

**The Potential of the Maritime Economy in Wales – February 2016**  
Executive Summary and recommendations

Executive Summary

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**Economic potential of the maritime economy**

The maritime economy offers real potential for Wales, particularly within new and emerging sectors like marine renewable energy. The European Commission has given increased attention in recent years to this part of the economy, through its Blue Growth Strategy, seeking to promote the transition of ports and coastal communities into these new areas of growth and diversify the economic opportunities in coastal communities.

Wales is engaging in this shift, and we saw in our inquiry some of the exciting initiatives and projects in development, which could have significant impact on the Welsh economy, including knock-on benefits to leisure, cultural and other sectors.

**Ports**

Welsh ports make an important contribution to the Welsh economy and are key hubs for the maritime industries in Wales. The major ports are increasingly looking to diversify into new economic activities, like renewable energy and coastal tourism. This is not only to be welcomed but is crucial to Wales' future success in developing maritime industries.

The Draft Wales Bill includes proposals to devolve key aspects of port policy, including the planning regime, to Wales. If enacted, this will allow the Welsh Government to integrate port development into its wider strategies and also to streamline the planning and licensing process. We heard how the Welsh Government is preparing to develop a ports strategy and a memorandum of understanding with Welsh Ports.

There is scope for the Welsh Government to support development of ports through its new strategy, and also to work to improve the transport links to ports which are a key factor in their competitiveness.

**Welsh Government's role**

During this inquiry we saw examples of the Welsh Government supporting the development of the maritime economy.

The earmarking of €100m of EU Structural Funds for marine energy is significant and to be applauded. The creation of the Marine Energy Task and Finish Group was widely welcomed by witnesses, and the participation of the key players from this emerging sector bodes well.



However, we also saw evidence of Welsh Government failure to follow up sufficiently on previous recommendations of this Committee within the area of EU funding for transport and connectivity.

We were disappointed at the lack of follow up on TEN-T/ Connecting Europe Facility (CEF), on opportunities for Motorways of the Sea, and the general lack of engagement. We were surprised and disappointed to hear that there had been little contact with the Irish Government and Dublin Port.

Our impression of the Welsh Government's approach to the maritime economy is one of fragmentation, with no evidence of a whole government approach. While the Welsh Government's engagement has been viewed as positive, notably in the marine energy sector, there was a consensus that an overarching strategic framework is now needed.

## **An Irish-inspired strategic approach**

Our visit to Ireland provided an opportunity to benchmark Wales against an EU Member State recognised by the European Commission as leading the development of the ocean economy in Europe.

One of our strong recommendations is that the Welsh Government look at Ireland's Harnessing Our Ocean Wealth document in preparing its National Marine Plan. Wales' plan should be modelled on Ireland's whole-government approach to the implementation of the plan, and focused on delivering clear objectives with measurable targets for individual departments to deliver.

## **Marine renewable energy**

Wales is well placed to become a leader in the development of the marine renewable energy sector. We saw clear evidence of entrepreneurial activity in Wales to support this new sector. Mostyn Port has become an important hub for the renewable sector, and Milford Haven is moving in this direction as well. Tidal Lagoon Swansea Bay, the other potential lagoons in Wales, the tidal wave projects in Pembrokeshire, and the plans for Energy Island Anglesey are further examples.

We heard strong commitments for these projects to invest in local companies and local employment. We also heard that this is a sector in its infancy, and as such it faces a number of barriers and challenges before it reaches maturity. Rhodri Glyn Thomas AM told us there is a consensus on what these barriers are at EU level, and this chimed with the evidence we heard from Welsh stakeholders.

We heard about the need for data to inform development plans and consenting/licensing, and the challenges around this (cost, commercial sensitivity, issues around reliability, and need for scientific analysis/interpretation of raw data) which echoes issues raised in Environment and Sustainability Committee's work on marine policy in Wales.

Welsh Government can address some of these barriers, through targeting more resource at data collection/analysis, investing in greater research capacity, providing additional financial resources, and on a more pragmatic level by employing a test and deploy approach to pilot projects where appropriate.

We saw clear recognition that Wales cannot solve the barriers facing the marine energy sector alone – it requires engagement and co-operation at UK and EU level and in partnership with other countries and regions.



