House of Commons

Welsh Affairs Committee

# Promoting Wales for Inward Investment: Government Response

First Special Report of Session 2026–27 HC 642

# Welsh Affairs Committee

The Welsh Affairs Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Wales Office (including relations with the Welsh Parliament/Senedd Cymru) and its associated public bodies.

## Current membership

Ruth Jones (Labour; Newport West and Islwyn) (Chair)

David Chadwick (Liberal Democrat; Brecon, Radnor and Cwm Tawe)

Ann Davies (Plaid Cymru; Caerfyrddin)

Gill German (Labour; Clwyd North)

Simon Hoare (Conservative; North Dorset)

Gerald Jones (Labour; Merthyr Tydfil and Aberdare)

Ben Lake (Plaid Cymru; Ceredigion Preseli)

Llinos Medi (Plaid Cymru; Ynys Môn)

Andrew Ranger (Labour; Wrexham)

Henry Tufnell (Labour; Mid and South Pembrokeshire)

Steve Witherden (Labour; Montgomeryshire and Glyndŵr)

## Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No. 152. These are available on the internet via www.parliament.uk.

## Publication

This Report was Ordered by the House of Commons, on 9 September 2026, to be printed. It was published on 15 September 2026 by authority of the House of Commons. 

Committee Reports are published on the Committee's website at www.parliament.uk/welshcom and in print by Order of the House.

## Contacts

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# First Special Report

The Welsh Affairs Committee published its First Report of Session 2026–27, Promoting Wales for Inward Investment (HC 136), on 27 May 2026. The Government Response was received on 17 September 2026 and is appended below.

# Appendix: Government Response

## Introduction

The UK Government ('UKG') welcomes the Welsh Affairs Committee's conclusions and recommendations on inward investment in Wales. UKG is committed to working constructively with the Welsh Government and other partners to support inward investment into Wales. The Secretary of State for Wales and Minister for Science, Innovation and Investment will seek to engage with the Welsh Government regularly, reflecting evidence given to the committee.

UKG has invested significantly into the enabling infrastructure to attract inward investment into Wales since 2024, including a £14bn rail investment pipeline, investment into ports to enable floating offshore wind investment, new nuclear on Anglesey and a Defence Growth Deal.

In responding to these recommendations, UKG has considered the need to provide clarity to investors, avoid duplication, make effective use of existing structures and data, and ensure that future activity is delivered in a way that reflects the shared responsibilities of the organisations involved.

The structure of this response follows the order of the Committee's recommendations as they appear in the report. Each response sets out UKG's position on the recommendation and, where relevant, explains how this work will be taken forward in collaboration with partners.

# 1 Inward investment results

Committee conclusion: ***We welcome recent inward investment results that suggest Wales is returning to a more competitive position in comparison to the other UK nations. However, these headline figures cannot be cause for complacency. Lower value-added investment and a reliance on investment from Europe means Wales may be vulnerable in future to economic shocks or to changes in the relationship between the UK and Europe.*** (Conclusion, Paragraph 37)

***Data must be accurate, accessible and comparable to enable governments, policymakers and investment stakeholders to make the best decisions about promoting Wales for inward investment. Neither the UK nor Welsh governments are currently providing comprehensive analysis of Wales's inward investment results.*** (Conclusion, Paragraph 42)

***The Wales Office should work in conjunction with the Department for Business and Trade and the Office for National Statistics to produce an annual Wales-specific report on inward investment results and trends for Wales. This should include the sectoral composition of inward investment in Wales and provide a comparison with other UK nations and regions which reflects on the sizes of their respective population and economies. The Wales Office should ultimately be responsible for the publication of this report. We expect the first report to be published before the end of this calendar year, to provide sufficient time for analysis of DBIST and ONS data that is generally published in the summer.*** (Recommendation, Paragraph 43)

## Response – recommendation not agreed.

Each year, the Department for Business, Innovation, Science and Trade (DBIST) publishes statistics on inward investment and the number of foreign direct investment (FDI) projects in the UK. The DBIST inward investment results report contains information on the types of FDI in the UK and the number of FDI projects into the UK, DBIST-supported projects, FDI new jobs created in the UK, and FDI safeguarded jobs in the UK. It includes FDI statistics broken down by UK nations and English regions and, as a result, an additional report by the Wales Office is not required.

The statistics published on 23 June 2026 show that Wales continues to successfully attract foreign investors. This was the second year in a row that there was an increase in the number of foreign investments coming to Wales, alongside a rise in the number of jobs created or protected.

