Economic Events Diary April 2006 - October 2006

April

The Assembly Sponsored Public Bodies of the Welsh Development Agency, Wales Tourist Board and ELWa were merged into the National Assembly Government. Around 1,500 staff were involved in the process to improve accountability and provide opportunities for more co-ordinated Assembly Government support.

The Assembly Minister for Enterprise, Innovation and Networks, Andrew Davies, launched “Achieving Our Potential 2006-13” a mid term review of the tourism strategy for Wales. The plan for tourism was updated to complement and support the main themes of the economic development strategy “Wales: A Vibrant Economy”. In the document key challenges for tourism in Wales were identified as: extending the work of branding Wales; improving the quality of accommodation and attractions; skills development; partnership working; and improving accessibility for visitors through such channels as online information.

The Assembly Government formally submitted their backing to the UK Government for a Severn Barrage tidal project. Supporters of the proposal, Severn Tidal Power Group (a joint venture of construction and power engineering companies), estimated that up to 6% of the electricity of England and Wales could be generated by the substantial project if the go-ahead were agreed. Opponents have concerns for the estuary ecosystem and the Severn tidal “bore”.

May

Figures from the ONS showed positive signs for retail output in Wales with the Index of Distribution for Wales for the latest four quarters published 4.3% higher than the previous year.

However, two surveys published this month suggested there were less grounds for optimism in the Welsh economy. A review of finance professionals by the Institute of Chartered Accountants in England & Wales and Orange, found that Wales is one of the least confident business regions in the UK. Furthermore, a study of Welsh business leaders carried out by Microsoft revealed that skills-deficits amongst the workforce remained a major concern to the respondents.

Proposals for a £400m gas fired power station, at the former Uskmouth B coal fired station in Newport, were submitted by Severn Power to the DTI and Newport City Council. It was estimated that approval of the scheme could lead to the creation of 50 permanent jobs, as well as around 650 jobs in the construction phase.

A new ministerial advisory group was set up to provide independent guidance to the Welsh Assembly Government on economic and transport policy. Richard Parry-Jones, of Ford Motor Company, was made chair of the group tasked with providing advice to Assembly Minister Andrew Davies.

June

Dekor, the Bridgend based DIY company managed by Leighton Samuel, invested in a 1.4m sq ft manufacturing site in southern China. As part of a joint venture arrangement, Dekor-Global, will ship its products from the Far East to Bridgend for storage, and distribution to major high street retailers in the UK. It was anticipated this arrangement would better secure the company’s future in Wales.

The sector skills council for building, ConstructionSkills, revealed in a report that recruitment in the industry in Wales needs to be substantially increased to meet future demand. The industry representative body estimated there was a requirement for 23,000 extra workers in the sector by 2010 to enable work on up-coming projects including the redevelopment of the former BP refinery in Neath, and major retail developments in Swansea, Newport and Cardiff. The skills council report was supported by research from construction company Bluestone which noted that Assembly Government public investment in building in the health and education sectors alone is expected to increase by around 45% between 2006/7 and 2007/8 to £350m.

July

Figures released this month by the Department of Industry and Trade showed that Wales accounted for 10% of all the inward investment jobs created in the UK during 2005/6. A total of 5,204 jobs were created or safeguarded in the Principality over the year as a result of foreign direct investment.

Sector Skills Agreements were signed in Wales for six major industry sectors to facilitate the improvement of workforce skills. To help enable education and training providers to meet the precise needs of employers the businesses, and representative bodies, in the sectors (agriculture, health, logistics, sports and leisure, oil/ gas and nuclear industries, and clothing and fashion) will provide detailed information to the network of government Sector Skills Councils.

Wales had the highest rate of increase in business failures in the UK over the previous twelve months according to figures published by PricewaterhouseCoopers. A total of 336 companies in the region went into insolvency during that time, up 23% year on year. The publishers noted however that the proportion of company administrations was increasing in Wales at the expense of liquidations.

August

Imera Power, the Irish energy company, applied for a licence from the UK energy regulator Ofgem to run an electricity cable between Caernarfon and Arklow, County Wicklow. This link would tackle energy shortfall in Ireland in the short term but would also enable the UK to import energy in future. The company plans to meet the estimated £135m cost through private funding and EU finance.

According to data from the Royal Institution of Chartered Surveyors, prices of rural land in Wales had recovered from their steep decline witnessed at the end of 2005. The UK rural land market survey noted that prices in Wales increased by 13% in the second quarter on the same period in 2005. Demand for rural land has grown since agreement was reached on the Common Agricultural Policy single-farm payments reform package.

