Overcoming Barriers to Growth of the North's Port and Airport Gateways to the World

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Moving Forward:
The Northern Way

The Northern Way Transport Compact

- Has acted as an independent advisory body on transport issues linked to the North's sustainable economic growth

- Has confronted the need for evidence and vision versus more parochial interests

- Has created the capacity for transport experts to talk to politicians and vice versa and for agreement to be reached on challenging issues

- Has demonstrated clear strategic added value

The Transport Compact's Key Achievements

- A Northern consensus around the case for high speed rail
- A defined way forward for the Northern Hub and brought forward plans by at least five to ten years – worth £0.6bn to £1.6bn
- Supported a £1.5bn programme of investment in the North's strategic road network
- By 2014, a £35m gauge-cleared rail freight network will link
  - the North's east and west coast ports with the Midlands, the South and Scotland
  - inland distribution centres in the North and the South Coast ports
- Four early win projects that are delivering benefits and have levered additional investment
  - Manchester Airport Platform 3
  - Olive Mount Chord/Port of Liverpool gauge enhanced access
  - Hull Docks Branch Line capacity enhancement
  - M62/M606 High Occupancy Vehicle Lane.

The North's International Gateways

Ports

- Pre-recession handled 197m tonnes - 34% of UK total
- Growing market share
- In terms of tonnes lifted three ports in UK top ten
  - #1 Grimsby & Immingham
  - #3 Tees & Hartlepool
  - #7 Liverpool
- 43,000 direct and 24,000 indirect jobs equivalent to £2.7bn GVA

Airports

- Pre-recession catered for 39 million passengers – 16% of UK total
- Growing market share
- Manchester is the biggest airport outside London
- 24,000 direct and 31,000 indirect jobs equivalent to £2.4bn GVA

Impacts of the Recession

- Ports
  - Reduction in imports
  - Nationally port throughput has fallen
  - North has lost market share

- Airports
  - Nationally passenger numbers have fallen
  - Use of Heathrow has held up, so the North has lost market share to the South

- Market growth is returning, but recovery is fragile

- Expect the North to resume gaining market share as recovery takes hold

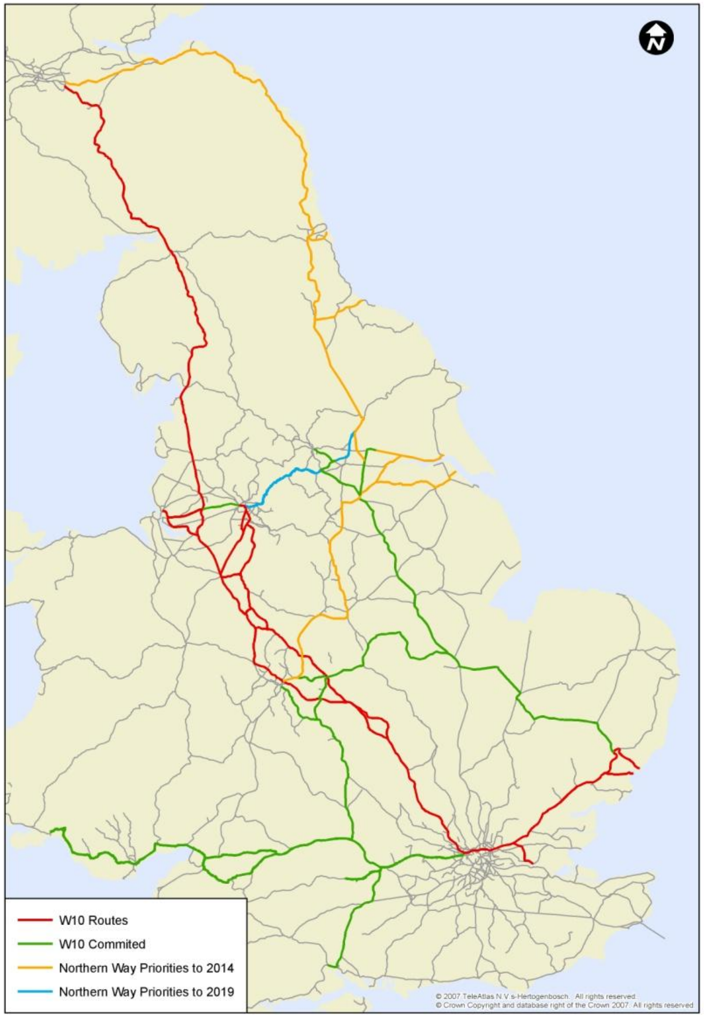
Barriers to Growth - Ports

- Surface access – gauge clearing the rail for intermodal containers
- Surface access – dock gate to the motorway network
- Port centric logistics – bringing forward development
- Inland rail terminals – shifting the logistics centre of gravity northward
- Rail freight business models – adapting to the evolving logistics chain

