Economic Events Diary April 2007- October 2007

April

According to figures from the Confederation of British Industry (CBI) manufacturing orders in Wales for 2007Q1 exhibited their highest increase since April 2005. Order and output growth in the Principality was higher than that for the UK as a whole, as were business expectations in the short term, due to declining unit costs and increasing domestic prices.

American multinational GE announced they were looking into the possibility of selling off their gas-fired power plant at Baglan Energy Park, Port Talbot. Consultants Lexicon Partners were brought in to explore a sell-off of the 480-megawatt facility which was opened in 2004, and is worth an estimated £500m.

Two companies from Wales appeared in the Sunday Times Profit Track 100, a list of the fastest growing privately owned companies in the UK; Graig Shipping based in Cardiff, and Moneysupermarket.com from Ewloe, Deeside ranked 27th and 79th respectively.

A consortium including British Waterways, Forestry Commission Wales and the Monmouthshire, Brecon and Abergavenny Canals Trust, as well as the unitary authorities of Newport, Torfaen and Caerphilly, submitted a bid for £25m of lottery funding to renovate a canal network in south east Wales. Plans for the Living Links Project, which would involve a total investment of £33m, see the reopening of two canals from Pontnewydd to Cwmbran town centre, and Newport to Cwmbran.

May

In the May Welsh Assembly Government elections Labour failed to win enough seats for an overall majority. A period of inter-party negotiations followed as attempts were made to form a coalition government. In the interim administration Dr Brian Gibbons was appointed Economic Development Minister, replacing Andrew Davies who was made Social Justice Minister.

Cardiff and Co was revealed as the name of the new organization to promote the capital of Wales nationally and internationally. The company has secured annual funding of £500m. According to figures from the CBI Welsh manufacturers suffered a fall in confidence in the second quarter of 2007 as orders dropped following increases in interest rates and the cost of the pound. Figures for 2007Q2 showed business optimism down to -27 from +34 in 2007Q1.

June

Plans were unveiled for a housing and hotel complex to be built next to the forthcoming new Western Mail & Echo headquarters in Park Street, central Cardiff. Planning consent was being sought by developer Dandara for a residential complex comprising of 261 flats, along with a 250 room Jurys Inn.

Figures released from the Purchasing Managers Index (PMI) Wales Report for May showed a slow down in private sector growth in Wales for the first time in 2007. The seasonally adjusted Business Activity Index declined to an eighteen month low of 54.1 (where 50 is the level that marks stable output).

Research by Oxford Intelligence, a foreign direct investment consultancy, for Ernst & Young revealed that the number of inward investment projects brought to Wales, and jobs resulting, had fallen relative to the UK as a whole in the last decade. Between 1997 and 2006 the proportion of all UK inward investment projects that came to Wales fell from 7.5% to 2.3%, and the proportion of all UK inward investment jobs that came to the Principality fell from 10.3% to 5.7%.

Home Retail Group, whose subsidiary companies include Argos and Homebase, submitted plans for a 750,000sq ft distribution centre at Gwent Europark. The site was reportedly selected for the proposed regional distribution centre due to its proximity to the M4/ Second Severn Crossing, the topography of the land, and availability of workforce.

According to figures from the UK Tourism Survey, £3.3bn was brought into the Welsh economy in 2006 by the tourism sector.

July

A coalition deal between political parties Labour and Plaid Cymru was agreed to run the Welsh Assembly Government. Ieuan Wyn Jones was sworn in as deputy First Minister, the first ever Plaid Cymru politician to hold government office.

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A £4m recycling centre inward investment by TyreGenics was launched at Baglan, near Port Talbot. The joint-venture between Credential Environment, BOC, FieldTurfTarkett and RTI Cryogenics involves the reprocessing of used tyres into rubber crumb that can then be utilized for insulation products, rubber flooring and artificial sports pitches.
In Ebbw Vale, Express Power revealed plans to build a £50m wood-fuelled biomass facility at the Rassau Industrial estate - an area identified as lacking an electricity network appropriate for large scale industrial users. Consultations with the local community were proceeding.