We received evidence of concerns from anglers in Swansea about the possible negative impacts of Tidal Lagoon Swansea Bay on the natural environment and from Wales Environment Link about the need to adopt an ecosystems approach that balances economic, social and environmental objectives. While our inquiry has focused on economic impacts, we recognise the importance of the development of an ecosystems based approach to marine planning.

## **EU and international engagement**

We heard evidence of the importance of strategic partnerships between regions and countries to address common problems. Welsh universities already have links with Ireland on research projects in the marine sector, while Tidal Lagoon Power and Marine Energy Pembrokeshire are participating in EU level initiatives such as the Ocean Energy Forum and Ocean Energy Europe.

We were disappointed to hear about the lack of engagement by the Welsh Government in these EU level initiatives in the marine energy sector. This combined with what appears to be a failure to follow up effectively with Ireland on transport and connectivity opportunities suggests there is a lack of political leadership when it comes to the Welsh Government's approach to EU partnership working.

There are exceptions, notably the work of the Minister for Finance and Government Business on EU Structural Funds, her championing of the work of the EU Funding Ambassadors, and her contacts with the EIB. These are examples of a Welsh Government Minister acting positively and proactively at EU level. However, this is not replicated across the Welsh Government and the lack of participation in marine energy sector events and networks at UK and EU level was disappointing, particularly given Wales' strengths in this area.

In his work for the European Committee of the Regions (CoR) Rhodri Glyn Thomas AM has proposed a much stronger form of co-operation – creation of a strategic partnership or Macro Region for the Atlantic Area focused on developing the ocean energy sector. We think there is merit in pursuing this idea.

## **EU funding**

Our previous inquiries have shown a wide range of EU funds are relevant to the development of the maritime economy in Wales.

The EIB told us that the new European Fund for Strategic Investment (EFSI), part of the Investment Plan for Europe offers opportunities to support the growth of the maritime sector. EIB investment in the new innovation campus at Swansea University has received overwhelming praise and is a flagship example. We were pleased to see that the Welsh Government is pursuing these opportunities.

However, evidence from some ports suggested they still misunderstand some EU funding opportunities, while others called for additional support to access funds. We heard from the private sector of the need for targeted support and information on the relevant EU programmes. We have already made recommendations in our previous EU funding inquiries for the Welsh Government and Welsh HE to develop tailored support for the private sector. Clearly this is not yet happening – so we restate our call for this to be addressed.

We also believe there is a role for EU funding in supporting data gathering and analysis.



## Research and skills agenda

Welsh universities have some excellent, cutting-edge research in progress within the marine sector, clearly evidenced in the SEACAMS project and the work of the Low Carbon Research Institute, which includes the Marine Research Centre at Swansea University.

However, we were also told that despite the excellent research in Wales in this area, it is very much a 'niche' within the energy sector more broadly. There is a risk Wales could lose out on future research opportunities due to lack of research capacity/infrastructure for marine energy compared to Scotland and Ireland.

We believe there is a clear need for greater investment in research capacity in the marine energy sector.

Work is already underway to plan for future skills needs of the marine sector, and the Marine Energy Task and Finish Group will also look at this. We were told that to date there had not been (as far as witnesses were aware) any systematic studies or mapping of future skills needs for the maritime economy as a whole, which stands in contrast with the situation in Ireland.

We were told that many of the skills for these new sectors will be similar to other manufacturing and engineering jobs. Therefore, this should mean a focus on re-skilling and re-training rather than necessarily developing new skills profiles from scratch.



# The Committee's Recommendations

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## Main recommendation:

**The Welsh Government should ensure that the Wales Marine Plan provides a comprehensive and overarching framework for the sustainable development of Wales' marine resources and coastal communities. It should contain objectives and measurable targets – including for economic performance – and be implemented through a 'whole government' approach, modelled on the Irish Integrated Marine Plan.**

The Committee recommends that the Welsh Government should:

**Recommendation 1.** Prioritise participation in EU networks, projects and partnerships in the marine energy sector, taking a proactive and outward-looking approach to engagement with EU level initiatives.

**Recommendation 2.** Ensure the EU Funding Ambassadors are integrated into the work of the new Marine Energy Task and Finish Group to ensure opportunities for EU funding and finance are fed into the work of this group.

