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The Committee Clerk
Enterprise & Business Committee
National Assembly for Wales
Cardiff Bay
CF99 1NA

By email: enterprise.committee@wales.gov.uk

NATIONAL ASSEMBLY FOR WALES ENTERPRISE & BUSINESS COMMITTEE INQUIRY INTO INTERNATIONAL CONNECTIVITY THROUGH WELSH PORTS & AIRPORTS

Name of organisation:	South East Wales Economic Forum
Responder Name:	Dr Elizabeth Haywood (Director, SEWEF)
Address:	QED Centre Main Avenue Treforest Estate
Postcode:	CF37 5YR
Tel:	(0300) 061 5581
E-mail:	elizabeth.haywood@wales.gsi.gov.uk

The South East Wales Economic Forum (SEWEF) is a unique partnership in South East Wales bringing together the region's ten local authorities, the Welsh Government, the private sector, universities, Further Education and the third sector to address regional economic matters. SEWEF's geographical remit covers what is becoming known as the 'city region', encompassing Cardiff and reaching from the local authority areas of Bridgend County Borough Council in the west to Monmouthshire County Council and the English/Welsh border in the east, and north to the Heads of the Valleys authority areas.

SEWEF welcomes the opportunity to contribute to this important debate.

How important are major Welsh ports and airports, both to the economy of their own regions and to Wales as a whole?

South East Wales has 3 ports: Newport, Cardiff and Barry, handling 3.88m tonnes annually on 2,068 acres. All have rail connections. The Port of Newport is a steel, metals, recycling, and renewable energy hub and is recognised as a centre of excellence for steel handling. Cardiff has expertise in the handling of containers, steel, forest products, and dry and liquid bulks. Cardiff Container Terminal handles Cardiff Container Line's Irish Sea services and Borchard Line's weekly service to and from the Mediterranean and has over 5,300 sq m of chilled, ambient, and frozen warehousing space for handling fresh produce and perishables. In addition, three berths are approved for cruise liners. Barry serves the region's chemical industry, handling liquid bulks (with 45,000 cu m storage) for major companies including Dow Corning, and also handles steel, scrap metal, containers, dry bulks, coal, and aggregates. Its intermodal rail terminal facilitates container transportation by rail to UK deep-sea hub ports.





The 3 ports, originally established to serve the coal and steel trade, now handle general cargo trade for distribution within the hinterland area and provide essential import/export facilities for major manufacturing plants in their locality. These include:

- The development at Newport of an importation and distribution facility for St Gobain, a world leader in construction markets, to provide a supply route to their UK operations including the Jewson chain.
- The development and investment in facilities at Newport with Sims Metals to establish the Port of Newport as a global centre of excellence for the recycling of metals.
- The provision of innovative container logistics services at the Port of Cardiff to support Tata's trade with Ireland by providing competitive and cost-effective solutions. This trade has included investment in specialist coil carrying equipment.
- Import/export facilities supporting the £80m investment in a new smelter at Celsa, Cardiff.
- Import/export facilities supporting the Dow Corning multi-million pound investment at its Barry silicon site.

The Welsh Economic Research Unit estimated in 2009 that Associated British Port's South Wales ports (Barry, Cardiff and Newport in addition to Milford Haven, Port Talbot and Swansea) directly and indirectly support over £2.78 billion per year of gross output to the Welsh economy, account for over 16,000 jobs, and provide a GVA of £902.5 million (2% of the Welsh total).

According to a recent report, *Driving Growth*, commissioned by the Welsh Ports Group, excluding Milford Haven (which dominates the tonnage handled in Wales), the 3 SEWEF ports combined handled 35% of Wales' annual throughput by tonnage for 2009.

The 3 ports should be a key part of any investment and growth strategy for the regional economy. Identifying new niche roles could enhance their economic contribution, although it is not clear what impact possible future developments such as the Atlantic Array or a Severn tidal energy scheme might have. The commitment of the Welsh Government (WG) to a low carbon economy could achieve a real boost by promoting the 'green' interconnectivity of rail/sea transport, and a strategic approach to port infrastructure development would provide an attractive offering to investors in a number of the Government's priority sectors such as advanced manufacturing and energy. Thought should also be given to providing/upgrading rail/road links from the ports to relevant Enterprise Zones (such as the automotive zone in Blaenau Gwent and aerospace at St Athan/Cardiff Airport).

Cardiff Airport is the only airport in Wales offering international scheduled flights. It caters primarily to the leisure traveller, with a range of European destinations and one US destination. Business travellers from SE Wales generally use Heathrow, with some using Bristol. Cardiff has suffered as a result of the recession: the number of people using the airport fell 14% in 2010 to 1.4m, down from 1.6m in 2009, most of which resulted from bmibaby's cuts to routes, followed in 2011 by the airline pulling out of Cardiff entirely. Between 2007 and 2008, Cardiff's airfreight almost halved (from 2,391 to 1,344 tonnes). There are specific examples of the region losing inward investment opportunities because of the Airport's lack of services.