Gauge Clearing the Rail Network

- Network Rail's Strategic Business Plan (2009-2014) offered significant opportunity to extend the gauge-cleared network
- £40m available funding for "infill gauge"
- Northern Way has influenced Network Rail's priorities to 2014
  1. Doncaster to Water Orton and WCML
  2. ECML South of Peterborough
  3. Barking Dagenham
  4. ECML North of Doncaster to Edinburgh/Glasgow
- Northern Way is funding
  – business case development from Teesport and the Humber to ECML
- Goal to achieve gauge-cleared network to all North's principal ports by 2014

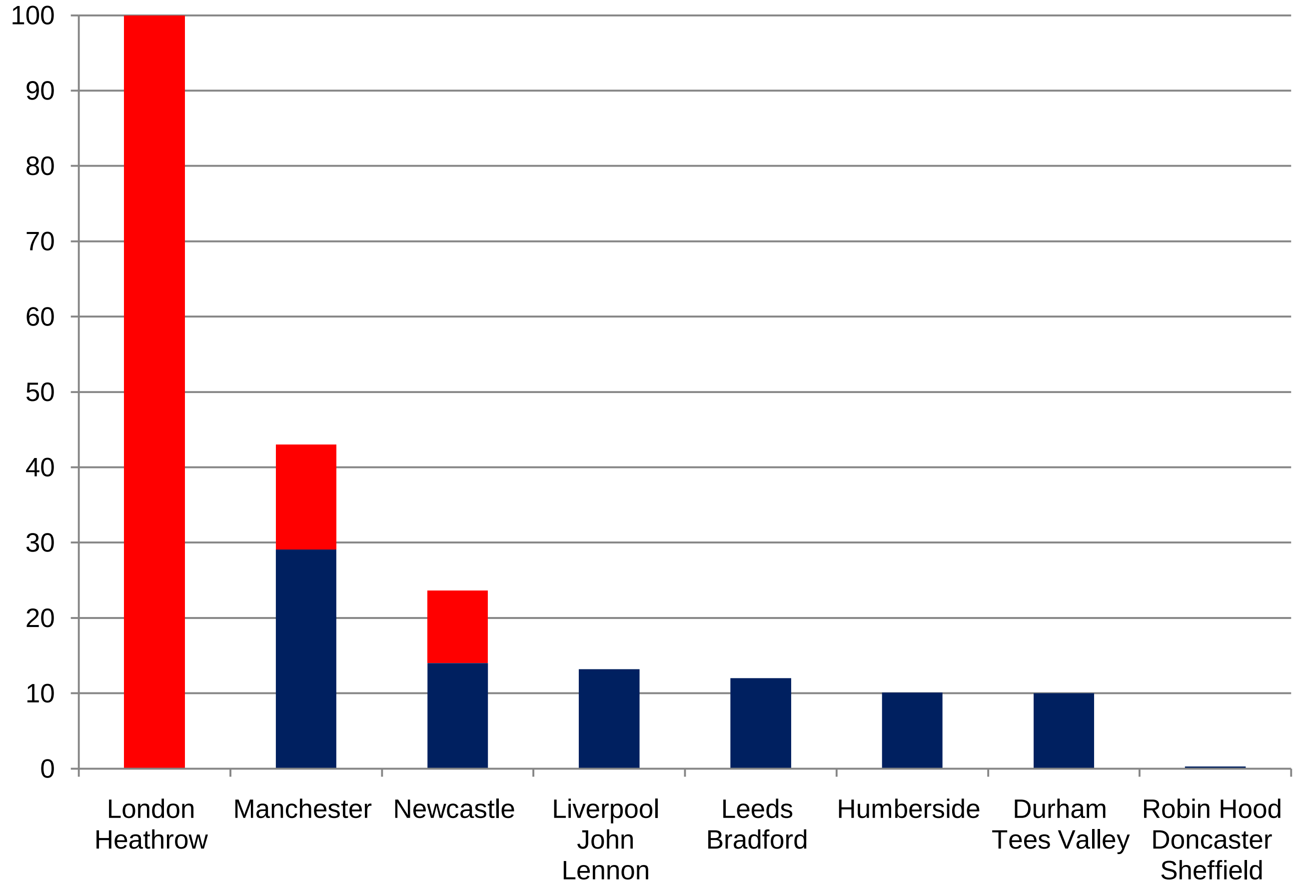
Future Gauge Cleared Network



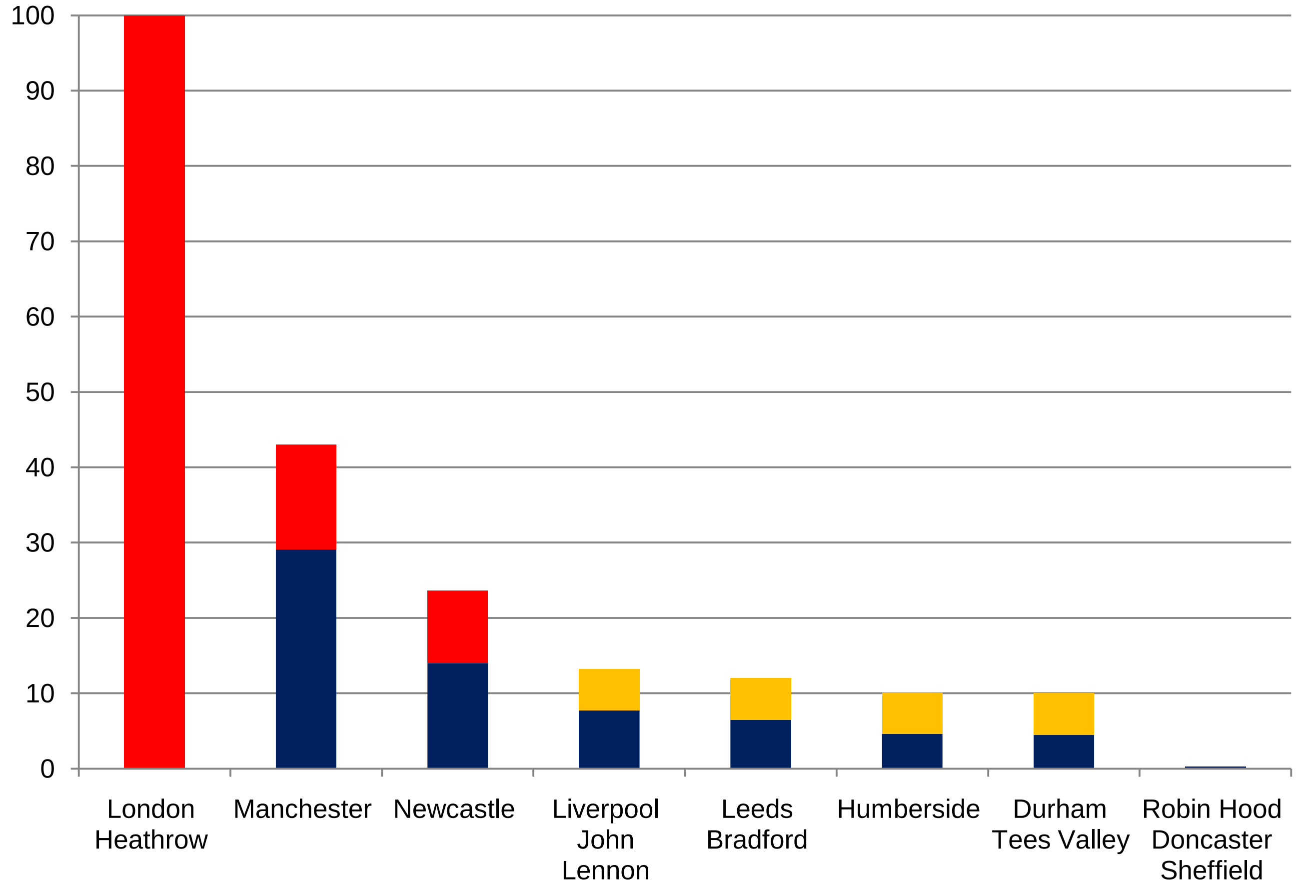
Barriers to Growth - Air

- Growing direct routes would be most beneficial, but is adversely affected by the level of duty
- At present, connections at Heathrow are highly important but under commercial pressure
- International hubs such as Amsterdam and Dubai increasingly important for key business destinations
- Access to local and national road and rail networks
- Air Passenger Duty has a disproportional impact on the North

The North's International Connectivity & Heathrow



The North's International Connectivity & Amsterdam



Government Policy Imperatives for the North

- Promoting private sector led growth in areas with currently a high public sector share of the economy
- Rebalancing the UK economy away from the South East
- Supporting the North's international connectivity
- Sustainable growth of the UK Aviation & Port sectors
  - Relieving pressure at over-capacity airports in the South East
  - Relieving pressure on congested surface access to southern ports

Overcoming the Barriers

- Regional banding of Air Passenger Duty
- Targeted surface access enhancements to the North’s ports and airports
- New logistics models
- All set in the context of a strengthened national strategy for developing the UK’s major ports and airports

Looking Ahead

- Pan-Northern collaboration has delivered real improvements to surface access to the North's airports and ports
- There are key challenges ahead
  - Focussing on international connectivity - not just ports and airports
  - Ensuring timely delivery of the gauge-cleared network in 2014
  - Securing funding for the Northern Hub as part of the 2012 HLOS for delivery by 2019
  - Securing funding and delivery of a gauge-cleared trans-Pennine route by 2019
  - Delivering road access enhancements to the North's airports and ports
  - Securing Aviation and Ports Policy that helps overcome barriers to growing the North's international connectivity and has wider UK benefits
  - Seizing the opportunities for port-centric logistics and new inland logistics operations
- On-going pan Northern collaboration will contribute to meeting these challenges and maximise the benefits for the entire North

Thank you

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