

## High speed train runs into trouble with more delays

*Politicians angered that AVE may not reach Barcelona until 2010 and will be slower*

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The AVE, the high speed train originally due to reach Barcelona in 2005, now may not get there until 2010 and when it does it will be travelling at least 50kph slower than anticipated. The project aims to link Madrid, Barcelona and France with a high speed train that was expected to travel at 350kph. Politicians have been angered by the news that it won't be able to run at more than 300kph, and perhaps even slower. Pasqual Maragall, the Catalan president, is furious at the added delay in bringing the AVE to Barcelona.

"The AVE of Álvarez-Cascos is a hoax," he said, referring to the minister responsible for the project under the former Popular Party government. The current timescale is for the AVE to arrive in Barcelona by 2008. The delay appears to hinge on a plan to build a train station at Barcelona's El Prat Airport for the AVE. The Spanish government claims this will raise costs and delay the project.

Under the previous Spanish government it was agreed to build a train station for the AVE in the town of El Prat de Llobregat and then shuttle passengers to the airport. Maragall wants this plan replaced in favour of a direct link to the airport. The Spanish minister for industry, Magdalena Álvarez, has defended the train's speed deficiencies, blaming state of the art technology used in the construction work as the reason behind its underperformance.

A plan for the renovation of the Sants railway station in Barcelona is set to get the go ahead this month. Under the proposal, the surface area of the station will expand by about 90,000 square metres, most of which will consist of hotel, office and shopping space.

The Catalan government (Generalitat) says it will soon begin construction of a new 26-kilometre metro line that will run from the Sarríà district in Barcelona to Castelldefels.



Under Joan Clos, Barcelona spent nearly 7 million euros on publicity last year

## City spends 24,000 euros a day on publicity

Barcelona residents who have received a high-quality Christmas card from the mayor may have wondered how much the city spends to promote itself in the eyes of its citizens. Some of them will be surprised to learn that between 2002 and 2003 the city spent an average of 24,539 euros per day on advertising, according to accounting figures released for that period.

The 7.8 million spent in 2003 was almost twice the amount originally projected. Opposition political groups *Convergència i Unió (CiU)* and the Popular Party (PP) have criticized the administration of Socialist mayor Joan Clos, saying

that city funds would have better been spent on social programmes or other assistance to needy citizens.

It has also been pointed out that 2003 was the third year running that the amount spent on advertising, protocol activities, meetings and conferences has exceeded the amount originally forecast. In 2001, a ceiling on the amount of public money that could be used for such expenditures was set at 5.2 million euros, but the amount actually spent that year turned out to be 8.1 million, representing an increase of 56%. In 2002, the amount projected was 5 million, yet the amount spent was 13.1 million.

## Job losses in Girona as Levi Strauss is set to close factories

Jean manufacturer Levi Strauss is set to close its two factories in Girona with the loss of 285 jobs. The company has been operating out of Bonmati, Girona, for the past 23 years and the city makes around 2.3 million pairs of jeans annually.

Its other factory in Ólvega, Sorria, is also due for the axe, with the loss of 170 jobs.

The move follows a restructuring operation by the American company as it relocates its manufacturing base to Asia, Mexico and East Europe where labour costs are cheaper. Over the past two years it has shed 20% of its workforce and closed six plants in the United States.

The decision by Levi Strauss reflects a trend by other multinational companies to relocate out of Catalonia and reinvest in the new European Union countries and the emerging Far East markets.

The ten new European Union members provide fertile markets for investment by multinationals who are taking advantage of lower operating costs and tax incentives in these former Soviet block countries.

Catalonia has been a major victim of relocation over the past several years as multinational companies move to cheaper markets. It hasn't the industrial power like Germany to stem the flow of jobs out of the country.

In Catalonia during 2004 electronics giants Samsung and Philips both closed their Barcelona factories and reopened in Slovakia, China and Poland with the loss of 534 jobs.

The German company Autotex, which supplies upholstery for car manufacturers also relocated from Barcelona to the Czech Republic this year with the loss of 170 jobs. In 2002 American computer company Hewlett Packard closed a factory in Barcelona and relocated to Singapore. Girona lost the presence of electronics heavy weight Panasonic in 2002 when it moved the plant to the Far East.

The European Commission admits there is a social price to pay for relocation but believes it is a natural process for an enlarged European Union and it will in any case ensure companies remain in Europe, who might otherwise transfer to Asia. "Europe will continue to have many attractive factors that contribute to a favourable global environment such as the quality of its education and infrastructures and public services," says a recent European Executive statement.

The French and Germans claim the wide variation of European taxes favours the new members.

