

Economic Events Diary April – October 2005

April

First Minister Rhodri Morgan opened a new £77m super-hangar at St Athan built for the **Defence Aviation Repair Agency (DARA)**. The future of DARA, however, remains uncertain following the loss of major RAF maintenance contracts in 2004.

Modus Corovest (Newport) Ltd was named by Newport City Council as its preferred developer for the £200m retail scheme to bring together the city's riverfront and commercial districts. Modernising the shopping facilities forms part of regeneration company Newport Unlimited's master plan for the city centre.

A £10m incubation centre for new businesses, **Technium Pembrokeshire**, was given the go-ahead for construction at Pembroke Dock. This latest branch of the WDA Technium concept to drive enterprise and innovation was partly financed by European Union Objective One funds.

Figures published by the Office for National Statistics showed that the majority of the **economically inactive in Wales** had no desire to work. Only Northern Ireland and North West England had a higher proportion of economically inactive not wishing to join the workforce.

May

Corus opened a new continuous caster at its Port Talbot steelworks. The £79m investment, named Continuous Caster 3, is expected to increase production of steel slab output by 25% at the site.

ELWa, the post-16 education and training body, unveiled investment plans of £1.7bn to develop skills in the Welsh workforce over the next three years. The business plan details an aspiration for greater collaboration amongst the learning provider network to deliver more choice for learners.

A £21m project was launched to help people on sickness and disability benefits in Wales back into work. The **Want2Work initiative**, based on the Pathways to Work pilot programme, will target the economically inactive who have the potential to return to the workforce in Merthyr Tydfil, Neath Port Talbot and Cardiff.

Work started on a £4.8m **regeneration project** to build a hi-tech business park in the Montgomeryshire town of **Llanidloes**. The site hopes to provide a base for new enterprises and attract high skilled jobs, helping to reinvigorate an area hit by the 2003 closure of KTH Aluminium.

June

A **new railway station** was opened at **Cardiff International Airport** to improve links to the rest of Wales. A shuttle bus takes passengers to the airport terminal which is situated a mile from the railway station.

Plans were unveiled for modernising the retail amenities in **Swansea**. Owners of the site formerly home to the David Evans department store, **Thurleigh Estates**, announced plans to build a £30m shopping complex at the location. This is expected to house a major fashion retailer and a number of well-known high street names.

An outline planning proposal for a £25m retail park near **Haverfordwest** was submitted to Pembrokeshire County Council by Simons Developments. The application for **Springfield Retail Warehouse Park** includes plans for a range of business units from 7,500-50,000 sq ft. estimated to create 300 jobs in the area.

The **UK's largest onshore wind farm** was opened at **Cefn Croes** in Ceredigion. The controversial £50m renewable energy site is expected to provide electricity for 42,000 homes a year. The Welsh Assembly Government has committed to obtaining 10% of the country's energy requirements through renewable sources by 2010.

Gyrus, the Cardiff based biotechnology business, announced plans to take over US company American Cystoscope Makers Inc. in a deal worth £275m.

July

Cardiff based Cadwyn Capital, in a joint venture with PCE Investors, launched the **Principality's first-ever hedge fund, Cadwyn Global**. Over £17m was raised from backers such as Carlyle Trust and Fleming Family.

A report by Global Entrepreneurship Monitor (GEM) showed that between 2000 and 2004 **entrepreneurial activity in Wales** had doubled. In 2000 it was found that 2.6% of the Welsh population was involved in some type of entrepreneurship, a figure that had risen to 5.5% by 2004.

Figures published by **The Arts Council of Wales** in 'The Arts Work', showed that 63,000 people were employed in the arts and cultural sector in Wales.

Figures from the **Halifax House Price Index** showed that property prices in Wales grew at double the UK average. In 2005Q2 the annual rise in prices of Welsh houses was 8.7% compared to 3.7% for the UK as a whole. In a further survey by Halifax it was shown that **first time buyers in rural areas** of Wales had fallen in the last ten years from 42% of the market, to just 27%. Urban areas of Wales had experienced a fall in first time buyers from 48% to 36% over the same period.

