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Logistics: underpinning the Welsh economy

The logistics sector's role driving sustainable growth



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Logistics: underpinning the Welsh economy

Logistics underpins the Welsh economy, safely and efficiently delivering for its households, businesses and public services, every day.

To unleash the power of logistics to drive sustainable growth, Wales needs:

- A public-private partnership to unlock investment and enable logistics to maximise the benefit it can deliver. This should be backed by the appointment of a dedicated minister for logistics and supply chain who can deliver across the Welsh government.
- Innovative and integrated infrastructure, with Wales playing a key part in a UK logistics network, connecting it to domestic and international markets. This must be based on long-term infrastructure plans and the development and adoption of new technologies to deliver goods in the most productive, strategic and green way.
- A fair transition to a green economy that keeps costs down and supply chains resilient, underpinned by a public-private roadmap for logistics decarbonisation and investment in infrastructure to support modal shift.
- Skills partnerships to support a thriving sector, with careers in logistics backed by effective strategies, increased skills funding and a sustained commitment to attracting people, ensuring businesses have a strong pipeline of talent to draw from and nurture.



A public-private partnership to boost productivity and sustainable growth across Wales

Logistics has a key role to play in delivering sustainable growth in Wales. The Welsh government needs a partnership with logistics businesses to unlock investment and enable the sector to maximise the benefit it can deliver to the economy and communities. This should be backed a Welsh Freight and Logistics Plan, and the appointment of a dedicated minister for logistics and supply chain who can deliver across the Welsh government.

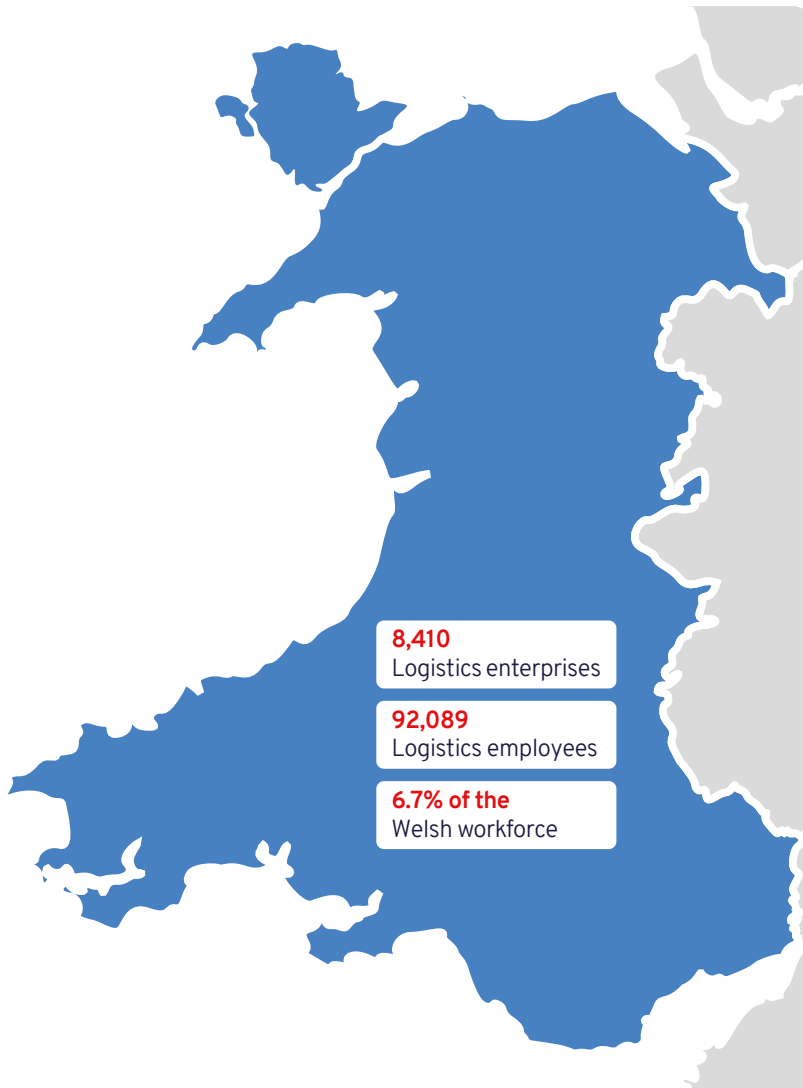
- Logistics underpins the Welsh economy, delivering for its households, businesses and public services, every day, via road, rail, sea and air.
- Logistics creates opportunities across Wales. Its key hubs are significant employers and catalysts for growth, helping places to thrive and linking businesses to domestic and global markets.
- Logistics delivers for the future. It transformed Wales, from its ports, railways and roads and, from the second half of the twentieth century onwards, enabled revolutions in global trade and e-commerce. It is now innovating to deliver decarbonisation and even greater safety and efficiency.
- By prioritising logistics, policymakers can help deliver productivity gains that would supercharge UK GDP by £3.9 billion to £7.9 billion per year by 2030.



