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The Clerk
Economy, Infrastructure and Skills Committee
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NATIONAL ASSEMBLY FOR WALES ECONOMY, INFRASTRUCTURE AND SKILLS COMMITTEE – SELLING WALES TO THE WORLD

I am writing on behalf of the Board of Cardiff International Airport Limited in response to the invitation from the Chair of the Economy, Infrastructure and Skills Committee to contribute towards the inquiry into 'Selling Wales to the World.'

Cardiff Airport is the national airport of Wales and the country's gateway to the world. Being 100% owned by the Welsh Government, we have a very keen interest in the work of the Committee, particularly those areas relating to trade and tourism including international marketing.

Currently Cardiff Airport plays a significant role in stimulating inbound travel to Wales with a route network that connects to over 50 direct and over 900 indirect routes worldwide. Passenger numbers are currently 1.425 million per year (to end July 2017) which is an increase of 7% on the previous 12 months. Currently;

- 1 in 4 passengers using Cardiff Airport are visitors to Wales
- of which international visitors contribute an estimated £58million¹ to the Welsh economy.

International visitors to Wales, using Cardiff Airport have travelled from the following top 10 destinations²:

1. Ireland 28%
2. Spain 13%
3. France 12%
4. USA 8%
5. Germany 6%
6. Netherlands 6%
7. Australia 3%
8. Italy 3%
9. Canada 2%
10. India 2%

What has been done to date:

Route development strategy

Since the change in ownership, Cardiff Airport has coordinated its route development strategy with core markets for Wales, focussing on establishing direct links to Germany, the Middle East and North America:

- **Germany:** Cardiff Airport has established routes to Dusseldorf (2013), Munich (2015) and most recently Berlin (2017) all operated by Flybe.
- **The Middle East:** In April 2017 Qatar Airways announced a frequent service between Doha and Cardiff, due to start in 2018.
- **North America:** USA and Canada remain key priorities for new routes and discussions are ongoing with a number of potential airlines. Currently connections to over 20 North American routes are available via links to key hub airports on the Cardiff Airport network.

The Airport has maximised links to 11 hub airports to drive global connectivity from Wales to the World, and the World to Wales. The most significant of these is Amsterdam; with 60% of KLM traffic currently inbound to Wales via Amsterdam Schiphol Airport.

International Marketing

Cardiff Airport and the Welsh Government work together to leverage the opportunity presented in promoting Wales internationally with Cardiff as the gateway to the country. The complimentary objectives of the two organisations aim to promote the country and drive airline passenger traffic through route marketing.

The Welsh Government used Cardiff Airport as a showcase of its new brand in 2016 by working collaboratively to welcome international visitors to Wales, promoting tourism, trade and food & drink.

The UK Government led 'Great' campaign has also used Cardiff Airport to showcase tourism, trade and invest messages during major events such as the Wales NATO Summit and more recently during the 2017 Eisteddfod.

Cardiff Airport also engages with other key institutions with an international marketing focus to develop opportunities for airlines to drive inbound visitors e.g. Visit Cardiff, Universities, Sports clubs, and Hoteliers.

Routes conferences

Cardiff Airport and Visit Wales have jointly attended the annual Routes Conferences since 2013 alongside Visit Britain. This is a collaborative effort to promote Wales and the Cardiff Airport market area to airlines looking to add new routes and/or grow existing capacity.

Route marketing - Airline campaigns

Cardiff Airport has initiated marketing partnerships between our airlines and Visit Wales to drive bookings and inbound visitors to Wales.

The partnerships have included joint campaign activity; advertising; working with online travel agents, promotions, familiarisation trips for the trade and media, sharing content across owned communication channels with agreed campaign objectives.

- Flybe – focussed on UK, Ireland, Germany, Italy and France
 - UK stimulating approx. 42% inbound traffic³
 - Ireland stimulating approx. 38% inbound traffic³
 - German stimulating approx. 42% inbound traffic³
 - Italy stimulating approx. 14% inbound traffic³
 - France stimulating approx. 30% inbound traffic³
- Vueling – Spain stimulating approx. 40% inbound traffic³
- KLM – Germany stimulating approx. 160% increase in German traffic³

As with all new airline partners, there is an opportunity to develop an inbound marketing plan with Qatar Airways for the launch of the new service in 2018. This will focus on attracting inbound visitors from Australia, New Zealand, Asia and the GCC. The campaign activity will drive business, tourism and education visitors to Wales.

Large international events

Cardiff Airport works closely with 'Team Wales' to ensure major events in Wales are delivered safely and successfully. Most recently, the UEFA Champions League Final in Cardiff saw over 21,000 extra passengers and 380 aircraft movements using Cardiff Airport, including both finalist teams and VIPs.

