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# Feature Article 2

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## SCOTLAND V WALES IN THE INWARD INVESTMENT GAME

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While there has been a continuing interest in the subject of inward investment into Scotland in its various dimensions, much less attention has been paid to Scotland in its UK context and to inter-regional inward investment issues. In February this year, however, the Welsh Affairs Committee published the results of an inquiry into inward investment into Wales and this presents some interesting insights into Scotland's major competitor for inward investment within the UK and on the comparative position.<sup>2</sup> There are also important lessons for Scotland in playing the inward investment game.

### INWARD INVESTMENT PATTERNS

The take-off period for foreign direct investment in Wales was late, even compared to Scotland, coming as it did in the mid-to-late 1960's; but by end 1987, there were 259 foreign-owned manufacturing plants in Wales employing 47,000 people and accounting for more than 1 in 5 of the manufacturing workforce. In Scotland, the comparative figures were 344 overseas-owned manufacturing plants employing approximately 70,300 people; the latter represented around 18.3 per cent of total manufacturing jobs, a share which has been fairly stable in recent years.<sup>3</sup> In relation to nationality of ownership, the major difference between Scotland and Wales concerns the relative importance of Japanese companies in the two locations: in Scotland employment in Japanese-owned firms has doubled since 1984, but still only accounts for 2 per cent of manufacturing employment. Beginning with an investment by Sony in 1972, Japanese firms now represent almost 10 per cent of employment in the overseas-owned sector in Wales, and taking 1987

alone the Japanese accounted for half of the jobs associated with foreign inward investment projects.

Trends in foreign-owned and all-manufacturing employment in different areas of the UK are shown in Table 1, and Table 2 records the number of inward investment projects and associated jobs coming into the UK over the period from 1979 to 1987. As the notes to Table 2 show, the statistics are totally inadequate since there is no consistency in the method of counting projects and jobs, and different regions have varying levels of interest in counting projects accurately. Looking at the comparison between Scotland and Wales, while there are considerable year-to-year fluctuations, the Welsh relative position has certainly been improving since around 1983. The Welsh share of inward investment projects was higher than that of Scotland in both 1986 and 1987 and the associated jobs were higher in the former year. In part this is linked to Wales' strong position with Japanese investment, the links which have been built up with Japan, promotional efforts in Japan, the satisfaction of Japanese investment with their Welsh location and so on. Until recently Scotland's strongest efforts were in the USA where projects were drying up because of loss of competitive edge. On the other hand, projects attracted to Wales in recent years have been of low capital intensity and the outcome in terms of value-added and net output per head in the foreign sector is discussed below.

Where Wales has perhaps a particular advantage against Scotland is in the inter-regional movement of industry within the UK and especially inward investment from the South-east. In the years

1985-87, as many new jobs were created in Wales by projects from the rest of the UK as from foreign investment projects.

#### THE CONTRIBUTION OF INWARD INVESTMENT

The concept of "the branch plant syndrome" has been discussed at length in Scotland. Linkages into the indigenous sector, especially in electronics, are very weak, although there has been some evidence of a growing incidence of research<sup>4</sup> and development activity in the foreign sector. In any event, Wales is in a different position on the "dependency scale" to Scotland. Table 3 shows the figures for net output and gross value-added per employee in different areas of the UK. While the figures for the performance of all-manufacturing industry are not too different between the two locations, in the foreign-owned sector the Scottish figures are around 30 per cent higher than those in Wales. The adverse differential is associated with the concentration in Wales of Japanese consumer electronics firms as is shown in Table 4.

It has been suggested that there is a hierarchy of regional development in the electronics industry in the UK, with the core functions in this sector in the South-east, Scotland in an intermediate position and Wales closest to the branch plant stereotype. And Wales along with the Northern region have been regarded as "the two classic 'branch plant economies' in the United Kingdom".<sup>5</sup> The Welsh share of research activities is the lowest among the standard regions, and the results of surveys of inward investment in Wales show little in the way of larger scale, more fundamental R & D work, with the position among Japanese investors being least encouraging. In addition, plant autonomy was generally limited, few facilities had any higher management functions and most were controlled from the headquarters outside the Principality. Local purchasing is very limited and while Japanese companies have been making efforts to increase local content (with and acceleration brought about by EC rulings), the benefits are likely to accrue principally to firms elsewhere in the UK or in Continental Europe.