Logistics creates opportunities across Wales and enables its international trade

Logistics underpins the Welsh economy and communities.

More than 90,000 people are employed in logistics roles and there are over 8,000 logistics businesses in Wales, making, selling and moving goods.



Wales exported goods to the value of £20.5 billion in 2022, enabled by the logistics sector.

Wales' top five goods exports in 2022 were:

- 1** Petroleum, Petroleum Products and Related Materials
- 2** Power Generation Machinery and Equipment
- 3** Other Transport Equipment
- 4** Iron and Steel
- 5** Medicinal and Pharmaceutical Products

Sources
Labour Force Survey, Office of National Statistics Q3 2022 and Q1 2023.
Logistics: delivering a solution to the UK's productivity puzzle, Oxford Economics, 2023.
<https://www.gov.wales/welsh-international-goods-trade-2022.html>

Innovative and integrated infrastructure

Wales needs innovative and integrated infrastructure to enable the delivery of goods in the most productive, strategic and green way, and to link Wales to international markets. This must include long-term infrastructure plans, playing a key part in a UK logistics network and supporting the development and adoption of new technologies to support logistics efficiency.

The logistics sector is becoming ever smarter and more integrated, within businesses and between logistics sites and transport modes – and the infrastructure it relies on needs to become more integrated and multimodal too.

Investing in the Welsh logistics network

The Wales Transport Strategy¹ includes a vision for a competitive, responsive and resilient network of freight and logistics distribution services that contributes to Wales' wider well-being. To support this, Logistics UK's infrastructure priorities to enable goods to be moved in the most productive, strategic and green way are:

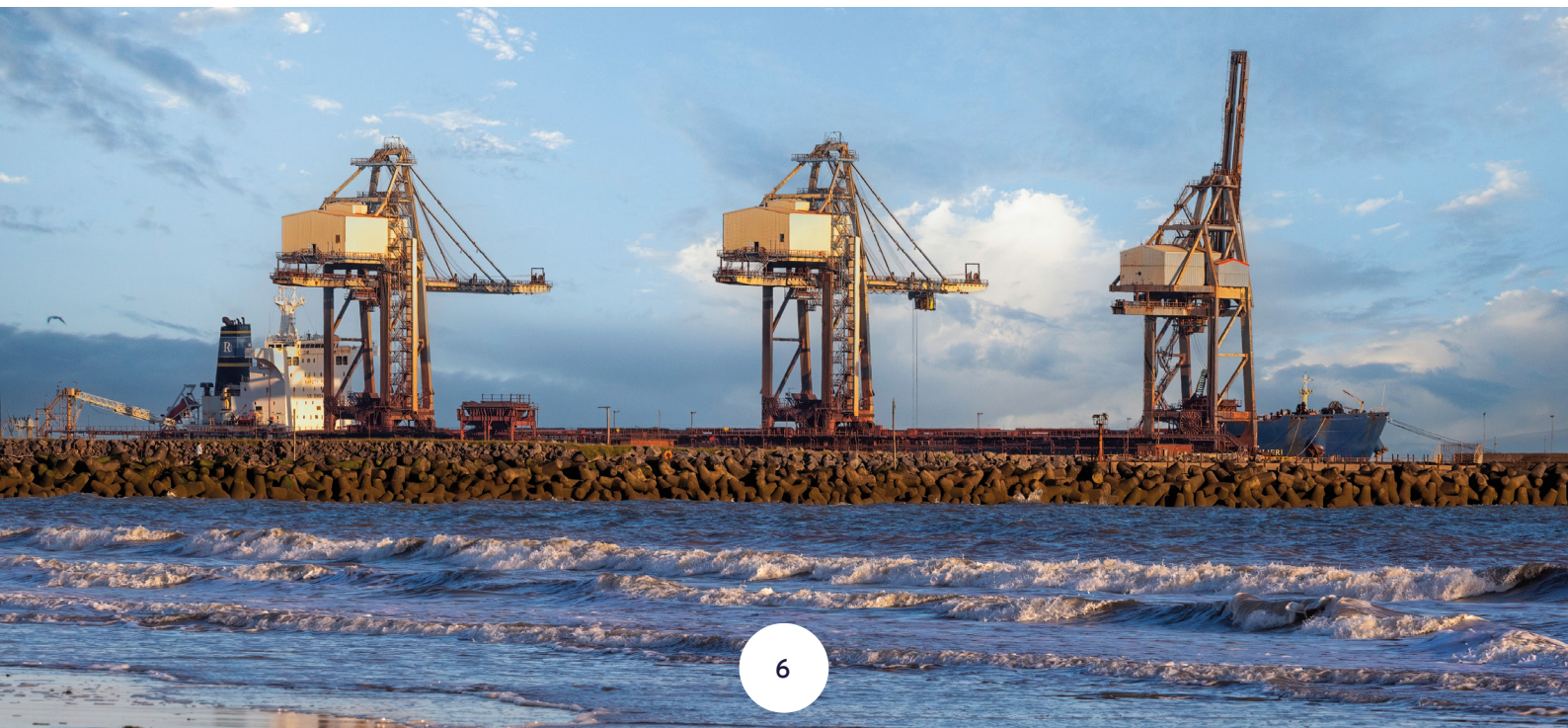
- M4 capacity improvements to improve freight flows and efficiency between the major towns and cities of South Wales and England.
- A465 capacity improvements to improve safety and journey time reliability across, to and from South Wales.
- Improved access to Cardiff airport and Holyhead for freight.
- Making greater use of the Port of Port Talbot to serve the west of Britain.

