29th September 2025

Rt Hon Ruth Jones MP
Chair
Welsh Affairs Committee
House of Commons
Palace of Westminster
London
SW1A 0AA

Sent via email to: STACEL@parliament.uk

Dear Ruth,

Follow-up evidence to the Welsh Affairs Committee inquiry: *Promoting Wales for inward investment*

Thank you for the opportunity to provide further evidence following my appearance before the Welsh Affairs Committee on 3 September. I am pleased to address the Committee's three follow-up questions.

1. **Barriers to Wales capturing the benefits of cluster working**

- **Skills pipeline:** the global semiconductor sector faces a projected shortage of up to 300,000 skilled workers by 2030. Without sustained investment in skills development and transfer pathways, Wales risks being unable to meet investor demand despite its strong base. This could attract FDI to areas with stronger incentives, such as the USA and EU.
- **Fragmented policy geography:** clusters form around related activity, not political boundaries. Current funding mechanisms (e.g. CCR Investment Zone) risk excluding key partners such as Swansea University, undermining the coherence of the semiconductor cluster.
- **Funding deployment:** place-based funding is highly valuable, but risks being slowed or diluted when administered through local cycles and with influence from local councils. Specialist, sector-led bodies such as Innovate UK are better placed to align funding with strategic priorities to avoid slowing progress and losing momentum with the opportunity.

2. **How clusters embed inward investment and create resilience**

- **Sticky industries:** semiconductor fabs are highly capital- and knowledge-intensive. Once operational, they cannot be easily relocated, creating long-term "sticky" jobs and avoiding the past "branch-plant" model that Wales experienced in consumer electronics.
- **Anchor firms and supply chains:** major recent investments by Vishay (£250m) and KLA ($138m) have anchored the cluster in South Wales. Their presence supports a growing SME supply chain across the Valleys and beyond.
- **Diversified applications:** compound semiconductors enable technologies across multiple markets — net zero, automotive, defence, AI, and telecoms — which buffers the region from single-sector volatility.

3. **Additional points for the Committee's consideration**

- **Global platform:** The forthcoming ICSCRM 2027, hosted in South Wales and managed by CSconnected will attract c. 2,500 international delegates in advanced semiconductors. With government backing, it offers a significant opportunity to showcase Wales as a world-class location for inward investment.
- **Joined-up UK/Welsh Government approach:** investors need clarity and consistency. A co-branded UK/Wales offer, supported by physical "front doors" such as Centre 7 (Cardiff) and CS^2 (Newport), would present a stronger, customer-centric entry point.

Thank you for the opportunity to provide evidence to the committee. Please do not hesitate to get in touch should further information be needed.

Yours sincerely,
Howard Rupprecht
Managing Director, CSconnected Ltd