The evolution of Japanese enterprises with facilities in Wales is especially interesting. The large Japanese multinationals seem to be committed to "Europeanisation" (or "global - localisation" according to Mr Morita of Sony) with

integrated and full-scale manufacturing operations, including possibly a European R & D base and a European headquarters, but at a European not a national or regional level. Among the companies interviewed by the Welsh Committee in Japan, Wales was not a major candidate for European head offices and R & D centres, and in expanding their European capacity companies will not overcommit themselves to a single manufacturing base.

There is thus a divergence between Wales' performance in attracting inward investors and associated jobs, which has been encouraging, and the quality of investment, which has been disappointing. In relation to the size of the country, Scotland has probably been slightly less successful in attracting inward investors in recent years, offset by the quality of the investment. It remains to be seen, however, whether the growing Japanese presence in Scotland will replicate the characteristics of similar investment in Wales. The issue of international headquarters being located outside the region is also as much a problem for Scotland as for Wales. For example, Compaq (currently producing at Erskine) is believed to be considering building its second European factory near Munich where it is seeking<sup>6</sup> a site for its international headquarters.

#### PAST PERFORMANCE AND FUTURE PROSPECTS FOR INWARD INVESTMENT : EVALUATION

Table 5 summarises the Welsh Affairs Committee's evaluation of Wales' performance in inward investment attraction to date and future prospects. The particular locational attractions of Wales were summed up by the Committee in terms of "'stability and welcome' - a stable population of existing investors, stable attitudes to work and peaceful industrial relations, and a welcoming approach by nation and local bodies... Locational disadvantages (shared in part by the UK as a whole) include managerial and skilled labour shortages, problems in components' availability and a weak service infrastructure. Sites and property might also be posing problems..."<sup>7</sup>

In addition, a critical issue concerns weaknesses in the Welsh marketing effort: WINvest, the inward investment attraction agency in Wales, does not compare favourably as a professional marketing outfit with Locate in Scotland. In overseas markets, the Welsh promotional effort is hampered

by the diffusion and confusion of activity, with local authorities as well as WINvest being involved. Within Wales, an excessive number of organisations and lack of coherence, exacerbated by personality conflicts is hindering an effective response to potential investors. Among other problems which emanate from this situation is a poorly projected, confused image of Wales. On the plus side, there is probably even stronger political support in Wales for inward investment than is the case in Scotland.

The environment for inward investment is changing rapidly at present with the shift in the source country balance towards the Pacific Rim and the expansion of non-traditional types of inward investment involving joint ventures, licensing arrangements and various forms of international collaboration between enterprises, while international direct investment through wholly-owned subsidiaries has been slowing. Other issues include the large expansion in international investment in service industries and European Community effects such as 1992 and the shifting balance of Regional Fund support which, along with other factors, will certainly make Spain an even stronger competitor for inward investment in years to come.

Many of the environmental opportunities and threats identified in Table 5 would emerge in a similar analysis for Scotland. Service industry investments will generally be located close to the market centre in Europe. While Scotland is strong in financial services, competition is growing from Ireland and, indeed, from Wales too. Scotland has a lot of catching up to do with Japanese investment; and Wales, at the subsidised end of the M4 corridor, is a more obvious choice for relocations from the South-east. Nevertheless, the concentration of universities is a major locational advantage in Scotland and there do not seem to have been the same signs of professional, technical and skilled labour shortages that exist elsewhere. The effectiveness of Locate in Scotland is also widely if grudgingly recognised by competitive agencies at home and abroad.

#### THE RECOMMENDATIONS OF THE WELSH AFFAIRS COMMITTEE

With the aim of overcoming the weaknesses identified and exploiting the existing opportunities, the Welsh Committee made a number of quite radical recommendations to improve the Welsh position.

