

Cynulliad Cenedlaethol Cymru / National Assembly for Wales
Y Pwyllgor Materion Allanol a Deddfwriaeth Ychwanegol / The External Affairs and Additional Legislation Committee
Goblygiadau gadael yr Undeb Ewropeaidd i Borthladdoedd Cymru / The Implications of Brexit for Welsh Ports
EAAL(5) 01POR
Ymateb gan Rail Freight Group/ Evidence from the Rail Freight Group

Introduction

- 1 Rail Freight Group (RFG) is pleased to have received an invitation to submit evidence to the External Affairs and Additional Legislation Committee's inquiry into the implications of Brexit for Welsh and Irish Ports.
- 2 RFG is the representative body for rail freight in the UK. We campaign for greater use of rail freight to deliver economic and environmental benefits for the UK, in particular by ensuring that Government and rail industry policy supports growth. We represent over 120 member companies, active across all aspects of rail freight including freight operating companies, port and terminal operators, suppliers and customers.
- 3 RFG has limited this submission to those issues that could impact on the movement of rail freight to and from Welsh ports as a result of Brexit. We have not commented on the other areas being investigated by the inquiry, including the implications for Irish ports, which are outwith RFG's remit and scope.

General Policy Framework

- 4 Experience shows that freight movements are strongly driven by national and international distribution patterns and by appropriate cost criteria. Companies will therefore only use ports that fit, operationally and financially, with their logistics and distribution networks and plans.
- 5 The effects of Brexit on the British economy remain uncertain but, whatever the outcome, the UK will continue trading with other countries and so the ports, including Welsh ports, will remain a vital link in the trade routes, whatever changed or new patterns of movement emerge.
- 6 Also unclear at the moment is the impact of any new customs clearance processes and procedures introduced as a result of Brexit. It is essential

these are “frictionless” to enable the ports to continue to operate efficiently and not be the cause of delays that would adversely affect the transport operators, including rail freight, serving the ports.

- 7 While the effects of Brexit on Anglo-Irish trade, in particular, remain uncertain, it is a reasonable assumption that EU-Irish trade will continue to be important. Currently this moves by a combination of direct sea shipments between Irish ports and mainland European short-sea ports and of “landbridge” movements involving two short-sea crossings (Ireland – UK, including Welsh ports, and UK-Europe, including the Channel Tunnel) and a land transit of the UK. Frictionless customs procedures will be essential if the latter flows are to remain a major part of overall movements between Ireland and the rest of the EU.

Risks and Opportunities

- 8 Welsh ports and Welsh Government’s ports’ policy will therefore need to be geared towards a flexible approach to an evolving situation. The major risk is clearly a further diminution of trade if UK plc’s economy shrinks post Brexit, but there are additional risks if effective arrangements for handling Irish “landbridge” traffic are not put in place to ensure its movement remains both cost and time effective. Without such arrangements, Welsh ports could suffer significant adverse effects.
- 9 For both Irish “landbridge” traffic and for general UK imports and exports, the major expansion in facilities at Liverpool Docks now in operation and the authorised developments at Bristol could present a threat to existing and potential flows through Welsh ports but could also represent an opportunity if they succeed in attracting more vessels towards the west coast of the UK.
- 10 Unlike this commitment to the future, Welsh ports, particularly those in South Wales, have had to manage a decline in their traditional business over the last 10 years as a result of significant structural changes in the coal, metals and energy generation sectors. However, road links with the ports remain in place and, indeed, continue to be improved. Rail links also remain in place, albeit often underused or moribund.
- 11 However, there are many potential opportunities for the Welsh ports arising from Brexit. If it is followed, for example, by increasing trade between the UK and the Rest of the World, it is those ports with the capacity, capability and effective inland connections that will secure the additional flows, both inbound and for export. Such inland connections

will need to include quality access for rail freight if the opportunities are to be fully exploited.

Steps to be taken

- 12 Establishing additional related activities on the port estates can significantly increase their attractiveness to shipping lines and ferry operators. Changes in supply chain patterns, including the establishment of regional and national distribution centres at ports, (“Port-Centric Logistics”) are already occurring elsewhere in the UK and could form the basis for developments at Welsh ports. Such developments require both investment, including the provision of effective rail and road connections, and an appropriate policy framework.
- 13 “Landbridge” traffic between Ireland and Europe has already been mentioned. At present, roll-on roll-off services predominate on both the southern (Fishguard / Pembroke) and northern (Holyhead) routes, while lift-on lift-off services are now largely concentrated on Liverpool. In the context of the potential for growth in both UK/Ireland and Europe/Ireland (“Landbridge”) traffic, RFG has long campaigned for a greater recognition within Welsh Government of the opportunities for the restoration of such services through Holyhead, supported by an effective rail freight connection.
- 14 In terms of rail connections to the Welsh ports, although the North Wales and South Wales main lines, plus the Marches line, are capable of handling traffic loaded to the maximum axle weight, all these routes plus the lines from South Wales through the Severn Tunnel and to the Midlands currently have a restricted ‘loading gauge’ that precludes rail movement of many of the larger containers now used in both deep-sea and short-sea shipping unless specialised wagons are used at increased cost.
- 15 Electrification of the South Wales Main Line as far as Cardiff should bring the additional benefit of providing ‘W10’ loading gauge capability on the lines from the Severn Tunnel and Gloucester to Cardiff allowing 9ft 6ins high containers (increasingly used in both deep-sea and short-sea shipping) to be transported on normal wagons. Assuming this is achieved, the current constraint on moving containers to/from the ports of Newport, Cardiff and Barry will be removed.
- 16 Under current plans this capability is unlikely to be achieved west of Cardiff in the foreseeable future but it remains essential if the ports in

West Wales are to exploit their natural advantages – for example closeness to the “western approaches” and the deep water available in Milford Haven. Similarly, provision of enhanced gauge clearance along the North Wales main line, whether through electrification or stand-alone investment, would be a major contribution to the viability of major developments at Holyhead.

- 17 DfT long pursued a policy that, in general, the sponsor of a port development should also contribute to the costs of any enhanced inland links required. While RFG agrees there is a role for developer contributions to local requirements, which can be closely linked to the specific growth arising from the development, it does question whether this principle should extend, for example, to the strategic rail and road networks. The costs of rail enhancement schemes are significant and, if the port developer is expected to fund in full the capacity it will use, it is likely that the level of costs could become a barrier to the port investment itself. Care must be taken to balance the expected contributions against the need for developments to proceed and, where such developments are expected to provide wider economic benefits, we would expect this to be taken into account. It is to be hoped that Welsh Government will adopt a more holistic approach to the parallel developments of Welsh ports and their land-side links.

Conclusion

- 18 While recognising the risks and what will be needed to manage such an eventuality, RFG believes the current rail network in Wales presents a barrier to the ports in Wales fully exploiting the potential opportunities that may come from Brexit. Investment will be required to allow rail to play a full role in serving increased traffic through the ports. In particular, further investment in the provision of enhanced loading gauge capability is required, beyond the current plans which are limited to south-east Wales.