MAV Developments submitted an outline planning application for a £50m industrial and office development in **Magor**. The proposal includes plans for 700,000sqft of office space at the 48 acre site.

Meanwhile, plans for a £400m gas-fired power station in Newport were announced by **Carron Energy**. Consent is to be sought from the Department of Trade and Industry.

August

Figures from the UK Milk Development Council showed that 170 **dairy farmers in Wales** had left the milk industry during the past year. With expectations of continuing low prices in the industry more of the remaining 2,600 dairy farms in Wales were expected to struggle economically.

Having previously secured the go-ahead from Cardiff County Council, the revised outline plan for **St David's 2** was given the backing of the Welsh Assembly. The scheme is a joint venture between Landmark Securities and Capital Shopping Centres for a £535m retail, leisure and residential development.

Figures from the Office for National Statistics showed that levels of **spending on research and development in Wales** were among the lowest in the country. In 2003 R&D investment in Wales amounted to just over £480m, one-tenth of the level in the East and the South East of England, (for further details please refer to the Economic Commentary section of the *Review*).

Macob, the construction company, submitted proposals for a speculative expansion to its **Bocam Park** development in Bridgend. Subject to obtaining planning permission this second phase is expected to increase office space by 100,000sqft and cost around £12m.

The **Welsh Development Agency** (WDA) announced it had surpassed its job targets in the financial year 2004-5. A total of 41,550 jobs were claimed to have been created or safeguarded during the year by the Agency. Its business starts programme helped to create 4,523 new enterprises.

September

Figures from Barclays showed that the number of **new business start-ups in Wales** had decreased by 16% in the past year. However, Wales fared better than all other regions in the UK except London, which suffered the smallest decline of 14%.

Figures from the **Wales Tourist Board** showed that almost half of the tourism operators in Wales experienced increased numbers of visitors this summer compared to last, and a further quarter saw no change in visitor totals.

Airbus, whose aircraft wings are manufactured at Broughton, received a double boost as Indian Airlines announced the purchase of 43 Airbus jets and China Southern Airlines agreed to buy 10 A330s.

Milford Haven Port Authority announced a return to profit for the year ending December 2004. A 12% increase in freight tonnage during the year and a restructuring of its business operations were seen as major factors in the turnaround. Development of the port to handle imports of Liquefied Natural Gas has increased the Authority's confidence in the future.

Planning permission was granted for **Bailey Developments** to construct a 30,000 sqft, three-storey office building in **Newport**. This £5m investment at a newly designated business district on George Street is anticipated to be the first of a number of good-quality office developments in the city.

Extensive consultation was promised by the leader of **Cardiff City Council** over the possibility of introducing **road pricing** in the capital. A private sector consortium has been asked by the unitary authority to come up with proposals to deal with the problem of traffic congestion, and is expected to report back in mid-2006.

Integrate, a new partnership comprising **eight housing associations**, was formed. With housing development funds of £24m and private finance capital of a further £20m, the new partnership will be one of the most powerful purchasing bodies in Wales.

October

The redevelopment of Swansea's maritime quarter gathered pace with the opening of the **National Waterfront Museum**. This £30.8m investment is projected to attract around 250,000 visits per year.

Figures from South Wales chambers of commerce showed that the **business confidence of manufacturing companies** in the area was at its lowest level since September 2003. The net balance of employers believing that profitability would improve in the next 12 months fell from +36% in 2005Q2, down to +22% in 2005Q3.

Property company Liberty Mercian revealed outline plans for a **£50m development scheme in Cardigan** comprising of a retail park, housing and a hospital. The venture could result in the creation of up to 400 jobs in an area of Ceredigion recovering from the closure of Dewhurst's clothing factory, and redundancies at the Aberporth Ministry of Defence facility.

Comings & Goings: Companies' Activities in Wales

Sogefi UK, the Italian automotive product manufacturer, announced it will create a further 125 jobs at its two plants in Llantrisant and Tredegar.

