



Delyth Jewell MS
Chair – Culture, Communications, Welsh Language, Sport, and International Relations
Committee
Welsh Parliament
Cardiff Bay
Cardiff
CF99 1SN

2 October 2024

Dear Delyth,

INTERNATIONAL STRATEGY AND CARDIFF AIRPORT

Thank you for your letter of 20 August to the First Minister and the then Cabinet Secretary for the Economy, Transport and North Wales regarding the Welsh Government's international strategy and Cardiff Airport. I am responding to you as I am now the Cabinet Secretary responsible for Cardiff Airport.

Firstly, please accept my apologies for the delay in replying, which is related to the need to formally confirm new Ministerial portfolios to the Senedd prior to communicating in my new capacity.

As you know, on 22 July, the then Cabinet Secretary for Economy, Transport and North Wales issued a statement which set out our proposed future strategy for Cardiff Airport. The statement can be found here: [Written Statement: Cardiff Wales Airport – long term strategy \(22 July 2024\) | GOV.WALES](#)

Following the Statement, the Welsh Government submitted its referral to the Subsidy Advice Unit (SAU), part of the Competition and Markets Authority (CMA) on 15 August 2024. The SAU acknowledged receipt of our submission is currently preparing its report which will be published this week on 2nd October. The approach set out, using subsidy investment to maximise Cardiff Airport's economic potential, is our current preferred option for supporting the Airport in the long term.

Once we have received the CMA's report, I will deliberate on its findings with Ministerial colleagues prior to a final decision on the future subsidy package. Once we have made a final decision on what form any investment package should take, I will update the Senedd

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

accordingly. The CMA referral process will not conclude formally until the Welsh Government has published its final subsidy proposal on the relevant transparency database and subsequent 30-day window for any potential challenge has closed. With the formal process still underway, I am limited in what I can say about the final shape of any investment into the Airport.

I have set out below what I can say at this time in relation to your questions. I must also point out that should the Welsh Government proceed with the subsidy investment as planned, much of the detail behind the strategy will be of a commercially confidential nature and will remain so even after the CMA process has concluded. To release such information would place Cardiff Airport at a very significant disadvantage when negotiating for potential new business. It may also expose the commercial positions of businesses linked to the Airport.

As set out in the Written Statement, the strategy aims to build on the Airport's unique strengths with two main objectives:

- attracting and growing aviation and aerospace businesses linked to the Airport
- a targeted programme of air service development, with a focus on passenger connectivity to a small number of global air hubs and economic centres of importance to Wales

Maximising the economic benefits that Cardiff Airport can bring to Wales has been at the heart of our proposed strategy for the future of the Airport. It is an economic subsidy that sees the Airport as a catalyst for generating new jobs and increasing economic activity in its hinterland, as part of the aerospace cluster. Whilst we envisage a growth in direct employment and GVA contribution from the Airport itself, we also expect significant benefits for the wider related economy, for example at the nearby Bro Tathan business park. The Welsh Government International Strategy references the South East Wales Aerospace and Defence Sector cluster as one of its Magnet Projects.

International connectivity is an integral element to enable future economic growth and as such, the core aims of the Welsh Government's International Strategy formed an important part of our thinking. In developing the proposed approach to supporting the Airport in the long term, my officials have worked closely with their colleagues from across the Welsh Government, including those in International Relations and Trade. The intentions around air route development are to improve connectivity to regions of economic importance to Wales, reflecting the regions of the world referenced in the International Strategy. This includes the Middle East & Asia, Europe, and North America/Canada. I am not in a position at this time to identify a specific routes or individual destinations as it will be for the Airport executive team, who are responsible for the commercial operation of the Airport and who lead on those commercial negotiations, to seek to secure the best possible arrangements with airlines that serve these regions. I have agreed that the Airport should consider a small number of targeted routes focused on attracting inbound tourism and foreign investment. If the Welsh Government's international priorities change, I am confident that Cardiff Airport will be required to flex its approach accordingly, so long as its activities remain within the parameters of the final subsidy package that emerges from the CMA referral process.

As outlined in the recent Written Statement, we have acknowledged the policy tensions between owning an airport, the significant economic benefits the Airport can deliver for Wales and our need to address the climate emergency. The proposed strategy for the Airport aims to

encourage the development and local adoption of more sustainable aircraft propulsion technologies and to reduce carbon emissions from the Airport's infrastructure.

I would like to take this opportunity to address a misunderstanding regarding a claim that the Airport has missed a net zero target. Under the terms of the Rescue and Restructure grant, the Airport was required to provide a commitment by 31 March 2023 to becoming carbon neutral, which it has done. The target was not to achieve carbon neutrality by 2023.

Cardiff Airport is committed to reducing its carbon footprint and I am pleased to advise the Committee that the Airport has reduced carbon emissions from its ground operations by over 60% in the last four years, from 1,700 tonnes to under 600 tonnes of CO₂ annually, with an aim to reduce this by a further 50% over the next five years. The Airport has also recently announced that it has added six new electric powered vehicles to its operational fleet which will be used across Cardiff Airport and St Athan Aerodrome by the car parks, security, airfield operations and bird control teams.

As specific examples of achievements in this area, the Airport has:

- Switched to entirely renewable and clean electricity sources;
- Had a heavy focus on recycling and is zero waste-to-landfill;
- Reduced its natural gas consumption by 30%;
- Replaced assets with modern and more energy efficient technology;
- Restricted ground running of engines during anti-social hours;
- Employed continuous descent operations for aircraft on approach, promoting noise abatement;
- Encouraged twin engine aircraft to taxi with one engine;
- Introduced a replacement programme of LED lighting; and
- Continued to reduce plastic consumption with its partners.

The proposed long-term strategy will enable the Airport to continue on its path to net zero. The Airport is working on updating its Environmental Flight Path which it will publish once the future route to funding has been confirmed following completion of the CMA process.

On the subject of Qatar Airways, the Airport executive team is leading on the commercial negotiations with the airline regarding the resumption of the Doha service. It would not be appropriate for me to comment further while those negotiations are still underway, other than to say that I would very much welcome the resumption of the route when the time is right for both the Airport and the operator.

Cardiff Airport is a wholly owned subsidiary of the Welsh Government, operated at an arms-length as a private limited company. It operates in an independent and commercial manner and is liable for its own actions and any issues arising from the running of its business. Ministers do not intervene in the Airport's day-to-day commercial operating matters. It will therefore be for the Airport executive team, with appropriate scrutiny from WGC Holdco Ltd, to decide how, on a commercial basis, they deliver on the Welsh Government's strategy. It is my intention that Holdco will play a more prominent role in the governance, challenge and scrutiny of the Airport going forward. Once the future strategy has been confirmed I will ensure that appropriate success metrics and governance arrangements are put in place to monitor the Airport's performance against its economic objectives.

With regard to budgets, decisions on annual allocations of funding to the Airport will be considered in context of the specific investment opportunities that have been secured by the Airport executive team and will be considered alongside other priorities for spending across the Welsh Government. Any expenditure on the Airport will of course be subject to the outcome of the CMA process.

I hope that the Committee finds the information within this letter of help.

Yours sincerely,

A handwritten signature in black ink that reads "Rebecca Evans." The signature is written in a cursive, flowing style.

Rebecca Evans AS/MS

Cabinet Secretary for Economy, Energy and Planning

Ysgrifennydd y Cabinet dros yr Economi, Ynni a Chynllunio

CC: First Minister of Wales;

Chair of the Public Accounts and Public Administration Committee;

Chair of the Climate Change, Environment and Infrastructure Committee; and

Chair of the Economy, Trade and Rural Affairs Committee.