All successful (European) regions have international airports: international growth in SE Wales requires a vibrant airport as well as improved links to Heathrow. Because of its location (with flight paths over the sea), Cardiff is in the rare position for an existing airport of being able to expand its flights and departure/arrival times, and should take advantage of this.

A rail link into the Airport from the Great Western Main Line would increase the potential passenger market: no airport in the south west of the UK has such a direct rail link, and this would make Cardiff attractive to new airlines keen to develop routes – which, in turn, is necessary to increase passenger throughput.



SEWEF fully supports long-term plans to provide a comprehensive suburban transport network through the Valleys Metro project, which would include the Vale of Glamorgan lines and Cardiff Airport, and would deliver the kind of integrated transport service the region needs.

A business park at the Airport allied to an international airfreight strategy would increase its attraction for new investment. Given the expansion of the aerospace Enterprise Zone from St Athan to the airport, this industry should form a key plank of the expansion strategy, as well as ICT products/components (generally light and requiring a Just-In-Time air service) and food products, since both ICT and food are among the WG's priority sectors.

What factors limit realisation of the potential offered by major Welsh ports and airports; what opportunities are available to develop this potential; and how can these be realised?

The approach route to Cardiff airport by road has long been a cause for complaint, with no direct link to the M4 and 16 roundabouts to be negotiated; a spur to/from the M4 should be provided. The public transport offering is lamentable: there is a 2-hourly bus service from Cardiff Central to the airport, but train links from the west require a change to a bus at Rhoose.

Some further pertinent points for the Committee to consider:

- The majority of trade flow for business requires ports on the east side of UK
- SEWEF ports were originally established to service the coal/steel trade: strategic thinking is required in terms of how best to adapt to future trends
- Is it feasible to specialise? For instance, one port devoted to cruise ships/tourism, one to perishables/food, one to the energy industry (there is an opportunity for servicing the offshore energy developments off the Welsh coast including the Atlantic Array, although this is more likely to benefit West Wales ports)?
- A focused effort to develop and market ports/airports' hinterlands to attract new business investment will be required as part of an overall strategy. This will necessarily require road and rail upgrade together with suburban services (bus/metro) for both employees and freight. The rail network in Wales currently has insufficient load-bearing capacity and inadequate platforms and tunnels for the transportation of large freight loads
- If cruise ships are to be attracted to one or more of SE Wales' ports, thought needs to be given to providing the quayside and associated facilities/services passengers require
- Any future city region approach needs strong international connectivity through ports/airports as well as road/rail – the size of the Welsh market means international trade is needed for a viable economy, so 21st century transport options are therefore needed for people and goods
- Cardiff Airport has few regularly scheduled business-friendly routes to the likes of Brussels and Frankfurt (the one it does have to Schiphol-Amsterdam is one of its most popular) yet is the only potential international airport for the region. It is seen by airlines as having too small a catchment area to make flights worthwhile: catchment could be grown across the south west of the UK by attracting air routes complementary to Filton together with developing a direct rail link, an attached business park and dedicated freight facilities

How effectively do Welsh Government policies primarily in the areas of transport, economic development & land use planning policy, support the development of major Welsh ports and airports?

The WG's devolved Marine Consents Unit apparently works well, delivering a good service.



The decision by the WG not to follow policy in England and waive backdated business rates for port businesses was detrimental to those companies, and also sent out a negative message about the importance of our ports as investment assets: ports are, and should clearly be seen to be, economic drivers.

The spat between Cardiff Bay and Whitehall over the £60m ports development fund to facilitate renewable energy delivery can be seen as an example of how communications and mutual understanding could be improved: Whitehall says the issue equates to an economic development matter and the WG should use Barnett money, the WG says the matter is not devolved so Welsh ports should be able to apply to the fund.

Unlike many EU ports/airports, those in Wales are privately owned. It is therefore difficult to provide subsidy to them without infringing the State Aid regulations. Moreover, providing public funding to ports and airports is not a devolved matter.

Cardiff Airport has been added to St Athan as an aerospace Enterprise Zone, but it is unclear as yet what investment or developments are planned to make best use of the airport in this regard.

The Enterprise & Business Committee will be aware that the WG are in the process of consulting on ensuring the Welsh planning system delivers (*Towards a Welsh Planning Act*) and this inquiry is timely in terms of providing an opportunity to highlight how important a more effective planning system in the future will be to improving ports/airports connectivity.