The **Dairy Farms of Britain** creamery in Llangadog closed with the loss of 200 jobs. The plant had received supplies from over 200 farms in and around Carmarthenshire.

Rhyal Engineering of Milford Haven revealed that 130 jobs are likely to be created as the result of the company being awarded the design and construction contract for liquefied natural gas storage facilities in the area.

In June **Sony** announced that it would be ending TV production in Wales closing its Bridgend plant with the loss of 400 jobs, and reducing its Pencoed workforce by a further 250. A change in consumer demand in favour of flat-screen TVs, rather than the traditional cathode-ray tube models produced in Wales, was blamed for the closures. In September Sony revealed the Pencoed site will be used as a manufacturing base for its next generation of high definition TV/ film cameras, protecting its immediate future.

A supplier to Sony of glass for cathode-ray tubes, **Nippon Electric Glass (UK)**, announced that its Cardiff manufacturing plant would close by the end of November with the loss of 400 jobs. The company had been operating at reduced capacity for much of 2005 and had carried out a series of voluntary redundancies.

Confectionery company **Wrigley** confirmed the closure of its factory in Bridgend with the loss of 170 jobs. This followed a global review of its supply chain.

BBC Wales staff were told that 200 jobs, mainly in programme content and output, would be lost in the corporation as part of a cost-cutting exercise.

Receivers running furniture manufacturer **Christie-Tyler** confirmed the loss of over 200 jobs in Bridgend at the group's Pendragon and Contour Mobel factories. Weak consumer demand and strong competition were blamed for the manufacturer's difficulties.

Irish conglomerate **Quinn Group** is creating up to 450 jobs in Newport as part of a £135m investment. The group decided to base its radiator manufacturing European headquarters, at the former LG Philips Displays facility.

Around 90 jobs are expected to be lost in Swansea at tape manufacturer **3M**. A reduction in the workforce was considered necessary to counteract high raw material prices and increased competition.

Dan Evans, the family-owned department store based in

Barry, announced it is to close with the loss of 176 jobs.

Walkers Crisps revealed that it was closing its Swansea plant with the loss of 250 jobs. The high price of fuel was cited as a factor in the decision to transfer manufacturing to other sites.

TRW Automotive confirmed plans to cut 156 jobs at its Pontypool facility over the next year in a bid to reduce costs and increase competitiveness.

Around 150 jobs are expected to be created by **Debenhams** in Carmarthen. The retail company will be the anchor-tenant in a £50m regeneration project of the town centre's shopping facilities.

Imperial Tobacco disclosed that it was to shut the **Rizla** cigarette paper factory in Treforest in a bid to cut costs and deal with over capacity. Around 130 jobs will be lost.

In October it was revealed that **ATC Lasham Ltd**, a UK 'Maintenance, Repair and Overhaul' (MRO) operator, and the **TES Aviation Group**, an airline technical support company based in Abercynon, were to move into the aerospace development park at St Athan. Although the local area has

been hit recently by the loss of Ministry of Defence contracts, these announcements, with the initial creation of over 50 jobs and the expectation of an eventual rise to 300, give the opportunity for high-skilled positions to remain in the vicinity.

Admiral announced it would be creating 250 new jobs in Swansea over the next three years. In spring 2006 the motor insurance company will be moving into new premises at the Cyprium office development, part of the SA1 waterfront scheme in the city.

Car finance company **GMAC**, a subsidiary of General Motors, revealed it was bringing 100 jobs to its UK headquarters in South Wales. The company is relocating its customer service and debt recovery operation from Watford to Nantgarw.

E.on, a leading energy supplier in the UK, is to close its Cardiff facility in June 2006 with the loss of over 200 jobs.

Specialist engineering company **Doncasters** is expected to create 100 jobs over the next two years after expanding its facilities in Blaenavon. New investment will increase the company's capacity in manufacturing precision components for the aerospace, automotive and power generation industries at the Torfaen location.