2025–26 saw the biggest increase in foreign investment since 2020–21. Wales attracted 75 foreign investment projects, creating over 1,500 jobs and protecting thousands more.

## 2 Investment proposition

Committee conclusion: ***Why Wales? Wales is a strong and distinctive investment proposition, thanks to a strong pool of talent in key sectors, world-leading university research, its geopolitical stability, and capacity to work at pace and in collaboration with the UK and Welsh governments.*** (Conclusion, Paragraph 54)

***No amount of promotion can overcome fundamental challenges with the business basics, so we therefore encourage the UK Government and incoming Welsh Government to continue to work together to deliver vital improvements to Wales's infrastructure. We will continue to monitor how the UK Government invests in reserved infrastructure in Wales throughout this Parliament.*** (Conclusion, Paragraph 55)

***Data about Wales investment enquiries generated by DBT officials overseas and transferred to relevant partners is not being monitored or published. This makes it impossible to assess how the UK Government's overseas network promotes Wales for inward investment. It is important that DBT demonstrates how its overseas offices deliver for Wales and the other UK nations.*** (Conclusion, Paragraph 66)

***The Department for Business and Trade should publish a summary of the investment enquiries generated by its overseas network as part of its annual inward investment results. The summary should be broken down to a UK nation level.*** (Recommendation, Paragraph 67)

### Response – recommendation not agreed.

The Government does not consider that publishing a summary of investment enquiries generated by the overseas network would provide a sufficiently meaningful measure of performance. Enquiries vary significantly in quality, maturity and strategic value, ranging from early expressions of interest to near-final investment decisions. Presenting such data in aggregate form would risk creating a misleading impression of outcomes and would not provide a reliable basis for public assessment.

# 3 Intergovernmental arrangements

Committee conclusion: ***It is disappointing that intergovernmental infrastructure does not appear to be being used to support inter-ministerial collaboration on inward investment, as a key growth priority. Consistent engagement at a ministerial level between the UK and Welsh governments would provide clear political direction to departments about the importance of collaboration between the two governments to deliver inward investment for Wales.*** (Conclusion, Paragraph 71)

***The Minister for Investment should engage with existing intergovernmental infrastructure to co-ordinate with Welsh Government ministers. Interministerial groups should be used to facilitate discussions about challenges as they develop and to agree solutions. We recommend that the next meetings of the Intergovernmental groups on Trade and Business and Industry take place in autumn 2026, to provide time for incoming ministers in the devolved governments to be appointed to their posts. Thereafter, we recommend that the UK Government ensures that these intergovernmental groups meet regularly and consistently, as they are an important vehicle to support intergovernmental collaboration. The Minister for Investment should regularly attend these meetings.*** (Recommendation, Paragraph 72)

## Response – agree in principle.

The UK government agrees that interministerial groups are an important vehicle to support intergovernmental engagement and collaboration. The groups on Trade and on Business and Industry operate on a collaborative basis, with agenda items for each meeting agreed in advance and by consensus between the UK government and the devolved governments, including discussion of investment-related issues where relevant.

The next meetings of each group are scheduled to take place in October 2026, with agendas currently being developed and agreed with all governments. Thereafter, future meetings will be scheduled on a regular basis through the joint secretariats comprising officials from all four governments.

Membership is drawn from ministers across the UK Government and the devolved governments with portfolios relevant to each group's remit. Additional ministers may be invited to attend on an ad hoc basis, by agreement, where this is relevant to the agenda. This ensures discussions are led by the most appropriate ministers while enabling wider engagement where necessary.

The UK Government will continue to work collaboratively with the devolved governments through these groups to address emerging challenges and agree shared solutions, including those relating to inward investment.

Regular engagement occurs and will continue to occur between UKG and WG outside of the IMG structures, including between the Secretary of State for Wales and Welsh ministers.

