Economic Events Diary  November 2006 - March 2007

November
The Wales Rural Affairs Minister Carwyn Jones announced that Welsh farmers were to receive the first part of their Single Farm Payments, the new EU system of support for farmers, as soon as the payment window opened in December. This contrasted with the situation in England where farmers were expected to have to wait for their payments to be distributed for the second year running.

The Burberry worker campaign, protesting at the planned closure of the company’s clothing production facility in Treorchy, gained momentum with backing from celebrity names such as the actor Ioan Gruffudd and singer Tom Jones. Although ultimately failing to secure the future of the factory, which was to close in March 2007, a number of concessions were won through the high media profile campaign, including offers of the donation of the factory to the workers and £150,000 per year for ten years to the local community.

December
First Minister Rhodri Morgan opened the new Celsa UK £80m steel melt shop in Cardiff. As well as minimizing emissions and reducing energy costs the new state-of-the-art facility at the former ASW site, will enable increased production of 340,000 tonnes of steel products per year. This takes Celsa UK’s steel making capacity up to 1.2 million tonnes per year.

A North West Wales Economic Futures study, carried out by ESYS Consulting for the Assembly Government, highlighted employment concerns existing in Anglesey. The report noted the reliance on jobs in ‘at-risk’ industries such as at the Wylfa nuclear power station, which is to be decommissioned 2010 with loss of 1,500 jobs.

January
Steel company Corus which employs around 7,000 workers in Wales was acquired by India’s Tata Steel during an auction process run by the Takeover Panel. Fears for the future of Corus staff employed primarily in well-paid manufacturing jobs in Wales were raised by the move. Tata Steel became the fifth largest steel group in the world as a result of the deal which highlighted the increasing dynamism of Indian multinationals.

A report carried out by Cardiff University, titled “The Impact of Further Education Institutions on the Economy of Wales”, estimated that this educational sector supported 11,800 full time equivalent jobs and was worth around £553m per year to the economy. See the Feature Articles section of this Review for a summary of that report.

Details of a new £3m product development centre within the Institute of Life Sciences at Swansea University were announced. The Boots Centre for Innovation will help small businesses to access facilities and research expertise to develop pharmaceutical products.

Dovey Estates revealed plans for a £30m residential and up-market retail development in Tenby at North Beach.

Figures published by the South-East Wales Transport Alliance (SEWTA) showed that cost of traffic jams in Wales was an estimated £500m a year. In the Regional Transport Plan submitted to the Assembly Government arguments were made to significantly increase investment in public transport and impose congestion charging.

The Wales Index of Production and Construction showed that manufacturing output in the previous four quarters had fallen 1.3% year-on-year. Meanwhile in the UK as a whole production had increased slightly by 0.1% over this time.

KBI, an energy company based in Germany, announced that it was looking into building a state-of-the-art gas plant in the Cynon Valley. The plant, which would use the controversial method of turning waste into gas, would be expected to produce enough power for 20,000 homes.

February
Motor vehicle manufacturer Toyota announced that the ZR engines for its new Auris model would be produced at the company's Deeside factory. The investment which was estimated to be worth around £110m will help safeguard jobs at the site currently employing 700 staff.

Cardiff Business School launched the Wales Futures Network to explore and create dialogue on the important factors and trends at the forefront of change in society, culture, the environment and economy. See Feature Articles section of this Review.

RWE npower announced that Pembroke would be its preferred choice of site for a £800m “cleaner-than-coal” gas-fired power station, ahead of an alternative location in Staythorpe, Nottinghamshire. The investment could create 160 permanent semi-skilled jobs as well as up to 1,500 jobs in the construction phase. A decision on planning permission, which the company has so far spent two years attempting to gain, is expected in July.

March
A Wales Audit Office report on the failure of the LG inward investment concluded that state aid was not monitored closely enough. A total of £131m of investment funding from Welsh public bodies went into the project at Newport, much of it in the early stages when risks were thought to be highest, although recovery provisions enabled £71m of this to be clawed back. The report stated that lessons needed to be learnt to improve clarity and manage risks when awarding future aid.

