

Inquiry into international connectivity through Welsh ports and airports

Evidence from Peter Cullan, Road Haulage Association

The Enterprise and Business Committee is undertaking an inquiry into international connectivity through Welsh ports and airports. The Road Haulage Association's (www.rha.uk.net) responses are in red.

The terms of reference for the inquiry are:

- How important are major Welsh ports and airports, both to the economy of their own regions and to Wales as a whole? **Our members are involved with them mostly in the Irish, steel and food trades.**
- 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?
- How effectively do Welsh Government policies support the development of major Welsh ports and airports?

Key issues

The Committee will be considering the following issues as part of this inquiry:

- What role do the Welsh Government and local authorities play in facilitating the development of Welsh ports and airports?
- What factors have contributed to the decline in business through Cardiff Airport?
- How effectively does Welsh Government policy, primarily in the areas of transport, economic development, and land use planning policy, support the development of Welsh ports and airports? **We think this question could mislead. In our view everything should start with business policy development and then go on to its enablers (land, energy, communications and transport) otherwise there is no business case or perceived revenues justifying investment. To us ports and airports are part of a chain or collections of different chains. Business policy should lead to infrastructure policy, of which ports and airports**

are components. There is little point developing infrastructure, particularly new infrastructure, without a justifiable business case.

- How can the Welsh Government develop economic opportunities, for example from tourism, international trade, freight and, in the case of ports, opportunities including the energy and renewable energy industries? For us, by improving access to anywhere that has demonstrated justifiable business cases, and removing artificial or mode specific bans.
- What role do ports and airports, particularly Cardiff Airport, play in the key sectors identified by the Welsh Government? Government policy may not yield returns. So-called key sectors may not in reality be key, especially if they are being supported for short term political rather than long term commercial reasons. There is little point in spending money on ports or airports without proper cost/benefit analyses of the outcomes, especially if the private sector is to be a or the main contributor. As transport is an enabler Welsh industry unique selling points (USPs) need to be established before embarking on what are invariably long term projects.
- How effective is Welsh transport infrastructure and interconnectivity in supporting the development of Welsh ports and airports? Seemingly not good enough since, at least in the case of Cardiff, the airport is losing importance. North south, including road, links are needed but only if profitability can be demonstrated.
- Air freight is a key value added commodity but 2/3 of it is in the belly hold of passenger aircraft. Without adequate passenger traffic high value air freight, invariably associated with high tech industries, runs the risk of being shipped by surface to/from other airports or companies relocating to be near international gateways.
- Given that ports and airports policy is a reserved matter, how effectively does the Welsh Government engage with the UK Government in the interests of Wales? It might be worth investigating Some colleagues believe that operating on a more Scottish Executive business model might provide better outcomes.
- What impact do EU State Aid regulations have on the ability of the Welsh Government to provide support, and what opportunities are presented by EU ports and airports policy to support development in Wales? There are a number of EU aid schemes but their award criteria vary and are often complicated and difficult to justify in the long term. We would warn against using state aid as a nurse maid. We see the effects of state

aid elsewhere in the EU, and it is not always positive. The weakness is that EU aid normally relates to capital spend for politically important but not necessarily commercially viable projects, after which operational costs are expected to be funded from operating revenues. In many cases, especially on the periphery of the EU, capital spending has not been followed by positive operational gains and over time infrastructure has degraded for lack of operating revenues. State aid to operational funding should be avoided since it can only be funded from the viable private sector, which in turn loses the ability to fully invest in its own success.