

Master Plan – Port of Newport

DRAFT FOR DISCUSSION

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SUMMARY

The Master Plan for the port of Newport has been published to illustrate how the port has developed into a facility of nationally strategic importance to the Welsh and wider UK economy. Now seen as a centre of excellence for steel handling, it is one of the UK's busiest steel ports. It is also vital to the UK energy sector as a major hub for the handling of coal products. In recent years major investment into the renewable energy and recyclables sector has allowed the port to grow into an established import and export centre for a wide variety of products, handling in excess of 2 million tonnes of cargo.

The Master Plan illustrates the importance of ensuring that ports are considered when local, regional and National transport plans and planning policies are being drawn up. Newport can play a critical role in the delivery of a number of major national strategies. The port is well placed to allow for the location of value added operations such as regional distribution centres and the excellent road and rail linkages to the port can play an active part along with the promotion of the use of coastal shipping and inland waterways for a more sustainable transport freight network.

The document looks at the socio economic impact of the port through work carried out by the Welsh Economic Development Unit WERU. This work has shown that the South Wales port operations of ABP facilitate a significant amount of trade and allow Welsh based firms to export their goods and import critical components, the report highlighted that the ports directly and indirectly support over 348 tenants and 9711 direct FTE jobs creating a direct gross output in 2007 over £2.78 Billion to the Welsh Economy and £902.5m GVA

The Master Plan also considers the interaction between the port and the environment, in particular how ABP manages the port estate in a highly sensitive region, with sustainability high on the agenda.

This Master Plan establishes the blueprint for future development in the port and in particular focuses on the natural advantages that the port offers to the emerging markets of biofuel and energy generation that will continue to play an ever more important role in the UK energy sector for the future. It highlights the opportunities for significant growth linked to a clear development strategy for the North Dock and also for the land areas surrounding the South Dock.

The plan also refers to the major risks associated with the future development of the port, namely the proposed new M4 at Newport and the possible impacts associated to the construction of a major tidal energy scheme in the Severn Estuary. It is crucial that these major infrastructure proposals do not adversely impact on the strategic importance of the port and its ability to grow into in future.

1) Introduction / Master Planning

There are over 600 ports, harbours and wharves in the UK of which nearly 100 are commercially active. The diversity of operations is great with the largest 20 accounting for some 87% of total traffic. Private ports account for 66% of the total tonnage, Trust ports 25% while the Local Authority sector accounts for 9%. Associated British Ports is the largest port operator owning 21 ports and handling some 25% of total UK tonnage.

The DfT is encouraging major ports, those handling in excess of 1 million tonnes per annum to produce Master Plans, Newport is one of ABP's five South Wales ports and handling 3.155 million tonnes (2006), some 0.54% of total UK traffic, it is classified as a major port.

On a regional basis the importance of the South Wales ports is widely recognised. The Welsh Economic Research Unit Report entitled 'Associated British Ports and the Welsh Economy' published in December 2004 concluded that "through its operations at Swansea, Port Talbot, Barry, Cardiff and Newport (ABP), supports extensive economic activity in the Welsh economy." The direct and indirect economic output from the South Wales ports "represents around 2.5% of total Welsh output, and an estimated 1.8% of Welsh FTE employment. For a number of these firms the absence of ABP South Wales port facilities would effectively mean the end of their local operations." This clearly places the importance of South Wales ports' in a national context.

Newport has seen a substantial up turn in trade since 1996 and this is projected to continue to grow as major development projects come on stream.

This Master Plan has been drafted in the context of the changing emphasis of UK planning with a regionally based structure central to which are the Wales Spatial Plan, the component Wales National Transport Strategy (RTS) and the South East Wales Economic Development Strategy.

This document has been produced to assist the formulation of a consolidated internal company strategy and help the local stakeholders (including Planning Authorities and The Welsh Assembly Government) in the formulation of medium term planning policy – not least in setting priorities for the designation of local land use and improvements in inland transport infrastructure.

2) Origins and Ownership – The Current Port

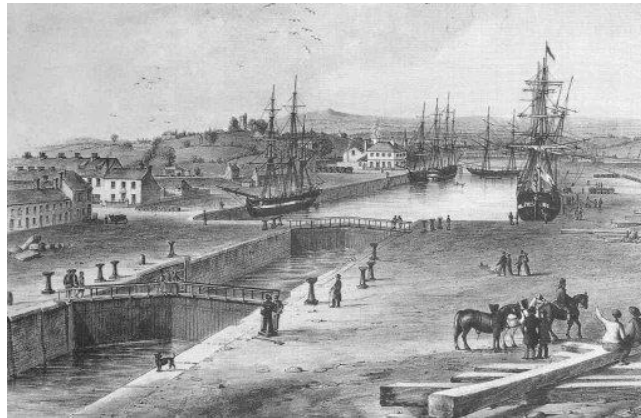
The current port area consists of the North Dock and the South Dock enclosing a water area of some 125 acres.