Proposals for a ferry link between Swansea and Ilfracombe, Devon starting in summer 2008 were debated by commercial and public sector stakeholders in west Wales. Potential funding of around £1m had reportedly been secured for a privately run scheme supported by local councils. The schemes main backers, Mariners Marine Consultants, are initially considering a 45 minute Fastcat foot-passenger only service.

Construction began on Fflos Las National Hunt Racecourse in Trimsaran, Carmarthenshire at the site of a former open-cast coal mine. The regeneration project, led by developers Walters Group, is planned to include a hotel, restaurant, and up to 250 homes. Around 75 permanent jobs are expected to be created, with racing planned to commence at the 608 acre site in 2009.

Developers Robert Hitchens and AWG Property signed a joint agreement to deliver a £9m, grade ‘A’ office development, named CS3000, at Celtic Springs Business Park in Newport.

August

The Department for Business, Enterprise and Regulatory Reform granted Severn Power permission to build a £400m gas-fired power station on a site next to the existing Uskmouth Power Plant in Newport. Around 150 jobs are expected to be created in the long-term, with the facility being operational in 2010.

A report "Better Balance Better Business" produced by Chwarae Teg, the agency for the economic development of women in Wales, emphasized the importance of Welsh businesses embracing flexible working practices, over and above current legislation, in order to drive workforce productivity, motivation, diversity and skills.

Demolition began on the former Nippon Electrical Glass site at Trident Park, Cardiff. Property developer PMG is transforming a section of the 50 acre site into a 190,000sq ft trade park.

RWE nPower confirmed plans to build an £800m gas-fired power station near Pembroke Dock. It was estimated that the proposed facility would be able to provide power for 3 million homes.

Movement restrictions for animals of Welsh farmers were lifted after three working days following an outbreak of foot-and-mouth disease in Guildford, England.

Unilever, the household product manufacturer, revealed plans to cut 11% of its workforce globally over the coming four years. In Wales it began a three month consultation period investigating the possibility of contracting-out work from its Ewloe, Flintshire offices, where around 400 computer jobs were said to be at risk. Meanwhile, the company’s Crumlin factory, where Pot Noodle is produced, was also subject to a review which was feared could lead to a contraction of job opportunities in the future.

September

A conference took place at the Millennium Centre in Cardiff to mark the 10th anniversary of the devolution referendum vote in Wales. The First Minister Rhodri Morgan commented that "...major strides in blending together the sharply different elements in Wales have been entirely due to devolution..."

A public consultation began on Tredagar-based EnviroParks Ltd proposal to build a recycling centre and business park on land next to Tower Colliery, Hirwaun. The £50m investment plans to make green energy produced on-site available to be sold back to firms located on the commercial park.

A new direct rail service between North Wales and London was given the green light by The Office of Rail Regulation. The joint venture Wrexham, Shropshire and Marylebone Railway Company won the rights to supply the service for seven years, starting from December 2007.

Details were revealed of the redevelopment of the former Burberry site in Treorchy by owners Garrison Barclay Estates. A mix of manufacturing units is to be marketed after the completion of a £2m estate refurbishment.

Queues of concerned customers formed outside Welsh branches of mortgage provider Northern Rock as the company experienced cash flow problems resulting from a reduction in credit on international banking markets.

October

Remploy, the disabled worker service, announced the freezing of a decision taken in May 2007 to close four, and merge a further two, of their twelve manufacturing sites in Wales. Work and Pensions Secretary, Peter Hain stated that, following an agreement between management and unions, there would be no closures without ministerial approval.

Figures published by HM Revenues and Customs showed that exports from Wales increased in the four quarters to 2007Q2 by 1% or £93m on the previous four quarters, whilst the UK as a whole saw a reduction of 11.6% in exports over the same time (see Industrial Activity section, table 9).

Comings & Goings: Companies’ Activities in Wales

Insulation product firm Rockwool UK revealed plans to create a further 110 jobs at its Pencoed manufacturing plant as part of a £70m investment. A new production line, the third at the facility, is expected to be complete towards the end of 2008 and enable production volume to double.

Law firm Hugh James expanded its workforce at its Cardiff headquarters by 135 following substantial increases in legal and processing work for clients Norwich Union and HBOS.