#### Improving the Contribution of Inward Investment

It was concluded "that if inward investment attraction is to remain an important economic objective for Wales, attention must be given to improving the quality of the investment and improving the benefits it brings. To achieve this the multinational and UK-owned sectors must be more strongly integrated and rooted within the Welsh economy".<sup>8</sup> Alongside greater investment in the human infrastructure and the flexible use of regional policy to try to attract design & development work and more autonomous management activity to foreign-owned factories in Wales, it was recommended that a comprehensive sectoral initiative should be initiated by the Welsh Development Agency beginning with consumer electronics. This initiative should involve inter alia:

- i) Improved school/industry liaison, with objective of improving attitudes and understanding...
- ii) Encouragement of companies to sponsor students and courses at universities/colleges.
- iii) The sponsorship of a national annual award for employee contribution to quality...
- iv) The establishment of an applied research centre in consumer electronic technologies, with the objective of assisting companies with their process technologies, product design, consumer product ideas etc.
- v) The establishment of a training centre and/or support for universities/college departments to improve the supply and quality of engineers and technicians in the consumer electronic industries.
- vi) Research to identify supply gaps in consumer electronics, with follow-up initiatives to fill these, including the targeting of component-supplying inward investors, assistance with new company formation, support to indigenous component suppliers to enable them to meet the quality and delivery standards of inward investors, encouragement of inward investors themselves to assist indigenous component suppliers and the organisation of buyers' shows."<sup>9</sup>

## Improving Wales' Competitiveness in Inward Investment Attraction

Assuming that the attractiveness of Wales can be improved by initiative such as those outlined above, the question is then one of promoting these attractions effectively and professionally to prospective investors. Inward investment promotion in the UK involves a variety of organisations with the Invest in Britain Bureau (IBB) at the national level, three Territorial Agencies (LIS, WINvest and IDB Northern Ireland), five regional development organisations in England and the individual New Towns, local authorities etc. WINvest appears to have been modelled on Locate in Scotland (see Table 6), but its budget is much smaller, it is not a "one-door" body since it does not have responsibility for negotiating the financial package, and, crucially, does not have the powers to direct and co-ordinate the promotional activities of the counties and districts in Wales which may "prospect" independently abroad for inward investment. The outcome of the latter has seen "a war in Wales between one part and another..." and a charge of "chaos" in relationships among agencies.<sup>10</sup>

The recommendations which were made to solve such problems and to capitalise upon changing international investment patterns and characteristics included:

- i) Increased resources for promotion, including the establishment of a new office in Hong Kong to serve South East Asia and an expanded office in Japan. It has to be said that all agencies, including LIS, are putting greater resources into this region.
- ii) The secondment of civil servants to WINvest to handle negotiation of levels of regional aid to inward investors.
- iii) The development of an annual inward investment marketing plan for Wales, leading to specific targeted programmes by sector, country and company. Within this overall plan, overseas visits by local authorities on inward investment business would only be undertaken under the WINvest umbrella: if after two years it was clear that local authorities were not prepared to work under this umbrella then legislation should follow requiring local authorities to seek the approval of the Secretary of State for Wales

before undertaking overseas promotional visits.

- iv) The WINvest name would disappear in overseas promotions, with the marketing of Wales being undertaken under the banner of the Welsh Development Agency, and a long-term image building campaign being instituted.
- v) Most radically of all, it was recommended that an "international development strategy" for Wales should be launched, which would incorporate not only inward investment activity but also trade and technology transfer. This strategy would be the responsibility of a new international division of the Welsh Development Agency which would incorporate not only WINvest but also WINtech (Wales Innovation and Technology - the present division of the WDA concerned with stimulating innovation and the commercial exploitation of technology in Wales) and Welsh export responsibilities currently handled by the British Overseas Trade Board. The justification for such a strategy derived "on the inward side from the changes taking place in the international environment such as the growth of non-equity forms of international business and the requirement to upgrade the technological capacity of indigenous Welsh enterprises. On the outward side, major opportunities exist in areas such as the Pacific Rim for outward technology transfer and exports.. Such a radical reorientation of objectives and policies would place international business in the forefront of attention in Wales, where it must be if the Principality is to capitalise upon 1992 and 'Europeanisation' and wider global developments in business".<sup>11</sup>

### LESSONS FOR SCOTLAND

Among a whole range of lessons for Scotland, perhaps the most crucial concerns the quality of inward investment and its economic contribution. Considerable effort has been put into improving linkages between the foreign and indigenous sectors by, for example, the Manufacturing Services Division and the industry divisions of the SDA, but it may be that a more concerted sectoral initiative, on the lines of that proposed by the Welsh Committee for consumer electronics, could pay dividends. Multinational companies in Europe are now very concerned about local content

issues with the Commission's actions against the Japanese and with fears over the "reciprocity" requirements of 1992. The time may be ripe to try to exploit these concerns. The approach in Scotland seems to have been to work with companies on an intensive but low-key basis. In Wales, however, public criticism of Japanese meccano operations appears to have had an impact on recent decisions by Sharp to establish an R & D unit and by Sony to transfer more technically advanced activities and increase their degree of vertical integration. Of course, as long as inward investment agencies are judged on the numbers of projects and jobs they attract, less attention will be paid to investment quality.

