

Welsh Government Evidence to the Enterprise and Business Committee Inquiry on International Connectivity through Ports and Airports

Introduction

1. This is a joint evidence paper from the Minister for Business, Enterprise, Technology and Science and the Minister for Local Government and Communities. Its purpose is to assist the Enterprise and Business Committee with its inquiry into Welsh Ports and Airports in Wales.

Importance of Welsh Ports and Airports

2. The Welsh Government recognises the importance of Welsh ports and airports as forming a vital part of the economic and transport infrastructure of Wales.
3. Well functioning, easily accessible ports, equipped with the appropriate infrastructure to support the flow of goods and services both within the port and to major inland conurbations form a part of a competitive economic environment that can support the growth of existing and new indigenous businesses.
4. Welsh airports and Cardiff Airport in particular, as the main airport in Wales and the only one offering international scheduled flights, are a prime international and domestic gateway into Wales. They also play a role in helping to form positive perceptions about Wales as a well connected, outward looking nation.

Role in Facilitating the Development of Welsh Ports and Airports

5. Ports (other than in respect of small fishery harbours) and airports policy is reserved to the UK Government, but Welsh Ministers, exercising economic development and transport powers, have a significant opportunity to influence the development of ports and airports.
6. Portfolio responsibility is shared jointly by the Minister for Business, Enterprise, Technology and Science and the Minister for Local Government and Communities. This reflects the importance of developing Welsh ports and airports as economic and transport hubs and the current joint working practice between Welsh Ministers and officials.
7. Ports and airports are by and large privately run, commercial operations. The Welsh Government's role in supporting their development and growth is restricted by State Aid and competition procedures.

Performance of Cardiff Airport

8. The latest Civil Aviation Authority airport statistics (for 2011) rank Cardiff Airport as the 20th airport in the UK in terms of the number of terminal

passengers. Many people travelling to or from South Wales by air use Bristol, Birmingham or Heathrow airports citing a wider range of routes, departure and arrival times; and lower prices. There is a tendency for a similar effect to occur in north Wales which has good access to Manchester and Liverpool airports.

Welsh Government Policy to Develop Economic Opportunities

Ports

9. Ports in Wales are important to economic development and are assets which can be proactively developed for the overall benefit of the Welsh economy. They are of strategic importance and also have a particular relevance to a number of priority sectors, namely Energy and Environment and Tourism. They also have a wider role to play in transport and freight movements.

Energy and Environment Sector

10. Ports in Wales are, to some extent, in competition with ports across the UK. To maximise new opportunities in the energy market they require continued investment to remain competitive. Wales has deep water ports at Port Talbot and Holyhead and they are ideally placed to serve the offshore energy market. Some of the port infrastructure will require investment to accommodate larger ships and offshore energy equipment. The Energy and Environment sector offers significant opportunities and we are investigating funding opportunities to support port and energy related opportunities. We are also looking to evaluate the benefits and outputs of developing this 'trigger' to ensure that the economic benefits of offshore, marine and biomass projects come to Wales.

Tourism Sector

11. Developments in the cruise market provide significant opportunities for ports in Wales to become even more effective economic drivers both locally and nationally. A number of Welsh ports including Newport, Cardiff, Swansea, Milford Haven and Holyhead have been successful in attracting cruise operators. The Welsh Government is working with port operators and cruise operators to facilitate increased cruise visits to Welsh ports.
12. Ferry services are also important. During 2010, there were 728,000 accompanied passenger vehicles to and from the Irish Republic, an increase of 4 per cent compared to 2009. During 2010, there were just under 3 million sea passenger movements to and from the Irish Republic, 6 per cent more than in 2009. Modern passenger ferries require modern port infrastructure and efficient road and rail links to ensure smooth passage of passengers to their onward destinations.

Freight

13. In addition to passenger transport, our ports play a role in freight distribution. In 2010 there were over 60 million tonnes of goods on foreign and domestic traffic at ports in Wales, 13 per cent more than in 2009. Milford Haven saw an increase in freight tonnage during the downturn and recession in 2007-2010. No other UK port on the proposed Trans-European Transport Core Network experienced growth in freight tonnage during this period. The Welsh Government facilitates the smooth passage of goods into and out of ports through investment in the road and rail network.

Airports

14. Cardiff Airport is unique amongst Welsh airports due to its relative size and significance as Wales's only international airport. Of all the Welsh airports the development of Cardiff Airport could be anticipated to have the widest catalytic effects on the aerospace sector and on the wider Welsh economy in general. Activities such as aircraft maintenance, repair and overhaul (MRO) lead to synergies with other research and development activities. The strong MRO cluster and skills bases in and around St Athan and Cardiff Airport is a key driver behind the Enterprise Zone for the area.
15. The Welsh Government has explored and implemented a range of actions to attract new services to Cardiff Airport. Efforts to apply and target Welsh Government marketing activity to attract and sustain new routes into and out of Cardiff Airport have provided some success and continue to be relevant.
16. Interventions for improving transport links to Cardiff Airport include funding a direct bus link from the airport to Cardiff city centre, a dedicated shuttle bus from Rhoose station to the airport and funding provided to the Vale of Glamorgan to improve the 'Five Mile Lane'.

Engagement with the UK Government

17. Welsh Ministers regularly engage with UK counterparts on ports and airports policy, including, as with the case on trust ports, pressing successive Secretaries of State for Transport for devolved powers.
18. The Welsh Government is closely engaged in negotiations, led by the Department for Transport, on the Trans-European Transport Network (TEN-T) framework. The TEN-T framework designates rail and road routes and ports and airports that are particularly important for international connectivity. Under the present TEN-T framework, all the main Welsh ports and ferry terminals as well as Cardiff Airport are recognised.

19. On the Welsh Government's behalf, the Department for Transport has submitted to the Commission a written request for the inclusion of Milford Haven as a core port. Feasibility work is currently being undertaken by Network Rail, commissioned by Pembrokeshire Council in partnership with Milford Haven Port Authority with a view to further improve freight rail access within the port.

European State Aid Rules and Guidelines

20. Welsh Government activity around ports and airports, particularly in regard to route development and financial support, must be mindful of rules relating to State Aid. These are designed to promote and protect fair competition within and between European ports and airports.
21. State Aid rules significantly restrict the options available to the Welsh Government in supporting ports and Cardiff Airport in establishing / developing new routes. This necessitates that the Welsh Government takes an innovative approach to ensure a compliant mechanism for any action to support route development.

Summary

22. Ports and airports in Wales face similar challenges. They must maintain their competitiveness in UK and international markets; and ongoing investment in their infrastructure to keep pace with their competitors is required. The Welsh Government has a clear interest in supporting these international gateways into Wales to generate wider economic benefits and in serving Wales's interest. The Welsh Government is committed to working with port and airport operators within legal and regulatory guidelines to ensure that infrastructure investment at ports and airports in Wales is sufficient to maintain ongoing competitiveness and secure new investment opportunities. Welsh Ministers will also vigorously pursue additional powers where relevant to ensure that all possible policy tools can be leveraged to maximise Welsh Government impact.