



## **Newsletter N°3 – January 2012**

### **Economic & Commercial Representation of the Brussels-Capital Region in Great Britain**

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#### **1. News**

##### **1.1. General Economic**

- Activity in the UK services sector grew in December at its fastest rate since July, according to the latest purchasing managers' index (PMI). The PMI for December was 54.0, up from 52.1 in November. Any figure over 50 indicates that the sector is growing. But confidence about the future remains subdued, with business expectations matching September's two-and-a-half year low (Financial Times).
- Britain's economy is at risk of contracting in the first half of this year after stagnating in the final quarter of 2011 due to the euro zone debt crisis, a survey from the British Chambers of Commerce showed. The BCC - which polled nearly 8,000 members - stopped short of forecasting an outright recession, saying only that one quarter of negative growth was likely over the next six months, but warned this hinged on government action to help business (Reuters).
- Record exports helped narrow Britain's trade deficit at its fastest pace since October, but euro zone turmoil and weak demand at home continue to pose the biggest threat to an economic recovery (Financial Times).
- Britons' employment prospects are at their bleakest in three years, a quarterly survey by recruitment firm Manpower suggested, with employers planning no net increase in jobs over the next three months. (Reuters)

## 1.2. Food & Retail

- Retail spending in 2012 is likely only to rise by 1.2%, the third lowest rate in almost four decades (Retail Week).
- The number of retailers in England and Wales falling into administration rose 11 percent in 2011, with a higher rate of failure in the normally lucrative Christmas quarter, according to research by Deloitte (Reuters).
- Total new car registrations were 1.94m, down 4.4% on the previous year, with the Ford Fiesta the best selling vehicle. Car sales fell 4.4% last year to their lowest level since 1994 as a strong 2011 for manufacturers failed to be reflected in showrooms across the UK (Guardian).
- Rolls-Royce is the latest UK-based car maker to benefit from emerging markets' appetite reporting its best-ever sales last year. Now owned by BMW, the manufacturer behind the Phantom, Corniche and Ghost models sold 3,538 cars in 2011, setting an annual sales record for the 107-year-old brand (Guardian).
- Shop prices grew at their slowest pace in 16 months in December as retailers slashed prices for electrical goods, clothes and footwear in the run-up to Christmas, a survey showed on Wednesday. The British Retail Consortium said shop price inflation fell last month to 1.7 percent year-on-year from 2.0 percent in November, well below a peak of 2.9 percent reached in June (Reuters).
- Sainsbury's has reported a "record-breaking" Christmas with non-food and its online business proving particularly strong. Retail sales were "dazzling" in the pre-Christmas week as December like-for-likes grew 2.2%, according to the British Retail Consortium (BRC) - KPMG Retail Sales Monitor (Retail Week).
- Tesco, the world's third-biggest retailer, issued a profit warning after reporting its worst Christmas sales performance for decades, with the prospect of a price war sending shares in British supermarkets tumbling. Tesco reported its worst Christmas sales performance in decades as UK like-for-likes excluding VAT and petrol declined 2.3% (Reuters).
- U.S. coffee retailer Starbucks Corp is to create 5,000 new jobs in Britain over the next five years as it plans to open 200 new drive-thru stores to meet demand for coffee on the go combined with a number of new conventional store openings (Reuters).
- Scottish retail sales in November fell at their steepest rate since 1999, with total sales down 1.3% year-on-year as consumers put off their Christmas shopping (Retail Week).
- Morrisons supermarkets opened a new distribution centre for the South West and Wales, creating 300 new jobs. The supermarket chain wants to open 25 new branches in 2012 (Press On).

### 1.3. Construction & Property

- Construction output rose in December, rather than contracting as most economists had expected, and for the first time in nine months, all three categories of building showed a rise in activity, according to a closely watched index (Financial Times).
- House prices fell 0.9 percent on the month in December, mortgage lender Halifax said on Friday, confounding expectations of a modest pick-up. House prices fell 1.3 percent in the three months to December versus a year ago, a bigger decline than the 0.8 percent drop forecast by analysts. (Reuters).
- Luxury-home prices in central London gained for a 14th consecutive month in December as overseas buyers sought safer investments and competed for a smaller number of properties for sale, Knight Frank LLP said. Values of houses and apartments costing an average of 3.7 million pounds rose by an average of 0.8 percent from a month earlier, the London-based broker said in a report today. Prices are now 7 percent higher than their previous peak in March 2008 (Bloomberg).
- Development finance available for new UK commercial properties has continued to dry up, with fully pre-let and speculative projects falling out of favour with major lenders who have been spooked by the euro zone debt crisis, a survey by De Montfort University found (Reuters).
- The Chancellor of the Exchequer, George Osborne, unveiled plans for the development of a GBP 659 million Airport City, the first of its kind in the UK, at Manchester Airport. This project will deliver new high-quality business premises with the aim of attracting international companies (Midas).
- A new high-speed rail line between London and Birmingham (High Speed 2 – HS2) as been approved by the government. The first phase of the project would cut London-Birmingham journey times to 49 minutes. This would be followed by a second phase reaching Manchester and Leeds by about 2033. Phase one is expected to cost GBP 33bn (Press On).
- More than 20 local transport projects (mainly road schemes) with an overall value of GBP 500m will receive fresh funding from the government as it tries to boost infrastructure spending (Financial Times).