The second set of lessons relate to strategy for the attraction of inward investment and other forms of international business activity in a much changed environment. With a wider range of sources of inward investment, of types of international business arrangement and of sectoral activity, the planning of promotional strategy is becoming increasingly difficult and negotiations are more complex. The danger is that organisations like WINvest or Locate in Scotland try to compete wherever prospective inward investment projects appear, with a consequent diffusion of effort. There are also dangers of a follow-the-leader effect among attraction agencies from the UK (and indeed from elsewhere in Europe) leading to self-destructive competition. To date LIS has targeted sub-sectors in electronics, health care & biotechnology, advanced engineering and financial & corporate services within particular areas of the world. It is important that this targeting policy is maintained, even if it means that certain types of investment or areas of the world are relatively neglected. For instance, Wales has a clear locational advantage over Scotland as regards relocations from the South East.

Tackling international collaborative arrangements e.g. cross-border technology development, marketing or production agreements is a new challenge. Similarly, exploiting the complementarities which exist between international business in its inward and outward (exports, licensing-out etc.) forms may require new policy initiatives. The Welsh Committee's suggestion of an 'international development strategy' is an interesting concept and one which deserves some consideration in a Scottish context, especially when one of the four key thrusts of the

Agency is that of 'internationalisation' - encouraging and assisting business in Scotland to serve international markets.

#### NOTE AND REFERENCES

1. Professor Young was a Specialist Adviser to the Welsh Affairs Committee for their Inward Investment inquiry.
2. Welsh Affairs Committee (1988), Inward Investment into Wales and its Interaction with Regional and EEC Policies, First Report Session 1988-89, HC86-I, HMSO, London, 14 December.
3. Industry Department for Scotland (1988), "Overseas Ownership in Scottish Manufacturing Industry", No.A3.2, November. The data for Scotland refer to overseas plants with over 10 employees.
4. S Young, N Hood & S Dunlop (1988), "Global Strategies, Multinational Subsidiary Roles and Economic Impact in Scotland", Regional Studies, 22(6), pp.487-97.
5. Welsh Affairs Committee, Inward Investment into Wales..., op.cit, para 47.
6. Reported in Financial Times, February 28 1989.
7. Welsh Affairs Committee, Inward Investment into Wales..., op.cit, para 40.
8. Ibid, para 56.
9. Ibid.
10. Ibid, para 143.
11. Ibid, para 153.

ERRATUM

SCOTLAND V WALES IN THE INWARD INVESTMENT GAME

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The following tables have been omitted from the above article in this edition of the QEC, pp59-63.

10/4/89

Table 1 Regional Shares of Foreign-Owned and All Manufacturing Employment, 1971-1985

Share of Employment (%)  
& Location Quotient

	UK	Wales	Scotland	North West	North	Northern Ireland	South East
1971							
Foreign-owned (%)	100.0	4.8	11.1	13.2	3.3	4.0	41.1
All manufacturing <sub>1</sub> (%)	100.0	4.1	8.3	14.6	5.7	2.3	26.6
Location quotient <sub>1</sub>	1.00	1.17	1.34	0.90	0.58	1.76	1.54
1973							
Foreign-owned (%)	100.0	5.3	11.9	12.2	3.7	3.6	39.3
All manufacturing <sub>1</sub> (%)	100.0	4.2	8.4	14.4	5.8	2.2	26.2
Location quotient <sub>1</sub>	1.00	1.27	1.42	0.84	0.63	1.66	1.50
1975							
Foreign-owned (%)	100.0	5.2	10.9	12.5	4.5	3.5	37.6
All manufacturing <sub>1</sub> (%)	100.0	4.3	8.5	14.1	6.1	2.0	25.5
Location quotient <sub>1</sub>	1.00	1.23	1.28	0.94	0.74	1.71	1.47
1977							
Foreign-owned (%)	100.0	5.0	10.0	13.3	5.2	2.8	36.2
All manufacturing <sub>1</sub> (%)	100.0	4.3	8.5	14.1	6.1	2.0	25.1
Location quotient <sub>1</sub>	1.00	1.17	1.18	0.95	0.86	1.43	1.44
1979							
Foreign-owned (%)	100.0	5.5	9.8	13.8	5.0	3.1	35.3
All manufacturing <sub>1</sub> (%)	100.0	4.4	8.3	13.9	5.9	1.9	25.2
Location quotient <sub>1</sub>	1.00	1.25	1.18	0.99	0.85	1.63	1.40
1981							
Foreign-owned (%)	100.0	5.3	9.5	13.4	4.9	2.9	36.2
All manufacturing <sub>1</sub> (%)	100.0	4.1	8.2	13.5	5.8	2.0	25.9
Location quotient <sub>1</sub>	1.00	1.30	1.15	0.99	0.85	1.45	1.40
1983							
Foreign-owned (%)	100.0	5.5	9.0	14.2	5.0	2.3	35.8
All manufacturing <sub>1</sub> (%)	100.0	4.1	8.3	13.3	5.7	2.1	25.8
Location quotient <sub>1</sub>	1.00	1.34	1.08	1.06	0.88	1.13	1.39
1985							
Foreign-owned (%)	100.0	6.2	10.0	13.3	5.2	2.1	35.5
All manufacturing <sub>1</sub> (%)	100.0	4.1	7.9	12.5	5.4	2.2	26.2
Location quotient <sub>1</sub>	1.00	1.50	1.27	1.06	0.96	0.99	1.35