The Wales Quality Centre, an independent non-profit making organization, was awarded a further three-year contract by the Assembly Government to deliver the “Inside Welsh
Industry” initiative. This programme seeks to share excellence amongst companies in Wales through site visits to role model businesses.

September

Two companies from Wales appeared in the Sunday Times Microsoft Tech Track 100, a list of the fastest growing technology companies in the UK. Marix Drug Developments based in Llantrisant, and Pace Telecoms, from Wrexham, ranked 39th and 94th respectively.

October

Problems in the wiring of the Airbus A380 passenger plane caused delays in delivery to customers and created fears of orders being cancelled. This raised concern for jobs at the Airbus UK wing manufacturing facility in Broughton, Flintshire.

Comings & Goings: Companies’ Activities in Wales

A number of significant job announcements were made in the automotive sector in Wales over the last few months:

- In May news came that Continental Tpees were to shed 400 jobs from its Ebbw Vale calliper plant with work being transferred to Slovakia. The continued existence of the Ebbw Vale plant however looks to have been secured, with 120 jobs saved to continue work specialising in small series callipers.
- Ford Motor Company revealed that it was planning to recruit an extra 250 workers in its engine plant in Bridgend over the next two years.
- In June it was confirmed that, as a result of a worldwide restructuring drive by its Michigan based owners, the Dura Automotive Systems car cable plant in Llanelli was to close with 270 jobs going by the end 2006.
- September saw an announcement by Cooper Standard Automotives that it was to close its Maesteg production facility in December 2007 with the loss of 250 jobs. Production is to be switched to Poland and France.
- BOS Automotive Products confirmed in September that it was switching production from its Wrexham factory to Hungary and Romania. A fall in demand had been experienced since the closures of Vauxhall Luton and MG Rover. Around 125 jobs will be lost.

In April financial services company Jigsaw revealed that it was to set up a call centre operation in Bridgend with the creation of 100 jobs by the end of 2006. The Nottingham based company is to invest £525,000 in the South Wales site, including regional selective assistance grant funding from the Welsh Assembly Government.

The Sofa Workshop confirmed that it was to close its Llantrisant manufacturing site with the loss of 320 jobs. The decision followed a business strategy review by parent company MFI who planned in future to utilise external suppliers for sofa products, and concentrate instead on manufacture of kitchen and bedroom furnishing.

Two food processing companies in Anglesey announced job losses in May. Firstly, Grampian Country Food Group revealed that 200 jobs were to be cut at their Llanegfni site due to the downturn in the market for fresh chicken. The following week brought news of the closure of Cig Mon Cymru abattoir in the same town with the loss of a further 100 jobs.

In June Laura Ashley, the clothing and home furnishings company, announced plans to cut 43 jobs from its only remaining Welsh manufacturing site. The job cuts at the Texplan factory in Newtown were reportedly the result of the decision to transfer the printing and dyeing of textiles overseas to take advantage of lower costs.

American electronics company International Rectifier announced plans for a further £104 million investment at its Newport semiconductor manufacturing facility. It is estimated that 250 extra jobs will be created by the end of 2010 at the site producing energy efficient wafers. The investment includes £8 million in regional selective assistance grant from the Welsh Assembly Government.

The Vitafoam facility in Maesteg shutdown in July with the loss of 88 jobs. A downturn in sales and an increasingly competitive market were given as the reasons for the closure of the foam making plant.

Creative Print & Design announced that around 70 extra jobs would be created at their new premises in Blaina. The decision came after the company was acquired by one of Europe’s leading book manufacturers, the Norhaven Group of Denmark.

In August it was revealed that the LG Electronics site in Newport would close with the loss of 315 jobs. Relatively high labour, distribution and site costs were stated as being the major reasons for transferring the production of LCD computer screens to China. Back in 1996 there were optimistic forecasts that the South Korean company could create over 6,000 jobs at the Welsh site as part of a £1.1 billion inward investment. However, currency crises and poor economic conditions in Southeast Asia during the later part of the 1990s created difficulties for the investment from its start, and an ill-fated joint venture, LG Philips Displays, launched in 2001, lasted only two years.

After a year long review of company operations, Burberry, the clothes retailer, confirmed in September that it was closing its Treorchy manufacturing site. Over 300 jobs are to go at the Welsh factory, which was seen as being no longer commercially viable, as manufacturing is switched to Asia or South America.

Also in September, Duracell announced that over 100 jobs were to go at its hearing-aid battery manufacturing plant in Wrexham by Summer 2007. The firm stated it was planning to transfer the work to a partner company.

Inspired Gaming Group, the computer software company, revealed it was to locate its global network operations centre at Bangor with the creation of around 190 jobs. The business setup, supported by a regional selective assistance grant, will be located in Technium CAST, part of the Assembly Government’s Technium network.
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