According to figures from the Royal Institution of Chartered Surveyors there was a 15% increase in the price of Welsh farmland in the second half of 2006, the highest rise since 2004. Across the UK increased demand for farmland reportedly arose from foreign as well as domestic farmers, and “lifestyle buyers” keen to move away from cities.

Coda, a South Korean property development company, announced plans for a £80m residential development investment at Swansea’s SA1 waterfront scheme. Planning applications for the Harbour Square development, which may create over 400 apartments along with retail units, were expected in April.

The University of Glamorgan announced plans for a £1.7m Renewable Hydrogen Research and Demonstration Centre for Baglan Energy Park. The centre will be the first of its kind in Wales.
According to figures from HM Revenue and Customs the **value of Welsh exports** in 2006 was £9.3bn. This was 7.5% up on the previous year, and the first time the level had exceeded £9bn. For the UK as a whole there was a year-on-year increase in exports of 9.6%.

A final decision on planning approval for a controversial **wood chip burning power station in Port Talbot** was deferred pending a site visit. The proposed £400m investment by Prenergy Power, with the potential to create around 100 permanent jobs, was opposed by local campaigners on grounds of increased pollution from site emissions.

A slowdown in orders was blamed for a **fourteen day production pause** to take place during April at **Corus tinplate works** in Trostre, Llanelli. Over three-quarters of the 800 staff at the site will be affected and are to be paid half-wages during the break.

The Welsh Assembly Government launched the **Champions for Wales initiative** whereby talented and prominent Welsh people are to be asked to feature in news and publicity campaigns promoting the Principality. Sir Howard Stringer (chief executive of Sony), Martin Coles (president of Starbucks International) and Sir Emyr Jones Parry (UK Ambassador to the United Nations) were named as the first three ‘Champions’.

Plans were unveiled for a **new budget airline** to be based at Cardiff International Airport. Flyforbeans, linked to air consultancy SkyMerlin, aims to provide services to a number of European destinations from the end of 2007 and create around 100 jobs.

Research by travel website travelsupermarket.com placed Cardiff ninth in the top **UK holiday destinations**. The capital’s emergence in the top 10 was partly attributed to its use as a location in TV series such as Doctor Who.

**Comings & Goings: Companies’ Activities in Wales**

G24i, a US solar-cell technology start-up venture, announced in October plans to set-up a production facility at Wentloog Corporate Park, Cardiff. It is estimated that 300 jobs could be created and £60m invested in the site by summer 2008.

It was confirmed in November that the joint venture **Hills Industries and Freudenberg Household Products** rotary drier factory at Pontygwindy Industrial Estate, Caerphilly, was to close with the loss of 90 jobs. Competition from low cost economies overseas was cited as the major factor for the job cuts.

**Alcoa** revealed that its aluminium plant in Waunarlwydd, Swansea, would close in April 2007 with the loss of 300 jobs. The announcement was made as part of the US firm’s Europe-wide restructuring programme.

Japanese manufacturer **Orion Electrics** confirmed that 100 jobs were to go at its DVD and plasma television factory in Margam, near Port Talbot. Rapid changes in television technology were stated as the reason for the redundancies.

Commercial kitchen and bar suppliers **IMC** relocated their international headquarters to Wrexham in December, creating more than 80 jobs at a £5.2m investment at Wrexham Industrial Estate. The company’s main factory had been formerly based in Hertfordshire.

In January car component producer **Takao Europe Manufacturing (TEM)** began recruiting staff for a £3.2m facility on Rassau Industrial Estate, Ebbw Vale. Around 100 jobs are expected to be created by the Japanese firm at the site formerly home to the Yajima company.

Retailer **Tesco** announced that 190 finance jobs would be lost from its Cardiff administration centre. Some of the work was to be relocated to a central finance operation in Bangalore, India.

**Thomson Technicolor**, a California based company, revealed that it was to shut its CD and DVD plant in Llantrarnam, near Cwmbran with the loss of 310 jobs. The plan to close the factory was deemed necessary due to escalating competition, price pressure and a slowdown in demand.

