



Llywodraeth Cymru  
Welsh Government

CABINET STATEMENT

# Written Statement: Cardiff Wales Airport – long term strategy

**Ken Skates, Cabinet Secretary for Economy, Transport and North Wales**

Organisation: [Cardiff International Airport \(https://www.gov.wales/cardiff-international-airport\)](https://www.gov.wales/cardiff-international-airport)

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Cardiff Wales Airport (the Airport) is a vital element of Wales' economic infrastructure, which has been estimated to generate over £200m in Gross Value Added (GVA) annually and support thousands of jobs in the South Wales region. The Airport, along with the neighbouring Bro Tathan business park, are at the nexus of the cluster of successful aviation and aerospace businesses in the region. It provides a gateway into Wales for tourists, investors and the many thousands of visitors that come each year to enjoy the numerous sporting, cultural, business and trade events hosted in and around the capital. It also offers valuable connectivity for Welsh business and leisure travellers.

As with other airports across the UK, the Covid-19 pandemic presented significant challenges and its effects are still being felt today at the Airport. The Welsh Government took decisive action to protect the Airport during the pandemic, providing essential financial support through a 3-year rescue and restructuring

package. As this package draws to a close, the Welsh Government has been working with the Airport leadership team to develop a longer-term strategy for the business, focused on how the Airport can contribute to economic growth and help to reduce economic inequality in South Wales.

The strategy aims to build on the Airport's unique strengths with two main objectives:

- Attracting and growing aviation and aerospace businesses linked to the Airport
- A targeted programme of air service development, with a focus on passenger connectivity to a small number of global air hubs and economic centres of importance to Wales

The strategy recognises that the needs of air passengers in Wales are served by a range of airports and this will remain the case in future.

To create new jobs, the Airport will focus on:

- **Aircraft Maintenance, Repair & Overhaul (MRO)** – helping existing businesses at the Airport to grow and attracting new businesses to both the Airport and the Bro Tathan business park, building on the hundreds of jobs in this sector already.
- **General Aviation (GA)** – developing facilities to encourage private aircraft owners and other GA-related activities to use the Airport, making the most of its proximity, when visiting South Wales. This would enhance the Airport's offering to organisers of major sporting and cultural events in the region, as well as becoming more attractive for VIP business travellers and foreign investors.
- **Air cargo** – attracting more logistics operations to improve supply chain and export options for the region and maximise the use of increasing cargo capacity in line with route development
- **Sustainable aviation technologies** – in the medium to longer term, making the most of the aerospace cluster and green energy initiatives in the region by providing the infrastructure and services necessary to start and nurture businesses developing next-generation greener aviation technologies, such as Sustainable Aviation Fuel (SAF) supply chains, electric aircraft and hydrogen propulsion.

The additional jobs anticipated, combined with the range of aviation and aerospace courses provided by our further and higher education establishments, would offer an even greater pipeline of career opportunities in the sector for people across the whole region. The strategy aims to yield a range of new jobs, from high-skilled specialist engineering roles to positions with lower entry requirements, offering pathways into the sector for a broad cohort of job seekers.

To improve connectivity, the Airport will seek to develop routes to those parts of the world identified in the Welsh Government's international strategy as being important for economic growth, such as:

- The Middle East and South Asia
- The European Union - major economic and finance centres and hub airports
- North America

The Airport will always encourage its existing airline partners to grow their activity and to create more local jobs. This greater connectivity will provide an excellent opportunity to grow tourism into Wales and make it significantly easier for potential investors to get to and from the country.

It is anticipated that the totality of these route developments could see the Airport's annual passenger numbers increase to just over 2 million within the next decade. To complement the air service development there are planned investments in the Airport's existing terminal building and other infrastructure to ensure it can accommodate more comfortably the higher number of passengers whilst also reducing the carbon footprint of its ground operations. The Welsh Government is also looking at options for improving bus connectivity between the Airport and the centre of Cardiff, as a means to better connect people to the new jobs at the Airport and to improve the gateway experience into Wales, so that more first-time visitors become repeat visitors.

The measures put in place by the Welsh Government during and after the pandemic to protect the Airport have done their job but have left the business in a position where it does not have the financial resources necessary to kick-start these economic developments. To ensure that the South Wales region can make the most of these opportunities, the Welsh Government is planning to provide the Airport with long-term additional investment funding and will be seeking regulatory approval for a package up to a maximum of £206m across a ten-year period.

Analysis commissioned by the Welsh Government has indicated that by 2034, this funding could lead to the Airport supporting a significantly higher number of jobs across the region and generating a significant increase in annual GVA contribution. As the economic returns would extend far beyond the ten years, this investment should benefit the workers of today and those of the next generation.

To achieve the economic objectives outlined in this statement, it is important that the Airport leadership can operate with the commercial freedom and agility necessary to secure the best possible agreements with airlines and other businesses. Therefore, whilst the Welsh Government and Airport do have a plan for how the new investment money would be targeted, we will not be providing a public breakdown of the figures. Subject to these commercial considerations, for transparency, we will report regularly on the flow of funding to the Airport and ensure a close monitoring of the economic outcomes of investment.

As the investment in the Airport would be classed as a subsidy of particular interest under the UK subsidy regime, our proposed investment package must be referred to the Competition & Markets Authority (CMA) for their consideration in the first instance. This referral will take place over the summer recess period and will take 3-4 months to conclude. Once Cabinet Secretaries have had an opportunity to consider the CMA's report and then taken a final decision on what form any investment package should take, they will report back to the Senedd.

The Welsh Government has acknowledged the tensions between owning an airport and addressing the climate emergency. We recognise this continued challenge. However, on balance, we believe that the Airport returning to pre-pandemic levels of activity would bring substantial economic benefits to the region. People and businesses in Wales will still want to fly and if they cannot fly from Cardiff, they will simply go elsewhere, potentially with additional carbon emissions in the process. Strategies for reducing our global aviation emissions are best considered at the UK level and implemented via international institutions. That being said, owning the Airport does give the Welsh Government an opportunity to take responsibility for some of Wales' aviation emissions. We want to take that opportunity, which is why our airport strategy aims to encourage the development and local adoption of more sustainable aircraft propulsion technologies and to reduce carbon emissions from the Airport's infrastructure.

Looking towards the longer term, the Welsh Government is open to exploring different ownership models for the Airport, potentially including arrangements with the private sector or other public sector partners. We are open-minded about how the Airport is owned in the future, as long as we can be confident that it is maximising its potential as a means to achieve sustainable economic growth and reduce inequality in the South Wales region.

In the medium term, however, we hope to see this significant investment ensuring that the Airport will deliver on the opportunities only it can, both for our people and our economy.

This statement is being issued during recess in order to keep members informed. Should members wish me to make a further statement or to answer questions on this when the Senedd returns I would be happy to do so.