Note: 1. Location quotient is the ratio of regional share of foreign-owned employment to regional share of all employment.

Source: Business Monitor, PA1002, various editions.

Table 2 Foreign Inward Investment Projects in UK Regions<sup>1</sup>

Year	UK		Wales		Scotland		North West		North East		Northern Ireland		Rest of UK and Unspecified	
	Projects	Jobs	Projects	Jobs	Projects	Jobs	Projects	Jobs	Projects	Jobs	Projects	Jobs	Projects	Jobs
Numbers of Projects and Jobs														
1979 <sup>2</sup>	183	14,310	18	854	28	2,757	9	379	21	1,466	18	2,794	89	6,060
1980 <sup>2</sup>	155	18,662	16	3,332	31	4,474	15	913	19	2,923	20	2,760	54	4,260
1981 <sup>2</sup>	133	16,417	20	1,986	28	5,756	12	1,177	14	1,021	15	2,429	44	4,048
1982 <sup>2</sup>	133	10,529	17	901	28	2,258	14	1,291	15	539	6	1,893	53	3,647
1983	236	30,803	31	4,029	49	8,567	22	1,823	20	1,786	11	1,740	133	12,858
1984	328	46,396	42	8,973	74	10,224	40	3,046	29	4,819	27	5,132	116	14,202
1985	375	44,305	45	3,766	57	7,893	28	3,649	26	3,559	22	2,195	197	23,243
1986	339	27,034	49	4,596	36	2,488	34	2,789	30	2,739	18	2,415	172	12,007
1987 <sup>3</sup>	303	36,929	57	4,831	31	5,765	22	2,302	31	4,343	17	2,287	145	17,401
Share of UK Total Projects and Jobs (%)														
1979	100.0	100.0	9.8	6.0	15.3	19.3	4.9	2.6	11.5	10.2	9.8	19.5	48.6	42.3
1980	100.0	100.0	10.3	17.9	20.0	24.0	9.7	4.9	12.3	15.7	12.9	14.8	34.8	22.8
1981	100.0	100.0	15.0	12.1	21.0	35.1	9.0	7.2	10.5	6.2	11.3	14.8	33.1	24.7
1982	100.0	100.0	12.8	8.6	21.0	21.4	10.5	12.3	11.3	5.1	4.5	18.0	39.8	34.6
1983	100.0	100.0	13.1	13.1	20.8	27.8	9.3	5.9	6.5	5.8	4.7	5.6	56.4	41.7
1984	100.0	100.0	12.8	19.3	22.6	22.0	12.2	6.6	8.8	10.4	8.2	11.1	35.4	30.6
1985	100.0	100.0	12.0	8.5	15.2	17.8	7.5	8.2	6.9	8.0	5.9	5.0	52.5	52.5
1986	100.0	100.0	14.5	17.0	10.6	9.2	10.0	10.3	8.8	10.1	5.3	8.9	50.7	44.4
1987	100.0	100.0	18.8	13.1	10.2	15.6	7.3	6.2	10.2	11.8	5.6	6.2	47.9	47.1

- Notes:
1. The figures refer to inward investments from abroad notified to IEB by UK regions, and relate to data provided by the companies themselves. The jobs are those associated with the projects over the long-term.
  2. Job figures for the years 1979-82 relate to new jobs only. Otherwise job figures quoted are the total for new plus safeguarded jobs.
  3. 1987 figures are likely to be distorted because of 5700 jobs which were not allocated by region. These have been included in the column 'Rest of UK and Unspecified'.