It was announced that a **new state-of-the-art defence training academy** for the armed forces will be based in **St Athan** from 2008. Around 5,000 jobs are expected to be created at the site when it is fully operational in 2013, which will generate an estimated £58m per year for the region. With an approximate value of the venture at £16bn the training academy will constitute the single largest investment yet seen in Wales. The Metrix consortium behind the winning bid was backed by an all-party House of Commons Welsh representative group led by Rhondda MP Chris Bryant, along with lobbying support from many other public and private organisations.

Cosmetics firm **Creative Outsourcing Solutions International (COSI)** revealed plans to create a further 300 jobs at its Maesteg plant producing beauty products on contract for other companies. The expansion of the site’s existing 700 strong workforce and investment in hi-tech equipment will reportedly create the biggest facility of its type in western Europe.

**Yell**, the directory enquiries service, announced it was to create 250 call centre jobs in Newport. The new centre is to be located in Usk House on George Street.

The training and consultancy company, **Crownford**, based in Hirwain, Rhondda Cynon Taff, revealed plans to create 75 jobs in Wales. The expansion resulted from the firm winning a £20m contract from the national development agency of Romania, ANIMMC, to help deliver management systems that meet EU legislative requirements.

In February it was confirmed that **Aeron Valley Creamery** in Felinfach, near Lampeter, was to close with the loss of 44 jobs. Owners Lactalis McLelland stated that mounting losses were the reason for the decision. These job cuts follow the closure in 2006 of the Dairygold cheese packing plant in the area.

**Airbus** announced in March that 1,600 jobs would go in the UK as part of a European-wide cost-cutting programme reportedly introduced to counteract a weakened dollar and delivery hold-ups of the new A380 superjumbo. Redundancies were expected to be equally spread between the company’s sites at Filton in Bristol and its wing-making facility in Broughton, Flintshire. It was expected that around half of the job losses would be on-site contractors.

Announcing its decision to concentrate on the roofing side of its business **Alfred McAlpine** confirmed that 175 jobs in total would go at its four slate quarries in North Wales. Cwt-y-Bugail quarry in Blaenau Ffestiniog is to close with the loss of...
59 jobs, whilst further job cuts will take place at Gloddfa Ganol, also in Blaenau Ffestiniog, and Penrhyn, in Bethesda.

A business review by Cranberry Foods recommended that 400 jobs be cut at their turkey-processing plant in Abergavenny, leaving the total workforce at the site at around 120. The company stated it planned to consolidate production at its base in Hollybank, Derbyshire, in response to increased competition, particularly from Brazilian and Polish imports.

G Costa, the speciality and ethnic food manufacturer, announced that it was to close its factory in Abercarn, Caerphilly with the loss of 151 jobs. A further 28 jobs were to go at the company’s site in Newtown, Powys. Production is to move to a lower cost base in Poland.

Solectron, a company who service telecommunications equipment, revealed that it was to close its factory in Cwmcarn, near Newbridge with the loss of 150 jobs. The decision follows the relocation of many of the company’s customers to lower cost economies.

Gardners the screen and digital printers announced it was to create an extra 41 jobs as part of a £2.4m expansion to new premises in Pentwyn, Cardiff.

EADS Defence & Security Systems won a £200m contract to supply the infrastructure for a new network of regional fire service control centres in England. The project will be run from the company’s Newport base, helping to safeguard the 900 staff currently employed there and also have the potential to create a further 200 jobs over the next eight years.

Morvus Technology, a pharmaceutical R&D company, revealed plans to relocate its headquarters to Wales. Plans for the facility, to be established at the National Botanic Gardens of Wales in Llanarthne, Carmarthenshire, include the creation of 54 jobs over the next three years.

Amazon, the internet retailer, confirmed that it was to create an 800,000 sq ft distribution centre at Jersey Marine, between Neath and Swansea. The investment, which will be American-owned Amazon’s fourth UK distribution centre, is expected to create 1,200 full-time jobs over the next five years.

Meanwhile, it was announced that 175 jobs were to be lost at the Visteon car components site at Jersey Marine. The closure by motor company Ford of a foundry in Leamington Spa which Visteon supplied with parts was blamed for these losses.

Connaught Motor Company revealed plans for a £12m international headquarters at Llanelli Gate where it hopes to create 200 jobs over the next three years. Estimated for completion in 2009 the site is projected to include facilities for car production and R&D, as well as office space.