**Recommendation 3.** Explore the potential for developing an Atlantic Macro Region or Strategic Partnership, in discussions with Ireland, Scotland, the UK Government, the European Commission, and through its membership of the Committee of the Regions and the Conference for Peripheral and Maritime Regions (CPMR).

**Recommendation 4.** Demand early decisions from the UK Government to ensure that there is clarity on the strike prices for different renewable marine energy technologies as soon as possible.

**Recommendation 5.** Provide greater financial support for marine data collection projects including the potential impacts of developments on the marine environment. This should include thinking creatively and proactively about how different EU funding streams can support this.

**Recommendation 6.** Review Enterprise Zone policy in the light of planned devolution of ports policy. In particular the review should consider whether the sector approach is appropriate to those zones which include ports, given the scope of the opportunities within the maritime economy. This review should also consider whether further Enterprise Zones are required to support port development.

**Recommendation 7.** Develop appropriate and effective road projects to improve traffic flow on the A55 and A40 given the risks to ports from marginal changes in efficiency.

**Recommendation 8.** Work with relevant ports and other local stakeholders as well as Network Rail and the Department for Transport to consider how rail modernisation schemes in Wales can make possible potential future development of rail freight serving Welsh ports.



**Recommendation 9.** Act decisively in the event of devolution of port planning powers to streamline and speed up the port planning process, and to integrate it with an effective and suitably resourced marine licensing and consenting process to provide early decisions on development applications. Enhancements to major devolved Welsh ports should be considered for inclusion as Developments of National Significance under the Planning (Wales) Act 2015.

**Recommendation 10.** Engage with Welsh ports and the Welsh Ports Group to clarify the scope of a future Welsh Ports strategy and how this will be developed to provide reassurance to the sector.

**Recommendation 11.** Develop a Welsh Ports Policy which:

- Provides a clear vision for Welsh ports and strategic leadership which supports ports to achieve their goals;
- Clearly identifies where additional support is required, for example in identifying and delivering infrastructure or services which have wider economic benefit but generate a limited direct return to ports themselves;
- Aligns with EU blue growth and transport policies to facilitate engagement with the EU and support applications for EU funding;
- Encourages development and implementation of port master plans which reflect the wider role of ports in maritime economy, and the local economy in general;
- Includes an assessment of the competitiveness of Welsh ports; and
- Integrates ports into key Welsh policies particularly on the development of the maritime economy, transport policy, environment and planning policy and wider policies supporting economic growth.

**Recommendation 12.** Prioritise increased investment in marine research capacity, including discussions with the EU Funding Ambassadors in conjunction with Welsh HE on how EU and other funding could be used to support this. This should include exploring potential for developing a COFUND bid covering marine research.

**Recommendation 13.** Ask EU Funding Ambassadors to look at opportunities from EU funding programmes to support this agenda, including (not exclusively) Erasmus+, Horizon 2020, ESF, and the Territorial Co-operation Programmes.

**Recommendation 14.** Review the support for marine energy and wider maritime economy in Welsh Government's Brussels office and explore how this could be strengthened through a partnership between its own team, Welsh HE and WLGA offices.

**Recommendation 15.** Carry out a mapping exercise looking at the future skills and training needs of the maritime economy and a review of the existing training provision within Higher and Further Education in Wales to support these future needs. This should take into account existing work undertaken looking at the skills needs of the marine energy sector.



**Recommendation 16.** Provide an update to the Assembly on progress in the list of potential projects identified for support from EFSI.

**Recommendation 17.** Engage much more proactively with EU institutions and other relevant stakeholders to build the relationships necessary to benefit from CEF and other potential sources of EU funding for transport. This should include Ministerial participation in stakeholder events such as TEN-T Days.

**Recommendation 18.** Engage as a matter of urgency with the UK Government, Irish Government, Irish ports, Welsh ports, relevant Welsh stakeholders and the EU Commission to develop proposals for EU Transport Funding, particularly Motorways of the Sea projects. In particular, we believe Welsh Government should convene a conference to allow stakeholders, particularly Welsh ports, to understand the EU funding opportunities and consider a way forward.

**Recommendation 19.** Provide ports with the support they need to access EU and other funding sources. The Welsh Government may need to review whether its staff have the correct skills and training to do this.

**Recommendation 20.** Task the WEFO Horizon 2020 unit with addressing the call from SMEs for specialist one-to-one advice and support in accessing opportunities from EU funding programmes.

