

Case Study of

- What is Toray?
- Why Mansfield?
- How does it benefit local community?
- The multiplier effect.
- Factors involving the choice of a work site

Toray Textiles - Key facts :

- Established in Japan in 1926.
- Owns over 60 branch plants – Asia, North America, Europe, making company name recognised worldwide.
- Plants include: Italian artificial suede manufacturer, French carbon fibre manufacturer.
- Sales offices located in Milan and Frankfurt.

Why Britain?

- Close link with Marks & Spencer – provides a good product outlet and can supply new designs at short notice.
- Turnover expected to be over 80 million pounds from new plant in Mansfield.
- Japan has become too expensive as a manufacturing base for a product so technically unadvanced.
- E.C. rules state that, unless 60% of any product is made in E.C. by E.C. registered employees, then the product is subject to import duty in the form of money or commission, or by limiting the amount of the product sold (tariffs/quotas).
- Productivity higher than in Japan and U.S.A.
- Automation higher than in Japan and U.S.A.
- Less training required.
- High unemployment rates.
- Longer working week.
- No minimum wage or legal paid holiday.

Why Mansfield?

- Mainline inter-city rail link to London and Birmingham making big cities more accessible – products can be sent for sale more easily.
- Accessible to the M1 and U.K motorway networks – access to buyers and channel ports – easier imports and exports.

- ❑ High unemployment – not only will vacancies be filled but there is competition – workers could accept lower wages.
- ❑ Nottingham is nearby – worldwide reputation for textiles.
- ❑ High water table in area – vast quantities required for bleaching and dyeing.
- ❑ Unemployed miners well qualified in safety practices – an area upon which Toray places great importance.
- ❑ Potential to set up and expand onto a green field site – lower costs.

How does it benefit local community?

- ❑ Low unemployment.
- ❑ Higher prestige for area – more publicity.
- ❑ Tourism – created by publicity – brings in money etc.
- ❑ Helps relieve pressures on council after large numbers of redundancies from the flop in the mining trade.

How does it benefit the U.K.?

- ❑ Net benefit of 50 million pounds to U.K balance of trade.
- ❑ Has seen a revival in textile manufacturing.
- ❑ Has prevented the need to import fabric from abroad.

Multiplier effect:

- ❑ New employees have more money to spend, creating work in tertiary employment i.e. services, shops, tourism, banking, housing and education.
- ❑ If Toray is successful, other companies may be encouraged to locate in the area.

Factors involving the choice of a work site:

- ❑ Accessibility to a good infrastructure.
- ❑ Opportunity to set up on a greenfield site. – less cost and the opportunity to expand.
- ❑ Level of unemployment – competition for vacancies
- ❑ Prejudices for/against a particular area, for example the North/South divide in certain areas
- ❑ Tradition of use of technology.
- ❑ Political situation – a particularly shaky situation may cause people to boycott i.e. South Africa in 1970's and 80's