Past events which Cardiff Airport has played a key role include; The Ryder Cup, NATO Wales, Rugby World Cup, Heineken Cup Finals and 6 Nations Championships.

Overseas offices

Cardiff Airport has actively engaged with the Welsh Government offices in China and Dubai while developing new route opportunities to identify; trade links and key businesses, tour operator contacts within the region, embassy links and local market intelligence.

Future activity:

International Marketing

Cardiff Airport will build on the partnership approach with the Welsh Government and in particular Visit Wales on international marketing; both to airlines as investors into Wales and to stimulate inbound visitors to Wales via the airport's route network. The Airport would encourage further collaboration with other institutions where there is a direct benefit to increasing inbound passengers through the airport route network.

There is an opportunity to make better use of wales.com as part of the Wales digital gateway initiative due to launch in 2018 to ensure prominence of the Airport and route network on the new portal.

The new Qatar Airways service also provides additional global opportunities to further engage with Visit Britain on promoting Wales and Cardiff Airport as a gateway to the UK from key Australian and Asian markets.

Overseas offices and large international events

The Airport will also continue close dialogue with overseas offices and continued involvement with large international events.

Actions to stimulate further growth

For us to play an even greater role in "Selling Wales to the World", we would welcome the following actions that could directly stimulate growth in passenger numbers at Cardiff Airport, which will in turn have considerable impact on the Welsh economy:

1. The devolution of Air Passenger Duty (APD)

- APD is a punitive tax imposed by HMT that is widely agreed to be damaging to the UK economy. As the UK leaves the EU, it will need a competitive aviation sector to ensure British business can take advantage of the opportunities BREXIT will bring, both in existing and emerging markets APD hampers the UK's aviation industry's

ability to compete in a global market and has the effect of stifling growth, particularly for domestic flights (currently £23) and long haul (currently £73) connectivity

- Significantly reducing or abolishing the tax will encourage airlines to reconsider investment plans into our market as it will improve likelihood of viability, which will lead to an increase in choice for consumers in Wales, more tourism to Wales and circa 27% growth in jobs directly supported by Cardiff Airport, which has the potential to grow overall GVA impact by a further 28%⁴
- All major political parties in Wales support the devolution of this tax to Wales and it was a key recommendation of the Silk Commission to devolve it to Wales for Long Haul. The Welsh Government are pressing the UK Government on this issue and have indicated that they would lower or abolish the tax completely if it were devolved to the Welsh administration. It has already been devolved to the Scottish and Northern Irish administrations but there is currently limited appetite by the UK Government to devolve the tax to Wales, due primarily to opposition from airports and politicians in the South-west of England
- We consider this is a critical issue and we would recommend that the EIS Committee closely monitor the Welsh Government's progress with getting this tax devolved to the Welsh administration.

2. Connectivity and surface access to Cardiff Airport

- It is well documented that improving surface access to an airport can encourage growth and improve the opportunity for the region in which the airport provides services, to compete better in a global market. It is not just the last few miles that are important, but the whole journey that needs to be considered
- Easy access to an airport has the effect of widening an airport's catchment area, it will encourage airlines to invest in new flight routes – particularly long-haul – as it improves their opportunities to become viable. It also has the effect of improving consumer perceptions of the region, which in turn stimulates growth
- We recommend that the EIS Committee closely monitor the following local and strategic infrastructure projects, all of which would stimulate growth at Cardiff Airport:
 - Proposed improvements to the Newport/Brynglas Tunnels section of the M4 motorway
 - Planned reductions for Severn Bridge toll charges and the potential future conversion of the M4 Severn Bridges to free flow tolling
 - We would also like to see plans brought forward to create alternative access to the Airport from J34 of the M4
 - Improvements to the A4226 – 5 Mile Lane
 - Metro network for the Cardiff City Region
 - Improvements to Culverhouse Cross Roundabout to facilitate better access to the A48 Westbound and in turn the A4226

3. National Transport Strategy

- Previous iterations of the National Transport Strategy have focussed on surface transport, with emphasis placed on major road and rail projects. Considering the strategic importance of air connectivity to sell Wales internationally, we would encourage greater recognition of the importance of air transport in future strategy documents.

Thank you for the opportunity to input to the work programme of the EIS Committee and I look forward to attending the Committee's session on 21st September.



Deb Barber
Chief Executive Officer

¹Source: 2015 CAA Survey/Visit Britain – average spend of international visitors in Wales

²Source: 2015 CAA Survey/2015 IPS Survey

³Source: Cardiff Airport 2016 passenger traffic

⁴Source: Jobs and GVA figures based on York Aviation's associated impact formula (2012)