

External Affairs and Additional Legislation Committee's inquiry: the implications of Brexit for Welsh ports

Port of Milford Haven's submission

Summary

1. As one of the gateway ports to the Republic of Ireland and the largest energy, engineering and fisheries cluster in the UK, the Port of Milford Haven ("the Port") welcomes the opportunity to contribute to the work of the External Affairs and Additional Legislation Committee on Brexit and trade.
2. The Port is working with all frontier agencies, UK Government departments and the Border Planning Group to ensure existing and future operations are fit-for-purpose following Brexit. Milford Haven welcomes the Government's roll out of the new Customs Declaration System and commitment to maintain British membership of the Common Transit Convention.
3. Alongside our trade association, the British Ports Association ("the BPA"), we welcome the underlying objectives of the UK-EU Future Relationship White Paper: maintaining our border fluidity from day one, the UK constitutional integrity, and security partnership. We believe that the Customs Facilitated Partnership could be made to work, if the will on both sides was in place.
4. The Port's view of Brexit is mixed. We see both business opportunity and potential disruption, but this will be entirely shaped by the EU-UK end state relationship.
5. The opportunities centre on greater landside supply chain value added activity in fisheries and industrial processing, while potential frontier disruption (which is unlikely to be caused by UK authorities) could negatively impact goods (and people) flowing through our ferry terminal – predominantly accompanied ro-ro traffic and passengers – (see below) at Pembroke Dock.
6. The possibility of delays in loading and unloading ferries, longer check-in and processing times, traffic instead using ports in England and Scotland to reach Ireland through Northern Ireland, or bypassing the UK altogether¹, will have an impact on the west Wales economy.
7. The latter point relates to the European Commission recent proposal to revise the 'North Sea-Mediterranean transport corridor' – which currently links Ireland with the UK, Benelux and France – to be amended to incorporate direct shipping connections between Dublin and Cork and ports such as Zeebrugge, Antwerp and Rotterdam i.e. offering financial incentives to bypass the British land bridge and Welsh ro-ro ports to Ireland.
8. In a letter to the EU's transport commissioner, the French transport minister, Elisabeth Borne, recently wrote: *'France and Ireland maintain important trade channels, both overland via Britain and via direct maritime routes... Surprisingly, the Commission proposal in no way takes this into account. This proposal therefore is not acceptable to France.'* The Port supports this position.

¹ https://ec.europa.eu/info/law/better-regulation/initiatives_en

Port of Milford Haven overview

9. The Port of Milford Haven is Wales' largest port and Britain's largest energy port. In 2017, approximately 32.1 million tonnes of cargo passed through the Port, comprising principally crude oil, fuel products and liquefied natural gas. A great deal of the land around the Port is designated as Haven Waterway Enterprise Zone.
10. The Port also owns and operates south Wales' largest ferry port – Pembroke Dock Ferry Terminal – handling around 70,000 freight units and 350,000 passenger movements each year. This service – Pembroke Dock to Rosslare – is operated by Irish Ferries.
11. The Haven Waterway constitutes the UK's single largest cluster of energy related businesses, handling or processing approximately 20% of the UK's energy requirements and supporting 5,000 jobs in Wales.
12. The Port also owns Pembroke Port where dry bulk, general and specialist and project cargo is handled, and Milford Waterfront which is the central location on the Milford Haven Waterway for leisure, tourism and cruise.

Pembroke Dock Marine – the Port is partnering with other key organisations to develop a well-resourced base for wave, tidal and floating wind renewable energy developers. The aim is to attract developers who are leading a rapidly growing global industry to carry out comprehensive early stage fabrication and development of marine renewable energy devices in Pembrokeshire. It will be a centre for marine renewable engineering development, with value to other industries, and is a key project within the Swansea Bay City Region Deal expected to generate over £60m of investment.

Milford Waterfront development – a 466,000 sq. ft. low-carbon, smart-living leisure, retail and tourism project under development. It will use advanced digital technology to create an exciting, next generation leisure and tourism experience.

13. Building on Milford Fish Docks' status as the largest fishing port in Wales, the Milford Waterfront aims to act as a hub for an efficient fishing and aquaculture industry supporting the growth of an indigenous fishing fleet and the economy of coastal communities.

Brexit and Freight

14. The Brexit negotiations have highlighted that the continued growth of services, commerce and manufacturing is inter-dependent.
15. Ports are a nexus of transport connections where manufacturers want to be located and where value added activity occurs. The significant economic clusters that have built up around ports' natural capital – sheltered, deep water with good onward access – has allowed multi-national and regional businesses to thrive and have driven economic growth.
16. The Milford Haven Waterway is at the heart of one of the largest industrial clusters in Wales, where major added value takes place across the oil and gas, marine engineering and fishing sectors, and equipment, skills and people are utilised collectively.
17. It is a fact that the level of previous investment activity at Milford Haven has been driven by three factors:

- exceptional depth of water – over 17m at all states of tide – permitting operational scale and lower cost/lower carbon impact logistics
- quick access to Atlantic trade routes unimpeded by locks
- established and new infrastructure links (5GW electrical grid capacity, gas and fuel pipelines, and rail access).