The Travelodge hotel chain announced it was to invest £55m in Wales by the year 2020 increasing its number of budget bed-spaces by around 1,500 and creating up to 300 jobs.

Corus announced job cuts at two of its Welsh sites. In May it was revealed that 212 workers were to go at its second biggest Welsh plant in Llanwern. High energy costs in the UK were cited as a major factor in the decision. In July a further 94 redundancies were announced at the company’s tin plate facility at Trostre, Carmarthenshire, as a response to overcapacity in the market. These job cuts are the first by Corus in Wales since its takeover by conglomerate Tata.

In June it was revealed that the Quinn Group was to invest £66m in a new production facility in Newport to manufacture
building industry insulation products. Around 340 jobs are expected to be created at the 40-acre location situated next to the company’s existing radiator manufacturing site.

**Staedtler**, the stationery manufacturer, confirmed it was to phase out production at its Pontyclun facility with the loss of 250 jobs by the end of 2007. An administrative office base will be retained by the company at the site.

Flintshire based printing firm **Graphoprint** went into administration after suffering financial problems. A total of 170 workers were made redundant.

**Cadbury Schweppes** announced that it was to cut 15% of its global workforce by 2012 as part of a plan to reduce costs and increase efficiency. No details were as yet revealed as to the impact on the company’s cocoa processing facility in Wrexham.

**Takao**, the Japanese car component producer, revealed it was creating a further 80 jobs as part of a £12m expansion at its Ebbw Vale factory at Rassau Industrial Estate.

Global IT company **Valtech** began recruiting computer software consultants for its new location at Springboard Innovation Centre, Llantarnam Park, Caerphilly. Around 170 jobs are expected to be created over the next three years.

Asset management services business **Connaught** in Tongwynlais, near Cardiff announced it was to create a further 360 jobs in Wales by 2010. The company has won a number of contracts to upgrade social housing including that of housing association Valleys to Coast covering 6,000 homes in Bridgend County Borough.

In July, **Kwik Save** ceased trading, selling off 56 stores in the UK to FreshXpress. In total 27 stores in Wales were closed with the loss of over 200 jobs.

**EADS**, the owner of Airbus revealed it was to cut around 1,600 jobs in the UK as part of European-wide restructuring. This is expected to lead to some reorganisation of the company’s Airbus facility at Broughton, Flintshire.

**Checkwell Screening**, a Canadian based company which carries out background checks as part of the employment process, announced in August that it was creating 125 graduate-level jobs in Swansea. This inward investment is to be the company’s UK headquarters.

In September it was revealed that the former Cambrian furniture factory in Treforest would be utilised as a mobile phone recycling facility by **Excel Fortune**. The venture will sell mobile handsets to markets in the Far East and is estimated to have the potential to create 250 jobs in Wales.

Cwmbran was chosen as the location for a £30m investment by IT group **Sword**. It was projected that 207 jobs would be created by 2012 at the site, half of which are expected to be in software research and development roles.

Russian owned **Carrington Wire** based in Cardiff closed with the loss of 120 jobs. Competition from abroad was cited as the major factor in the decision to consolidate operations at the company’s UK base in Leeds. Also in the capital, the decision was taken to shut down the **Japan Tobacco** factory (known as JR Freeman’s) in September 2009 and move production to Northern Ireland, after substantial falls in sales. The closing of the production site, that has been operational in the city for nearly 100 years, will result in the loss of 184 jobs.

It was announced in October that **Dolgarrog Aluminium**, the former Alcoa plant, in the Conwy Valley, is to close with the loss of 170 jobs unless a buyer can be found. The UK’s only fully integrated casting and rolling aluminium mill, and an important local employer, has been experiencing cash-flow problems.

Meanwhile it is confirmed that the **Woodhead Connectivity** electronics factory in Ebbw Vale is to shut with the loss of 215 jobs following a worldwide rationalisation programme by owners Molex Incorporated. Production at the site on Rassau Industrial Estate will stop in June 2008.

The **Federation of Small Businesses in Wales** named entrepreneur **Janet Jones** from Powys as their new chair.