Source: Invest in Britain Bureau, August 1988.



Table 3 Net Output and Gross Value Added (at Factor Cost) per Employee in Foreign-Owned and All Manufacturing Enterprises in Wales and Selected UK Regions, 1985

	UK	Wales	Scotland	North West	North	Northern Ireland	South East
Net Output per Employee							
Foreign-Owned (E)	25,520	21,560	30,069	27,626	29,703	19,179	26,813
All Manufacturing (E)	18,969	19,472	19,737	19,321	20,146	14,610	20,967
Ratio	1.35	1.21	1.52	1.43	1.47	1.31	1.28
Gross Value Added (at Factor Cost) per Employee							
Foreign-Owned (E)	20,479	18,776	25,324	22,101	24,969	16,648	20,887
All Manufacturing (E)	15,375	15,395	16,317	15,705	16,521	12,323	16,694
Ratio	1.33	1.22	1.55	1.41	1.51	1.35	1.25

Source: Business Monitor, PA1002, 1985.

Table 4 Selected Performance Indicators for Japanese and All Manufacturing Units in Wales, 1981 and 1986

	1981		1986		
	All manufacturing units in Wales	Japanese-owned units in Wales	All manufacturing units in Wales	Japanese-owned units in Wales	All UK units classified to: Electronic consumer goods & other electronic equipment n.e.s.
Gross value added as % of gross output	27	18	31.0	18.8	16.6
Wages as % <sub>1</sub> of gross output	12	6	9.9	6.0	5.3
Salaries as % <sub>2</sub> of gross output	6	4	5.0	3.0	4.6
Average wages (E per head) <sup>1</sup>	5,719	4,194	8,181	6,659	6,527
Average salaries (E per head) <sup>2</sup>	7,372	5,251	10,960	8,979	10,304

Notes: 1. 1981 figures - wages relate to operatives excluding jobbers; 1986 figures are payments to operatives.

2. 1981 figures - salaries refer to administrative, technical and clerical staff excluding working proprietors; 1986 figures are payments to administrative, technical and clerical staff.

Sources: 1981 figures - Written Answer to Mr. A. Mitchell, Official Report, 1 March 1984; 1986 figures - Written Answer to Mr. G. Maxwell, Official Report, 31 March 1988.

Table 5 Wales & the Inward Investment Environment : Evaluation

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>- Locational advantages including labour force; labour relations; assistance package; making investors welcome. Plus presence of large stock of satisfied inward investors</li> </ul>	<ul style="list-style-type: none"> <li>- Locational disadvantages including shortages of managerial &amp; technical staff and skilled labour; education; components' availability; service infrastructure. Perhaps shortage of sites and property</li> </ul>
<ul style="list-style-type: none"> <li>- Enthusiasm &amp; backing of many Welsh organisations at national and local level, and including Secretary of State for Wales, Wales TUC, CBI Wales etc.</li> </ul>	<ul style="list-style-type: none"> <li>- Lack of image; confusion of images</li> <li>- Greater marketing professionalism required</li> <li>- Poorly coordinated inward investment effort, exacerbated by personality conflicts</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>- Big expansion in investment from Japan and other Pacific Rim countries</li> </ul>	<ul style="list-style-type: none"> <li>- Slowdown in international direct investment flows</li> </ul>
<ul style="list-style-type: none"> <li>- 1992 Single European Market; EC local content rules and anti-dumping regulations</li> </ul>	<ul style="list-style-type: none"> <li>- Large expansion in investment in service industries</li> </ul>
<ul style="list-style-type: none"> <li>- Relocations from South East England</li> </ul>	<ul style="list-style-type: none"> <li>- Growth of new forms of international investment and industrial collaboration</li> </ul>
	<ul style="list-style-type: none"> <li>- Access to EC Structural Funds and Integrated Development Programmes</li> </ul>
	<ul style="list-style-type: none"> <li>- Effectiveness of Invest in Britain Bureau in coordination</li> </ul>
	<ul style="list-style-type: none"> <li>- Cuts in UK regional aid, and ending of automaticity; centralisation pressures</li> </ul>
	<ul style="list-style-type: none"> <li>- Growing competition for inward investment from other countries, and other parts of UK</li> </ul>