- Electrification of the South Wales Main (rail) Line west of Cardiff to connect the UK's biggest steelworks at Port Talbot.
- Didcot-Cardiff rail gauge enhancements to support rail freight movements and enable modal shift.
- For the Welsh government to be realistic about the size of Wales' rail network when considering the role of road and rail in logistics movements.

Driving logistics efficiency through innovation

Innovation plays a key role in enabling logistics to work as an efficient system. Logistics is leading the way in the use of robotics and AI, businesses are implementing new systems to support modal shift, adopting green technologies to reduce carbon emissions and are training people in new data-based skills. In fact, logistics is at the centre of introducing such cutting-edge technologies into the workplace. The logistics sector, SME innovators, investors and the Welsh government must work together to create opportunities to develop new solutions.

¹ *Llywyr Newydd: the Wales transport strategy, 2021*





To deliver the innovative and integrated infrastructure that Wales needs to thrive, we are calling for the Welsh government to:

- Invest in its key freight transport corridors and coordinate its investment plans with the UK government to deliver a UK-wide logistics network. Investment should be backed by 30-year infrastructure strategies and five-year delivery plans focused on tackling congestion hotspots and achieving the most productive, strategic and green movement of goods.
- Invest in better maintenance of existing strategic and local infrastructure to improve reliability and safety.
- Have a practical approach to speed limits, to support the efficient and safe movement of goods.
- Deliver planning reforms to give the development of logistics sites equal prominence and protection to housing, backed by a study on the valuation of freight and a standardised methodology for calculating logistics needs.
- Champion innovation that is delivering an increasingly safe, efficient, green and interconnected logistics system, including by providing funding to support SMEs to develop logistics solutions.

A fair transition to a green economy

The logistics sector is committed to playing its part to help achieve net zero and recognises its responsibilities. However, the sector is equally clear this must be a fair transition that keeps costs down and supply chains resilient.

This fair transition requires a public-private roadmap for logistics decarbonisation, covering both long distance and last mile journeys, and must include investment in energy infrastructure, low carbon fuel production and modal shift.

A variety of approaches are needed

The logistics system is comprised of multiple transport modes and infrastructure types, meaning that a variety of approaches will be needed. Logistics businesses are investing in zero tailpipe emission road vehicles; introducing low carbon fuels, including sustainable aviation fuel; developing plans and calling for investment in rail electrification and clean maritime, including shore power at ports, to enable vessels to switch off their engines and plug into the grid whilst berthed; and are investing in modal shift to rail and water.

Improving transport corridors in Wales is also key. Investing in key road corridors will reduce congestion and emissions, and investing in rail and maritime infrastructure will make modal shift more economically viable.

Managing costs, maintaining resilience and seizing opportunities

The sector is investing in decarbonisation while operating on small margins, so must progress carefully to avoid inflationary impacts for households, businesses and public services. It is also responsible for maintaining resilient supply chains, so the technologies it adopts must work consistently.

Getting the transition right will create opportunities to unlock green investment in Wales, in ports and other logistics hubs, delivering benefit for the logistics sector

and beyond. It will also deliver healthier communities, as a result of reduced emissions.

