

Economic Events Diary November 2005 - March 2006

November

The National Assembly Government launched its **new economic development strategy 'Wales: A Vibrant Economy (WAVE)'**, setting out the priorities of increasing the numbers in employment, and raising the quality of jobs available in the region. Tracking indicators, such as average earnings and economic inactivity rates, were set out to help in evaluating progress of the strategy which replaces the 2002 publication 'A Winning Wales'. WAVE is intended as a strategic framework, providing guiding principles for the National Assembly's activities, rather than a detailed delivery plan.

Access to finance and childcare were found to be the major hurdles faced by **women planning to start a business in Wales** according to a report published by **Chwarae Teg**, an organisation set up to expand the economic role of women in Wales. The research found that although entrepreneurial activity among women had increased marginally over the last year, they had been responsible for only a quarter of new business start-ups in Wales.

Work started at the Rassau Industrial Estate in Blaenau Gwent on a **£20m car-battery recycling plant**. The **EnviroWales** facility, which received a £2.5m regional selective assistance grant, has a planned completion date of early 2007, and should create over 130 jobs.

December

Conditions surrounding **future levels of European aid** available to Wales were set out by the Treasury and the National Assembly Government. Agreement was reached that Objective 1 funds obtainable for the West Wales and the Valleys region after 2007 would be wholly in addition to the Assembly's block grant, but that all match funding would have to be generated within Wales.

The engine maintenance facility run by **General Electric** in Nantgarw received a boost with the announcement of its securing a £1.5bn contract to service British Airways engines. This extension to an existing deal will run for ten years and help safeguard over 850 jobs.

Arriva Trains Wales launched an **improved rail service linking north and south Wales** with departures every two hours. The feasibility of a daily express train, cutting the journey time to around 4 hours, was to be raised with the National Assembly Government. Meanwhile, the Chambers of Commerce Ireland called on the Irish government to examine the viability of constructing a **railway tunnel linking Ireland and west Wales**. Costs of around £7.5 bn were projected for a 60km link between Tuskar Rock in County Wexford and Pembrokeshire, where support for the plan was reported to be high.

Plans for 700,000 sq ft of **high quality office space in Cardiff Bay** were unveiled by **Norwich Union** as an application for outline planning consent was lodged with Cardiff County Council. The proposed £130m scheme aims to create landmark buildings in the waterfront development area.

A short list was drawn up of developers to transform a 1,000 acre site, formerly occupied by BP Llandarcy, into **Wales'**

first urban village. The mixed use residential, office and retail development, at Coed Darcy in Neath, will reportedly provide over 2,500 houses and create around 3,000 jobs over a 25 year period.

Work began on enhancing the facilities of **Burry Port harbour** with the help of £700,000 of funds secured from the Assembly Government's **'Catching the Wave' initiative**- a scheme to develop the marine industry. In order to meet expected high future demand arising from the transformation of the marina area, Burry Port will increase its number of berths from 300 to 490.

January

Designate, a marketing agency, was awarded a £150,000 contract by the Wales Tourist Board to promote Wales as a premier holiday destination over the next two years. The campaign, to be known as *Wales in Style*, will involve a UK-wide public relations campaign and a dedicated website.

Andrew Davies, the Assembly's Economic Development Minister, approached the DTI with a proposal to extend the life of the **Wylfa nuclear power station** on Anglesey, in order to secure electricity supplies to major local employer **Anglesey Aluminium**. The power station is due to be decommissioned in 2010.

The latest quarterly figures from the **CBI Wales Industrial Trends** survey highlighted increased pessimism amongst Welsh manufacturers. Two-thirds of manufacturers were found to be operating below full capacity, and manufacturers were experiencing rising costs but weak demand, keeping prices low.

Meanwhile, figures released by the **Farmers' Union of Wales**, from a survey conducted at the Royal Welsh Winter Fair, showed that only 44 per cent of farmers were optimistic about their future in the industry. This was reportedly the lowest level of confidence in the sector since the 2001 foot-and-mouth crisis.

February

The **WDA** announced that over 1,000 small and medium sized enterprises (SMEs), as well as voluntary bodies, had been supported via its subsidy scheme in **accessing broadband technologies**. Since the scheme was launched in 2002 a variety of new technologies have become available and average costs of access have fallen, whilst population coverage able to take advantage of broadband without satellite links has increased.

Assembly Economic Development minister Andrew Davies, and Department of Trade and Industry minister Alun Michael, opened the **£3m TWI centre for Non Destructive Testing** in Port Talbot. The facility's ability to carry out independent safety tests on manufactured components will be marketed to companies throughout Europe, and help address the lack of research and development activity in Wales.

A **£5.1m grant** from the National Assembly Government to Airbus, for staff training at its aircraft wing manufacturing facility in Broughton, provoked criticism in international trade discussions. US trade representatives described the grant as a state subsidy and lodged a complaint with the World Trade Organisation.