Newport has had an active seaport facility for a considerable time, The Newport Dock Bill received Royal Assent in 1835 to develop an inland port. In 1842 the old town dock was completed and operated by the Newport Dock Company. Shortly after opening it was apparent that the old town dock was not big enough to cope with the volume of trade and thus in 1865, the first Lord Tredegar, Sir Charles Morgan Robinson Morgan, Baronet (1792-1873), formed the Alexandra Dock Company. The North Dock and Lock was opened in 1875. Following an Act of Parliament of 1882, the two dock companies, the Alexandra (Newport) Dock Company and the Newport Dock Company, were amalgamated to become the Alexandra (Newport & South Wales) Docks and Railway Company (ANDR). The new company took over the Old Town Docks in 1884.

With ships becoming larger and volumes of trade increasing an expansion was undertaken that first saw the Northern portion of the South Dock completed and opened in 1893, a middle section opened by 1907 and the final phase with a brand new 1000ft x 100ft entrance lock in 1914. The port in the early years was dominated by the handling of coal export cargoes. It has also during the 1980's been a major import facility for Canadian lumber and in the early 1990's Far Eastern lumber, having to regularly adapt to changing trade patterns.

In 1922, the ANDR was amalgamated into the Great Western Railway Docks department, then following the nationalisation of the private railway companies in 1947, the passenger and freight railway ports were operated within the British Transport Commission (BTC), the nineteen freight railway ports (including Newport) then being transferred to the British Transport Docks Board when the BTC was split up in 1963. These core ports then formed the basic operating units that were denationalised in 1982 forming Associated British Ports which was listed on the London Stock Exchange as a publically traded company. In August 2006 a consortium of infrastructure investors bought ABP and the company was delisted from the stock exchange.





The Town Dock, a sketch by J F Mullock, circa 1842



Alexandra Dock South Side



Port Office North Dock



Construction of South Dock Entrance Lock

3) The Current Port

3.1) Facilities

Newport has two active docks, the North Dock and the South Dock. The South Dock has direct access to the River Usk via the port's entrance lock. South Dock can accommodate vessels of up to 40,000 DWT with a beam of 30.10m and a draft of 10.4m in a specific water density of 1010. The North Dock is accessed from the South Dock via the junction Cut. It is part of the original port area and can accommodate ships of 8000 DWT with a beam of 17m and draft of 8.2m.

South Dock



Facilities

Steel Terminal

- Four warehouses with gantry cranes and direct rail access for undercover coil handling
- Quayside rail terminal direct to under crane
- Open quayside storage
- State-of-the-art, IT web-based, real-time stock control and bar code reading system
- Newport is viewed as a market leader for the supply of services to steel mills, agents, importers, processors and traders

Coal and Minerals Quay

- Equipped with five 10t grabbing cranes
- Dust suppression system, fencing and environmental bund
- Direct rail access for full trains of 21 HTA wagons with a Rail Weighbridge facility
- Quayside storage for over 80,000t of cargo with a further 40 hectares of back land

Sand Terminal

- Imports of Marine Dredged Aggregates
- Licence for the aggregates granted by Duke of Beaufort Estate

- Potential exists for further increase licences for supply of strategically important raw materials for the construction industry.

North Side South Dock General Terminal

- Fertiliser storage and bagging facility operated by IAWS fertilisers
- 3,300 sq m of TASCC approved storage for grain cargoes
- 13,000 sq m of GAFTA/AIC approved storage for Feedstuffs
- Steel warehouse equipped with 2x Rail mounted goliath cranes
- Three quayside cranes supplemented by harbour mobiles
- General open and covered Storage for forest products, steel, paper and other bulks cargoes

Sims Metals – Reprocessing Sites

- 23 acres of mixed use facilities
- UK's largest industrial metal shredder
- Fridge Recycling Plant
- Expired Life Vehicle processing (ELV)
- Direct rail link for imports and exports
- Export facilities for handy-size cargoes
- Waste Electrical and Electronic Equipment (WEEE) processing facility on a further 12 acre site was opened in 2009
- Newport is now viewed as a leader in the market place for modern recycling solutions and with the new developments above is well placed to capitalise further on this 'centre of excellence'