Policy and infrastructure challenges

With net zero deadlines approaching, there is a growing risk that the energy infrastructure needed will not be delivered at the pace the sector requires. Public charging is not being delivered with logistics in mind and zero tailpipe emission HGVs remain unproven for long-distance operations. There is also no agreed plan for the role low carbon fuels will play in the transition, despite being able to reduce emissions by up to 80%², and provide a green solution for the many internal combustion engine vehicles that will be in use for decades to come. Addressing these policy gaps is vital.



² Source: Zemo Partnership, *Market opportunities to decarbonise heavy duty vehicles using high blend renewable fuels*, 2021



To deliver a fair transition
to a green economy, we are
calling for:

- Wales to support the development of a UK-wide co-created logistics roadmap to net zero and the phase-out of fossil fuels, based on the availability of technology and infrastructure.
- Investment in public charging for commercial vehicles, rail electrification and the energy infrastructure to support depot charging as well as shore power at ports.
- Investment in rail capacity and maritime infrastructure to support modal shift.
- Clear guidance for Welsh local authorities on best practice for supporting green and efficient urban and last mile logistics.

Skills partnerships to support a thriving sector

To ensure resilient supply chains that can adapt for the future, businesses must have a strong pipeline of talent to draw from and nurture. This requires careers in logistics to be backed by effective skills strategies, increased skills funding and a sustained commitment to attracting people into the sector.

With roles in logistics unlocking opportunities from driving to robotics and delivering strong potential for social mobility, it is vital that the Welsh government and educators work in partnership with our sector.

Boosting access and appeal

The logistics sector is introducing cutting-edge technologies which are set to reshape the workplace, while also managing the pressures that come with an ageing population. However, too few people understand the breadth of the sector and the job opportunities it brings.



To challenge perceptions and attract new entrants, the sector is leading the Generation Logistics campaign – a collaboration between Logistics UK, CILT (UK), over 50 businesses and the UK government. The campaign is working. Research commissioned in September 2022, immediately before the campaign began, showed that only 10% of 18-to-24-year-olds and career switchers would consider logistics careers. By October 2023, the Generation Logistics campaign had increased positive sentiment towards a career in logistics by 170% and awareness of the sector by 11% amongst the above group.

Attracting people to logistics must be a team effort. As part of this, we want the Welsh government and education providers to ensure young people and those looking for a new career have a true picture of our sector.

To support the welfare of logistics workers, and attract new and more diverse talent, Wales also needs improvements to facilities for logistics drivers as well as to identify new sites for additional safe facilities for logistics drivers. Transport Focus data published in August 2023 shows that most vehicle managers regard the UK's rest stops as being of poor quality.

Reforming skills funding to support Wales' long-term needs

Continued skills shortages in key logistics roles, including vehicle technicians, are a symptom of a system that is not delivering for the future. This situation risks worsening as more electric and alternatively fuelled vehicles are introduced, which require different skills to maintain.

The Welsh government's approach to apprenticeships has led to a situation in which key logistics courses, including higher level logistics apprenticeships, are not being offered in Wales. This leads to young logistics talent leaving Wales for roles in England where salaries are higher, as well as additional costs for Welsh businesses that support their employees with travel and subsistence so they can undertake courses in England.

The Welsh government, skills providers and the logistics sector must come together, underpinned by the necessary funding to support the delivery of the right courses, to train up a new generation of logistics professionals and upskill the existing workforce.



To deliver skills partnerships
in Wales to support a
thriving logistics sector,
we are calling for:

- A collaborative effort to promote the industry to young people and job seekers.
- Appropriate funding for training providers to ensure key logistics courses are available, including higher level logistics apprenticeships.
- Flexibility in the use of Apprenticeship Levy funds, so that it can be used by businesses to support their employees with travel and subsistence when they undertake courses further afield, in instances where there is a lack of local course provision.
- Faster planning approvals for facilities to improve the welfare of logistics workers, and such facilities made integral to road investment schemes.
- The proactive identification and development of transferable and cross-cutting skills needed by the current and future logistics sector, and the updating of courses.



Logistics UK is one of the country's largest business groups, representing the entire logistics industry and supporting, shaping and standing up for safe and efficient logistics.

Our membership of more than 20,000 includes global, national and regional businesses and SMEs spanning the road, rail, maritime and air industries as well as the buyers of freight services, such as retailers and manufacturers.

As an organisation, we deliver services, representation and thought leadership, helping members and policymakers to seize new opportunities for the sector and the economy as a whole, right across the country.

To discuss how logistics underpins the Welsh economy and can drive sustainable growth, contact:
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