Coleg Gwent revealed a **£110m improvement package** to consolidate its position as the largest further education college in Wales. The strategy, set out in four phases for the next ten years, includes plans for a training centre for the motor industry, and a relocation of their Ebbw Vale campus to a site previously occupied by Corus.

March

With support from Prime Minister Tony Blair, Cardiff was selected as the UK's candidate city to host the **Galileo Supervisory Authority (GSA)**. It will compete against a number of European locations to be selected as a home for the agency behind the £2.3bn satellite positioning system.

Two Welsh based companies were named in the top twenty of the **UK's best employers**. FirstPlus Financial Group and insurance provider Admiral were placed 12th and 20th respectively in the Sunday Times survey.

It was announced that a new organisation to promote business networks and transatlantic trade between Wales, the United States and Canada, will be set up at the end of 2006. With the proposed title of the **Wales North America Business Chamber** the new organisation is to be created from the merger of the Welsh North America Business Council and the Welsh North American Chamber of Commerce.

A five-year study by the **Economic and Social Research Council** into the **impact of devolution** on Wales concluded that innovation in the delivery of public services by the Assembly had not matched that found in Westminster, but that it was too early to judge the economic benefits of the devolved administration.

A report by the **Bank of Scotland** suggested that the **Welsh economy** was thriving and predicted a 2006 January to June growth rate of 2.7%. A buoyant jobs market and sustained consumer spending were highlighted as evidence of this prosperity, despite the former being dominated by non-market sector vacancies.

The University of Wales, **Aberystwyth** revealed plans for a **£10m virtual reality centre**. With funding from the Welsh Assembly Government, Silicon Graphics Inc and Sun Microsystems, the purpose-built site will enable 3D visualisation for new product development and complex problem solving.

Comings & Goings: Companies' Activities in Wales

In November 2005 the Ministry of Defence announced that 500 jobs were to go at the **Defence Aviation Repair Agency (DARA)** facility in St Athan. The decision to end fighter-servicing operations at the site will force the job cuts by April 2007.

Alliance Integrated Solutions, a start-up company specialising in packaging CDs and DVDs, plans to create 50 full-time jobs in its first full year of operating. Based in Abertillery the business has secured £200,000 of investment from organisations including UK Steel Enterprise.

Steinhoff UK Upholstery Ltd is hoping to create over 120 jobs at the former Pendragon furniture factory in Bridgend with a £3.2 million investment. The company reported that it was keen to reinstate furniture design and development activities alongside manufacturing at the site.

The **BBC** announced plans to open a centre for finance staff in Cardiff and thus reduce the impact of previously revealed 200 job cuts across Wales. The specialist finance division will create 120 jobs in the capital.

Two secured loans companies, who consolidate householder debt into a single payment, revealed expansion plans in Wales. **Picture Financial**, based in Newport, is to create an extra 120 jobs by the end of 2006, and **FirstPlus** will generate 100 jobs in Cardiff by bringing the call centre element of its operations in-house.

EADS Defence and Security Systems in Newport have won a £150 million Ministry of Defence contract that will create 100 new jobs. As part of the Atlas Consortium the company will work on developing the *Defence Information Infrastructure*.

Increasing energy costs and low customer demand were blamed by **DS Smith** for the closure of its Sudbrook Mill in Caldicot. The closure of the paper mill in May 2006 will result in the loss of 135 jobs.

Mobile telecoms company **Communications Direct Ltd** announced plans to construct a £4 million headquarters in Cardiff, creating an extra 100 jobs. The company currently employs over 300 staff in Cardiff and Swansea.

A joint venture by **Hills Industries** and **Freudenberg Household Products** in Caerphilly, producing rotary driers and clothes lines, is to come to an end with the loss of 87 jobs. The availability of low cost imports from China was given as the reason for the shutdown of the three year venture, which is likely to take place before the end of 2006.

In February it was announced that the **Dairygold** cheese-packing plant in Felinfach was to close with the loss of 115 jobs. Overcapacity in the sector was given as the main reason for the closure, which is a further setback for the west Wales dairy industry following the recent shutdown of the Llangadog Creamery.

Airbus confirmed that it was to expand its workforce in Broughton by 650 jobs in order to meet increased demand for its aeroplanes.

Around 250 jobs are expected to be lost in Port Talbot at car speaker manufacturer **Panasonic Electronic Devices**. The plan to close the factory by the end of 2006 was deemed necessary due to increased competition and growing pressure on prices.

A decision by **Air Wales** to concentrate on charter and freight services, and stop its scheduled passenger flights, will result in 80 jobs being cut from the airline. Escalating costs and competition from larger low-cost operators were cited as the major factors for the change of focus.

The new Welsh Assembly Government department of **Enterprise Innovation and Networks (EIN)**, operational from April 2006, is to be led by **Gareth Hall**, former chief executive of the Welsh Development Agency (WDA). EIN, formed from the merger of the WDA and Wales Tourist Board (WTB) into the Assembly's civil service, will deliver the economic and transport agendas of Wales. An early benefit of the merger is seen as the grouping together of the previous grant schemes of the WDA, WTB and Assembly Government under the single banner.