



## Port of Milford Haven

Gorsewood Drive  
Milford Haven  
Pembrokeshire  
SA73 3EP

Tel: +44 (0)1646 696100

Fax: +44 (0)1646 696125

E-mail: [enquiries@mhpa.co.uk](mailto:enquiries@mhpa.co.uk)

Website: [www.mhpa.co.uk](http://www.mhpa.co.uk)

Mr David Rees AM  
Chairman  
**External Affairs Committee**  
National Assembly for Wales  
Cardiff Bay  
CF99 1NA

6<sup>th</sup> July, 2017

Dear Mr Rees,

### **Brexit: Port of Milford Haven visit and continued dialogue to maximise Wales' position**

On behalf of the Port of Milford Haven, I would like to thank you and your committee for the opportunity to present both the potential commercial opportunities and business impediments that may arise from the eventual EU-UK Brexit settlement. As this is such an important issue for Wales' future prosperity, we would welcome the opportunity to both host you and your committee at the port to better understand our operations and also contribute further to the Assembly's work on this crucial subject in the weeks and months ahead.

For clarity, I would like to re-state the Port's position with regards to the border with Ireland, 'port zones', fishing and aquaculture, and the General Block Exemption.

**UK-Irish border** – whether finished product from Valero being transited to and distributed from Ireland or the smooth movement of goods, it cannot be stressed enough that the eventual customs and trade agreement must secure a "frictionless" conclusion. Anything less will have severe impact on the Port's ro-ro and liquid bulk businesses, and, in the longer term, effect major investment decisions.

**'Port Zones'** – the designation of port areas as 'Free Ports' - where goods can be landed, have manufacturing and value-adding processes carried out, and finished products re-exported without incurring any customs duties – will help boost economic growth, and could help offset some of the effects of Brexit. The potential is well argued in Centre for Policy Studies' policy pamphlet, The Free Ports Opportunity. The creation of Free Port areas would undoubtedly assist operations like the Port of Tyne that are integral to the automotive manufacturing supply chain with the movement of components across member state borders and therefore, eventual customs jurisdictions. It would also assist Welsh anchor manufacturers such as Valero in Pembroke and Tata Steel in Port Talbot. Valero has often indicated that it suffers a significant cash flow disadvantage relative to importers of finished product who do not after all sustain long term manufacturing jobs in the UK.

In the short-term, Brexit opportunities will centre on maximising the value from existing economic clusters, from energy and engineering to fishing and academia. Industry and academia need to work closer together to generate further high skilled employment, drive knowledge transfer, sharing of skills and equipment to add value in the supply chain.





We believe there is potentially a more profound benefit which we would invite you to consider around Welsh ports related to accelerated and simplified planning within more widely drawn 'Port Zones'. Manufacturers want to be located at the nexus of transport routes. Ports (and nowadays airports) thrive and drive economic growth by being able to respond rapidly to market need. Being mindful of the need to balance the three pillars of sustainability – economic, environmental and social – the Port would like to see ports, airports and other major economic centres in Wales prioritised as 'economic zones' with a greatly strengthened presumption in favour of development offering the market lower development risk, and therefore shorter development timeframes and lower development costs. Why should this special regime be implemented around ports? Because they are where they are due to unique characteristics; depth of water, long established intermodal connection, and routes (pipelines, motorways, conurbations, rail connections, power supplies). Ports cannot be moved. This does not mean reducing standards relating to the construction and operation of plant and infrastructure that is both clean and safe. What we want to make clear is that permitted development rights have been so undermined that the risks of embarking on a consenting and development process are now so significant that many projects never emerge off the drawing board.

Combining the two – the creation of Free Ports and the designation of Port Zones, with simplified and accelerated consenting and development regimes, could do more to attract investment and enterprise for little or no cost than almost any other industrial policy initiative.

**Fishing and aquaculture** – there is an opportunity to encourage more local fishing and processing and allow more control over our own fisheries. But we must take a pragmatic approach which doesn't limit fish landings from EU vessels into UK ports. There are large gaps in the market which could be closed if we – the ports alongside the UK and Welsh governments and agencies – act now. Key matters to address to seize this opportunity are:

- grow a domestic, safety-focused fishing fleet, with good access to finance
- attract young people into the industry, through promotion and better link-up to existing training providers
- grow an aquaculture industry to break the monopoly held by Scotland, and
- link up with Ireland to create a commercially viable supply chain, including processing.

To achieve significant gains in fishing and aquaculture, there needs to be a coordinated approach which is market led. Supported by the soon to be released Marine Plan for Wales, the Port proposes creating a taskforce to look at compliance, health and safety, skills, supply chain opportunities and quotas. As Wales' largest fishing port, we would be happy to play a lead role in such a taskforce.

**General Block Exemption** – it should not be lost that Welsh ports are operating in a highly competitive domestic and international environment. The UK and Welsh governments need to be cognisant of the extension of the regulation to ports, effectively raising the threshold for state subsidy of substantial port infrastructure and dredging activities. For example, recent approval was granted for the alteration to the Theemsweg Route of the Port Railway Line in the Port of Rotterdam. The €275m project is to be funded by the Port of Rotterdam Authority, the Dutch Ministry of Infrastructure and Environment (€100m) and the European Union (€62m). The regulation only exempts ports from the need for the investment to be scrutinised directly by the EU to a financial threshold. It does not change the law that prohibits state aid and the displacement of trade. For major established commercial activities such as ferry services there are no grounds for any government money to be allocated directly or indirectly so as to help one route or port to develop at the expense of another.



We were heartened by the position outlined by the Cabinet Secretary for Economy and Infrastructure where he placed a great deal of emphasis on a nimble and pro-business approach, while being sensitive to maintaining the competitiveness of Irish Sea trade routes.

I look forward to reviewing your report and continuing our dialogue with you and your committee.

In the meantime, should you wish to arrange a port tour please contact Anna Malloy, PR and Communications Manager, on 01646 696156 or [anna.malloy@mhpa.co.uk](mailto:anna.malloy@mhpa.co.uk)

Yours sincerely,

**Andy Jones**  
**Deputy Chief Executive, Port of Milford Haven**