Table 6 Activities of Territorial Agencies in UK

	Locate in Scotland (LIS)	WINvest	Industrial Development Board (IDB) for Northern Ireland
Status	A joint venture of the Industry Department for Scotland (IDS) and the Scottish Development Agency (SDA), housed within the SDA, Glasgow	Operates jointly as a division of the Welsh Development Agency (WDA) and an arm of the Welsh Office Industry Department, housed within the WDA Cardiff	IDB is a government organisation, part of the Department of Economic Development in Belfast, Northern Ireland. Various divisions of IDB have inward investment responsibilities
Year of Establishment	1981 (April)	1983 (April)	1982 (September)
Role	Marketing of Scotland abroad  Advising potential inward investors from overseas & rest of UK  Negotiating financial & other aspects of development package  Provision of 'after-care' to investing companies	Selling of Wales abroad  Advising potential inward investors from overseas & rest of UK  Note: - Welsh Office Industry Department has responsibility for negotiations over Regional Selective Assistance  - regarding selling into the market for inward investors already located in Wales and 'after-care', the overseas and of this is undertaken by WINvest; in Wales, the role is shared between local authorities, Welsh Office and WDA	Marketing of Northern Ireland abroad & in Great Britain  Advising potential inward investors  Negotiating financial & other aspects of development package  Provision of 'after-care' to investing companies
Level and Sources of Funding	1988-89 estimated operating costs £4.26 million  1982-83 figure was £2.16 million  Government funding	1987-88 budget £1.845 million <sup>1</sup> (equivalent figures for 1986-87 £1.76 million and for 1985-86 £1.49 million)  Funded by WDA, which in turn is grant-aided by Welsh Office	No data available, but total IDB promotional budget in 1987-88 was £4.46 million  Government funding
Promotional Offices & Staffing	Stamford, Connecticut - 6 staff) (of which Chicago - 2 staff) directly employed Houston - 2 staff San Francisco - 5 staff) as Brussels - 2 staff (1) opposed to locally hired, 7)  London - 2 staff (2)  Tokyo - 1 staff member (1) since February 1988 (previously operated through Ben Line Agency)	USA - 3 staff (Pittsburg, Princeton, Sunnyvale)  Tokyo - 1 staff member part-time  Frankfurt - 1 staff member part-time  London - 1 staff member  Other staff based in Cardiff, except for 3 Regional Liaison Executives based in Wales	New York - 3 staff <sup>3</sup>  Boston, Chicago, San Francisco, Los Angeles - 4 staff (IDB seconded to FCO posts in Consulates)  Tokyo - a company is employed to represent IDB; has 4 staff in Tokyo and 3 in Belfast  Seoul - 2 staff  Hong Kong - 1 staff member  Amsterdam (formerly Brussels) - 1 staff member  Dusseldorf - 2 staff  London - 3 staff with inward investment responsibilities in Northern Ireland Business Centre
Staffing	54 at home and abroad, with roughly half from the SDA and half civil servants from IDS; 1983 staffing level was 32	37 at home and abroad, plus 2 part-time staff	11 directly employed on inward investment at IDB plus 16 outside Northern Ireland (from above). Excludes Japanese representatives.

Notes: 1. Relates to salaries, costs of maintaining overseas offices, travelling, entertaining etc. Total WDA budget on Promotion and Marketing was £3.48 million (which includes WINvest budget), the difference mainly comprising advertising within the UK.

2. Inward investment is handled by a number of divisions within IDB viz. Overseas Promotion Division (responsible for overseas promotion); and International Investment Division (responsible for financial & other aspects of package, plus 'after-care' for approx. 6 months after start-up); sectoral initiatives; and business cooperation through joint ventures, licensing etc). Sectoral Divisions and Corporate Appraisal Division handle inward investment and all other business projects; the former deals with after-care after start-up period, the latter with appraising potential projects.

3. Offices in Cleveland, Houston & Atlanta in USA now closed.

Source: Welsh Affairs Committee, Inward Investment into Wales..., op.cit, Figures 4.3 and 5.3; information for IDB Northern Ireland obtained by personal interviews.