A Sustainable Development Charter: “Port Development and Enterprise Zone”

18. The Port believes there is an opportunity to “super-charge” the nation’s enterprise zones, in line with the UK Government’s Industrial Strategy or the Welsh Government’s Economic Action Plan, and in readiness for a post-Brexit business environment. This proposal dovetails with the BPA’s latest policy pamphlet², which commits its members, including ourselves, to strong environmental stewardship, while supporting their licence to operate within their ‘zone’.
19. Milford Haven would like to see ports, airports and other major economic centres prioritised as economic zones – providing leadership and a regulatory environment which makes it easy for businesses to operate, invest and employ. This would boost regional development, business growth, and intra- and international trade.
20. With a greatly strengthened presumption in favour of development, the UK and Welsh governments could lower development risk, by shortening development time frames and lowering project costs.
21. The Port believes that the private and public sectors must be proactive to ensure Wales remains an attractive place to do business. During a period of public policy uncertainty, maintaining business confidence through a competitive regulatory and fiscal system is key.
22. Within super-charged zones, trade and industrial activity could be incentivised by favourable business, tax and planning regime. For the Port – and others – opportunities centre on maximising the value from existing economic clusters – energy, engineering and fishing – particularly in manufacturing and processing.
23. Manufacturers want to be located at the nexus of transport routes. Ports and airports thrive and drive economic growth by being able to respond rapidly to market need.

Harnessing Our Fisheries

24. Regaining control of access and the management of our fishing resources will present the possibility to incrementally grow the domestic fishing fleet (10m+ vessels), increase domestic fish landings and facilitate more processing at British ports to the benefit of coastal communities.
25. The Port would like to see positive fiscal and funding policies to facilitate the growth of the domestic market, potentially through a reformed successor to the European Maritime and Fisheries Fund, coupled with other grant allocations and licensing

² https://www.britishports.org.uk/system/files/documents/british_ports_sustainable_development_resolution.pdf

measures.

26. Tariff-free access to EU markets – and vice versa – is essential and of utmost importance. Norway and Iceland manage their own fisheries, have healthy fish stocks and trade with the EU. We would like to see a similar arrangement for the UK.
27. We believe the Welsh Government is best place to react to local need and, therefore, call for fisheries to remain a devolved matter. EU-UK trading and regulatory end state
28. Given the unknown EU-UK trading and regulatory end state, and guided by the principle that goods (and people) must be allowed to flow and grow, the Port's position on Brexit and observations about our facilities are as follows:
 - the border must be maintained as a tax point, rather than a check point
 - there is limited space at Pembroke Dock Ferry Terminal for additional frontier checks or marshalling. Checks should continue to be risk based and of no greater impact than competing modes of transport
 - the Common Travel Area must be maintained
 - continued membership of the Common Transit Convention is essential
 - supportive of a pragmatic deal on both customs and regulatory recognition that allows businesses to get their goods across borders as quickly as possible
 - regulatory equivalence or mutual recognition of animal and plant health standards is key. Currently, 75% of customs interventions are undertaken at the border on non-EU trade in goods are for animal and plant product inspections any new multi-agency border facilities must be funded by the UK and/or Welsh governments
 - support for the repeal of the inappropriate Port Services Regulation at the earliest possible opportunity
 - in an ever increasingly competitive global market place, 'trade' benefits should be more strongly incorporated into public infrastructure assessments, consenting and licensing decisions.

Conclusion

29. Border processes will evolve, trade flows will adapt, but the outcome must be “as frictionless as possible”.
30. UK ports – including the Port of Milford Haven – are nationally and regionally significant in their own right. Their continued success is essential to the functioning of the British economy.
31. With two thirds of Irish exports going through English and Welsh ports, via the UK land bridge, to the Channel ports and onwards to the continent, any establishment of an island of Ireland regulatory system that diverges from the rest of the UK – i.e. a hard border in the Irish Sea – would be deeply unhelpful to our operations.
32. Whether it's the UK Government's Industrial Strategy or the Welsh Government's Economic Action Plan, providing the right policy, regulatory and fiscal conditions for

these clusters to grow and evolve relatively unfettered is crucial to the success of the British (and European) economy in the post-Brexit years ahead.

33. The conditions in the vicinity of major ports which offer unique characteristics and cannot be relocated need to be pro-development and have shorter decision-making time frames which would lower development risk and, therefore, drive up investment-led business growth. This is crucial when port operators need to be able respond nimbly to market opportunities that may arise from new trading relationships or changes in trade patterns following Brexit.
34. The Port is working with all frontier agencies, UK Government departments and the Border Planning Group to make sure their facilities and our port and I.T. infrastructure are in place to ensure that our current and future customers are able to move goods in-and-out of the UK as seamlessly as possible.
35. Opportunities exist, but without visible policy, regulatory and political support, global capital will move to a more receptive location.