

Enterprise and Business Committee
PA21

Inquiry into international connectivity
through Welsh ports and airports

Evidence from Road Haulage Association

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SUBMISSION TO THE WELSH ASSEMBLY-WELSH PORTS AND AIRPORTS

Thank you for the opportunity to comment on the consultation concerning Welsh ports and airports.

The Road Haulage Association (RHA) is the trade and employer organisation for the hire-and-reward sector of the road haulage industry. The RHA represents some 7,500 companies throughout the UK, with around 100,000 HGVs. Company fleet sizes and driver numbers varying from one to thousands. Generally, RHA members are entrepreneurs and include many family-owned businesses as well as some (micro) SMEs. We believe that, without the activities of RHA members the UK would come to a halt both socially and economically, especially in peripheral and rural areas. Our members are involved with the Welsh ports in the Irish, steel and scrap metal trades and with airports in the high added value air freight, including parcels, trades. We also trade extensively in the agricultural sector.

We believe that discussing the questions that involve ports and airports require thought about what are Welsh unique selling points (USPs). Business and its enablers energy, communications and transport are part of a chain or collections of different chains. Business policy should lead to enabler policy, of which ports and airports are parts. There is little point developing enabler infrastructure, particularly new infrastructure, without justifiable business cases for the whole chain(s).

The Welsh Government should be able to develop economic opportunities, for example from tourism, international trade, freight and, in the case of ports, opportunities including the energy and renewable energy industries by improving access to anywhere that needs transport, particularly to serve local businesses and by removing artificial bans. But we should not forget that key sectors identified by the Welsh Government may not yield commercial returns. Identified key sectors may not in fact be key, especially if they are being supported for political rather than commercial reasons. In our view there is little point spending money on ports or airports without proper cost/benefit analysis of the outcomes, especially if the private sector is to be a major contributor. As mentioned before transport is an enabler. Key Welsh industry unique selling points (USPs) need to be established before embarking on what are invariably long term supporting infrastructure projects. The idea that “build infrastructure and the businesses will come” is no longer a given.

We see that to date Welsh transport infrastructure and interconnectivity in supporting the development of Welsh ports and airports have not had the anticipated success since, at least in the case of Cardiff, the airport is losing importance. North south links are needed but only if profitability can be demonstrated.

In the context of Cardiff airport air freight is a key value added commodity but we understand that 2/3 of all UK air freight is transported 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.

Our industry is not convinced about the beneficial effects of EU State Aid regulations on the ability of the Welsh or any other government to provide effective outcomes. EU transport policy has a specific bias mainly aimed at rail freight in the core countries and short sea shipping. In the latter case operational long term sustainability has often been problematic. In any event we are not sure that such support would be of any use in Wales. Furthermore, award criteria vary and are often complicated and difficult to justify in the long term. We would warn against using state subsidies 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 is normally politically biased towards rail capital spending, after which operational costs are, in theory, funded from 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. 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.

Finally, for the future, some colleagues believe that the Welsh Government might engage with the UK Government in the interests of Wales by operating on a more Scottish Executive business model to deliver genuinely local outcomes.

We would be happy to provide further detail if that is felt useful.

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