# 4 Investment promotion agency

Committee conclusion: ***There is strong evidence that an arms-length investment promotion agency for Wales would have a positive impact on attracting inward investment into Wales. The Committee recognises that establishing an investment promotion agency for Wales is in the gift of the Welsh Government. However, should the Welsh Government choose to do so, the agency must co-ordinate with the UK Government to have the greatest impact on delivering inward investment for Wales. This Committee believes that establishing an investment agency would signal to investors that Wales is open for business, improve investors' experience of investing in Wales, and provide the tools to tackle the challenges that face investment promotion in Wales.*** (Conclusion, Paragraph 82)

***We encourage the incoming Welsh Government to seriously consider establishing a dedicated investment promotion agency. If the Welsh Government establishes an investment promotion agency for Wales, the Department for Business and Trade must set out how it will work with the agency in a Memorandum of Understanding.***

***DBT should do this in conjunction with the Wales Office and in collaboration with the Welsh Government. This is a vital step, as it provides certainty to investors about how the two governments will work together.*** (Recommendation, Paragraph 83)

## Response – accept in principle.

UKG welcomes efforts to increase inward investment into Wales. DBIST and the Wales Office will consider specific working arrangements when the Welsh Government's policy direction has been fully set out. We will continue collaborative engagement, including on how any future relationship should best be framed. This includes work between DBIST, the Wales Office and the Welsh Government on existing mechanisms such as Brand Wales.

## 5 Diaspora

***Committee conclusion: The Welsh diaspora is an untapped resource that offers new and exciting opportunities to engage with emerging markets and strengthen the diversity of Wales's inward investment profile in a distinctly Welsh and personal way. The UK Government should celebrate and better connect with a Welsh diaspora that is successful in business, outward looking, and that wants to support Wales's prosperity and growth.*** (Conclusion, Paragraph 91)

***The Wales Office should develop and implement an investment-focused Welsh diaspora engagement strategy by summer 2027. The Wales Office should do this in conjunction with the Department for Business and Trade and in collaboration with the Welsh Government, to avoid duplication and to harness the strength of the UK Government's global reach. The strategy should be focused on generating investment leads and gathering intelligence to support inward investment into Wales. The strategy should include a campaign that re-engages with the Welsh diaspora business community.*** (Recommendation, Paragraph 92)

### Response – agree in principle.

The UK Government agrees the Welsh diaspora is a powerful resource in promoting Wales for inward investment and encouraging direct investment into Wales from the organisations they own, lead or work within.

The Wales Office works closely with Welsh diaspora groups overseas, including New York Welsh and the Toronto Welsh Male Voice Choir. The Wales Office-led Brand Wales programme will build on this activity through additional funding and resource during 2026–29.

As the Committee has recognised, investors benefit from clarity and consistency when selecting destinations for their capital and arriving at decisions. From the outset, the Brand Wales programme has sought to complement and enhance investment promotion activities undertaken by the Welsh Government, Corporate Joint Committees and other bodies, including Freeports. The UK Government recognises that the Plaid Cymru 2026 manifesto pledged to develop a diaspora strategy, establish a cross-sector diaspora taskforce and develop online and offline diaspora networks. We will work with the new Welsh Government to ensure a complementary approach to diaspora engagement.

# 6 Clusters

Committee conclusion: ***Clusters present an opportunity to showcase and communicate Wales's strengths to prospective investors, and these valuable stories should be more consistently harnessed to promote a region's advantages to investors.*** (Conclusion, Paragraph 101)

***The Wales Office should lead work with the Department for Business and Trade to map Wales's clusters and catalogue what they offer for prospective investors in sectors relevant to each cluster, such as R&D facilities and a robust supply chain. This map and catalogue should be regularly updated and provided to the Office for Investment to be promoted to prospective investors.***

***The Wales Office should regularly engage with clusters that operate within the UK Government's priority sectors in Wales, to gather investment insights, and monitor for emerging clusters to promote as opportunities for early investment. The Wales Office should use intergovernmental structures to co-ordinate this work alongside the Welsh Government's investment activities.*** (Recommendation, Paragraph 102)

## Response – agree in principle.

The Wales Office is working closely with the Office for Investment, Department for Business, Innovation, Science and Trade, Welsh Government and regional partners to ensure there are clear and consistent investment propositions for Wales to be provided to the Office for Investment, UKG overseas posts and promoted via the Brand Wales programme.

This work will be initially prioritised toward the key growth Industrial Strategy sectors in Wales: compound semiconductors, clean energy, including floating offshore wind, life sciences, creative industries and advanced manufacturing. It will include insights gathered through engagement with all relevant partners, including industry and businesses, the Welsh Government, Corporate Joint Committees, local authorities, Industrial Strategy Zones, including Freeports and Investment Zones, and other bodies undertaking investment promotion activity for their region or sector.

The Wales Office seeks to ensure that the FCDO and the British Council are making maximum use of Brand Wales in their commercial and promotional activities. Commercial attaches at British overseas posts are a useful resource to be leveraged, as are British Council offices projecting the UK's soft power. This is particularly impactful in promoting investment into the creative industries.