Dyson, champion of British industry, switches production to far east

Surprise decision to shed 800 jobs angers unions and shocks ministers

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James Dyson, millionaire inventor and longstanding champion of British manufacturing, faced a barrage of condemnation from the government and unions yesterday after he announced that he plans to shift production of his revolutionary vacuum cleaners to the far east with the loss of 800 jobs.

The 54-year-old design engineer, who battled sceptical banks and venture capitalists for 15 years to bring his invention to market and subsequently secured a patent infringement ruling against Hoover, has decided that the costs of continuing to produce in Britain have become too great to bear.

The decision, broken to the company's workforce at factory meetings yesterday morning, comes as a serious blow to the north Wiltshire town of Malmesbury where Dyson made its base six years ago and where 8,000 "bagless" vacuum cleaners are produced each day.

The move - which follows a succession of job losses from Britain to lower cost countries in sectors including textiles and motor components - is all the more surprising because of Mr Dyson's frequently expressed support for Britain's fast-eroding manufacturing base.

In an interview with the Guardian three years ago the colourful entrepreneur said Britain should be making itself "a powerful manufacturing nation making wonderful products". Ironically, given yesterday's announcement, he said that if his company had any sense it would move its production to Taiwan or China but he was holding out against such a move.

Changing circumstances have persuaded the inventor of the dual cyclone bagless cleaner and Contrarotator washing machine to change his mind.

The sudden announcement brought accusations of betrayal from union leaders and caught ministers badly on the hop during a debate at London's Westminster Hall on the loss of jobs in British manufacturing. The trade and industry minister Brian Wilson said it would have been "useful" for government to have had an opportunity in advance of the announcement to work with the company to see what could be done.

“I would certainly welcome that contact now that the announcement has been made," he said. "I do believe that there must be room for discussion and I do hope that there are more factors to the

calculations of Dyson than the pretty obvious statement of fact that labour is cheaper in Malaysia than it is in Malmesbury."

Roger Lyons, general secretary of Amicus, Britain's biggest private sector union, accused Dyson of betraying the 800 people whose jobs were being "shipped" to Malaysia. He called on the Bank of England to cut interest rates again to help beleaguered exporters and safeguard jobs. Peter Booth, national organiser for manufacturing industry at the Transport and General Workers Union, said the Dyson move was "scandalous".

The company, which employs 1,800 people at its Wiltshire base, said it had decided on the production switch because of the success of a lower cost manufacturing plant it established in Malaysia two years ago. Impressed by the quality of the cylinder vacuum cleaners being produced in Malaysia it wanted to expand far eastern production to supply its existing international markets and meet demand from the US.

"We have tried very very hard to make manufacturing work," Mr Dyson said yesterday. "It has been very successful, but as we look at the future and the enormous sums we need to plough into the business in order to produce new products and be competitive and continue to grow, we believe this is the way we have to go."

He said the fact that Britain remained outside the euro was only "a relatively small factor" in the decision. The driving force was the much lower labour and production costs in the far east and the fact that the company's suppliers were increasingly based in the region.

Dyson believes the move will enable it to cut production costs by around 30% and plans to plough the resulting savings back into research and development in Britain in a drive to continue to develop new technology products. The company, which chalked up sales of more than £220m in 2000, spends around 10% of turnover on new product development.

Mr Dyson, who yesterday described R and D as the "heart and soul" of the business, said the decision to cut back the Malmesbury workforce had been a sad and difficult one: "If it goes ahead, this will be a blow to all those who have put in so much effort." He dismissed suggestions that the conditional tone of that statement indicated that the company was leaving the door open for a rethink.

"We will be consulting with our workforce over the next few weeks. We don't want to present them with a fait accompli, but I have to say that the end decision is fairly inevitable."

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