide them through the different stages and help them develop the solutions needed. We facilitate innovation, but success comes from others. It’s only by encouraging that ecosystem and all stakeholders to work together that we are going to realize change and new ways of working.

Cari-Anne Quinn, CEO, Life Sciences Hub Wales

**Stunning scenery attracts tourists from far and wide**

Blending majestic mountains with valleys, lakes, forests and beaches, Wales’s outstanding tourism offering is second to none, with outdoor adventure sports enthusiasts especially well catered to.

Visitors who enjoy outdoor activities and sports are spoiled for choice, with hiking trails, mountain biking locations and water sports sites found throughout the nation.

With the worst of the pandemic over and international borders open again, the government is working hard to support the re-growth of the tourism sector and employing high-profile marketing campaigns to highlight the sustainable getaway to an international audience.

“Tourism is a huge sector for us as it employs an exceptionally substantial number of people, and has a significant financial value as well,” states Minister Vaughan Gething. “It is part of the reason people know where Wales is and what Wales is about. From having visited or seen our striking and unique landscapes and features. “The challenge is that international tourism shrunk significantly for reasons we all understand during the pandemic. That was accompanied by more people making choices within the U.K. about where they would go as they could not go abroad. Our domestic tourism sector had two remarkably busy summers.

Tourism officials are confident about the sector’s prospects when it comes to enticing international visitors for business purposes, leisure or both. “We have significant markets in the U.S. and further afield where people are looking to come and spend time in Wales,” Minister Gething adds. “There is much Cari-Anne Quinn, CEO, Life Sciences Hub Wales

Accelerating and supporting innovation across health and social care for national adoption in Wales

Find out more at lshubwales.com

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This is Wales. Discover our people and epic places.
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- Support collaborative working
- Accelerate your route to market

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