### 1.4. Manufacturing

- Manufacturing closed 2011 with its worst quarter in more than two years despite signs that factories propped up output in December by eating into backlogs, data showed, leaving the economy on course for another recession. The Markit/CIPS Manufacturing Purchasing Managers' Index (PMI) rose to 49.6 in December from an upwardly revised 47.7 in November, data compiler Markit said. The latest reading was below the 50 mark that signals growth in activity but well ahead of forecasts in a Reuters poll for a fall to 47.4 and featuring a rare and welcome rise in export orders (Financial Times).

- U.K. factory output prices unexpectedly fell in December for the first time in 18 months as the cost of petroleum products such as gasoline plunged. The cost of goods at factory gates declined 0.2 percent from November, the Office for National Statistics said today in London. Annual price growth slowed to 4.8 percent, the least in a year. On the month, economists had forecast a 0.1 percent gain in December, according to the median of 17 estimates in a Bloomberg News survey (Bloomberg).
- Concerns over global growth and eurozone debt fears have shaken confidence among UK manufacturers, putting at risk a key pillar in Britain's economic recovery. An expected drop in orders over the next few months has fuelled concerns that firms will scale back investment and recruitment, prompting manufacturers' organisation EEF to slash its forecasts for manufacturing growth from 2.2 per cent to 0.9 per cent in 2012 (Financial Times).

## **2. Business Opportunities**

- A British distributor of garden products is currently looking for suppliers of timber sheds, garden logia, playhouses and log cabins.
- An agent active in the menswear industry is currently looking for new brands to represent on the UK market.
- A distributor of catering products is currently looking for suppliers of plastic cutlery.
- A company active in mobile telecommunications is looking for new suppliers of technology related to their sector (hardware, software, connectivity, applications, etc.).

***For more information about these business opportunities, please send an e-mail to [info@brusselstrade.co.uk](mailto:info@brusselstrade.co.uk)***

## **3. Upcoming Events**

- 5-7 February: London Edge, Olympia, London – [www.londonedge.com](http://www.londonedge.com) (Alternative fashion).
- 5-9 February: Spring Fair, NEC, Birmingham – [www.springfair.com](http://www.springfair.com) (Gifts and home accessories).
- 7-9 February: Surface Design, Business Design Centre, London – [www surfacedesignshow.com](http://www surfacedesignshow.com) (Innovative surface solutions) *Belgian Pavilion organised by the BLCC.*
- 12-13 February: Stitch, Business Design Centre, London – [www.stitchmenswear.com](http://www.stitchmenswear.com) (Menswear).
- 12-14 February: Scoop, Saatchy Gallery, London – [www.scoop-international.com](http://www.scoop-international.com) (Fashion).
- 15-16 February: Southern Manufacturing, Farnborough – [www.industrysouth.co.uk](http://www.industrysouth.co.uk) (Manufacturing & subcontracting).
- 14-16 February: Broadcast Video Expo, Earls Court 2, London – [www.bvexpo.com](http://www.bvexpo.com) (Broadcast, video & audio).

- 26 February – 1 March: Hotelympia, Excel, London – [www.hotelympia.com](http://www.hotelympia.com) (Foodservice & hospitality).
- 28-29 February: TFM&A, Earls Court 2, London – [www.t-f-m.co.uk](http://www.t-f-m.co.uk) (Marketing Technology).
- 29 February – 1 March: The Arc Show, Business Design Centre, London – [www.thearcshow.com](http://www.thearcshow.com) (Commercial lighting).
- 4-7 March: KBB, NEC, Birmingham – [www.kbb.co.uk](http://www.kbb.co.uk) (Kitchens, bedrooms & bathrooms).
- 6-7 March: Legal IT Show, Business Design Centre, London – [www.informaglobalevents.com/event/legal-it-show-event](http://www.informaglobalevents.com/event/legal-it-show-event) (Legal IT products).
- 6-7 March: Unified Communication, Olympia, London – [www.ucexpo.co.uk](http://www.ucexpo.co.uk) (Business communications).

## **4. Available Trade Shows Reports**

- Entertainment technology: Plasa.
- Educational technology: BETT.
- Fashion, design & accessories: International Jewellery, Moda, Pure, Scoop, Top Drawer.
- Food: Lunch.
- Security: Transec.

## **5. Contact Details**

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**A fully equipped office and a meeting room for 8 people can be booked by Brussels based companies in our central London offices. Please do not hesitate to contact us for more information about availability and how to make a booking**

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