Cement Silos

- Pneumatic storage for cement cargoes
- Dedicated berth facility

East Lock

- Berth available for storage of bulk cargoes

Middle Quay Terminal

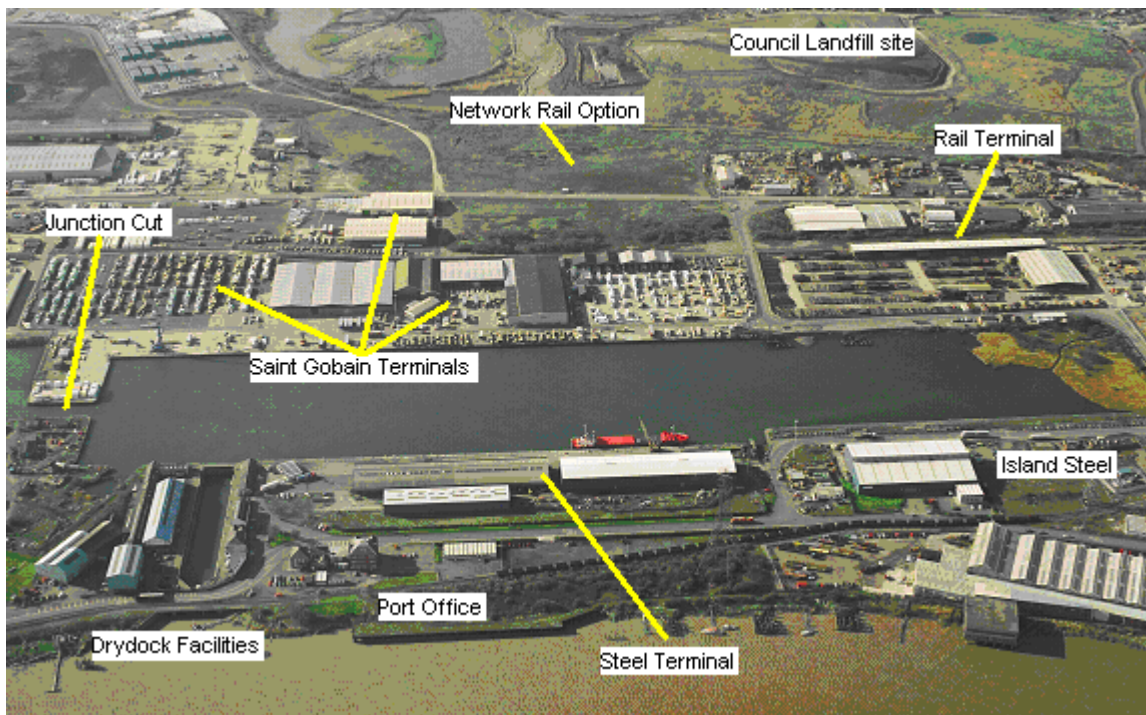
- Food grade store with refrigeration, insulated walls and suspended insulated ceiling
- Six dock levellers for rear loading of cargo
- Two quayside cranes of 6.5t capacity
- Upper and lower mezzanine section for pallet storage
- External area used for storage of forest products.

Munitions and Explosives

- Port has the largest viable UK ammunition and explosives licence
- It is vital as a national strategic asset for munitions handling
- There are two licenced berths and an anchorage for transhipment of explosives cargoes
- Licence is of national strategic significance, particularly following the closure of the UK's last explosives production facility in Bridgewater

- Port is close to the munitions assembly and packing facility at Glascoed near Usk which stands to benefit from the recently announced MOD contract for supply of small and medium munitions

North Dock



Separated from the South Dock by the Junction Cut. Currently this acts as a restriction to vessel size in the North Dock, but plans are being developed to widen this pinch point to accommodate larger ships.

Facilities

Steel Terminal

- Three warehouses some with overhead gantry cranes
- Mobile cranes to discharge vessels

Timber Facilities

- Saint Gobain Building and Distribution have several operations including Jewson Internal timber Supply, International Timber and RK Roof Trusses.
- BBH operate a telegraph pole import and treatment business
- Premier Forest Products have their UK headquarters and a 10,000 square meter storage and distribution site

Bulk Facilities

- Facility to discharge bulk cargoes to access the TASCC approved storage on North Side South Dock

Rail Facilities

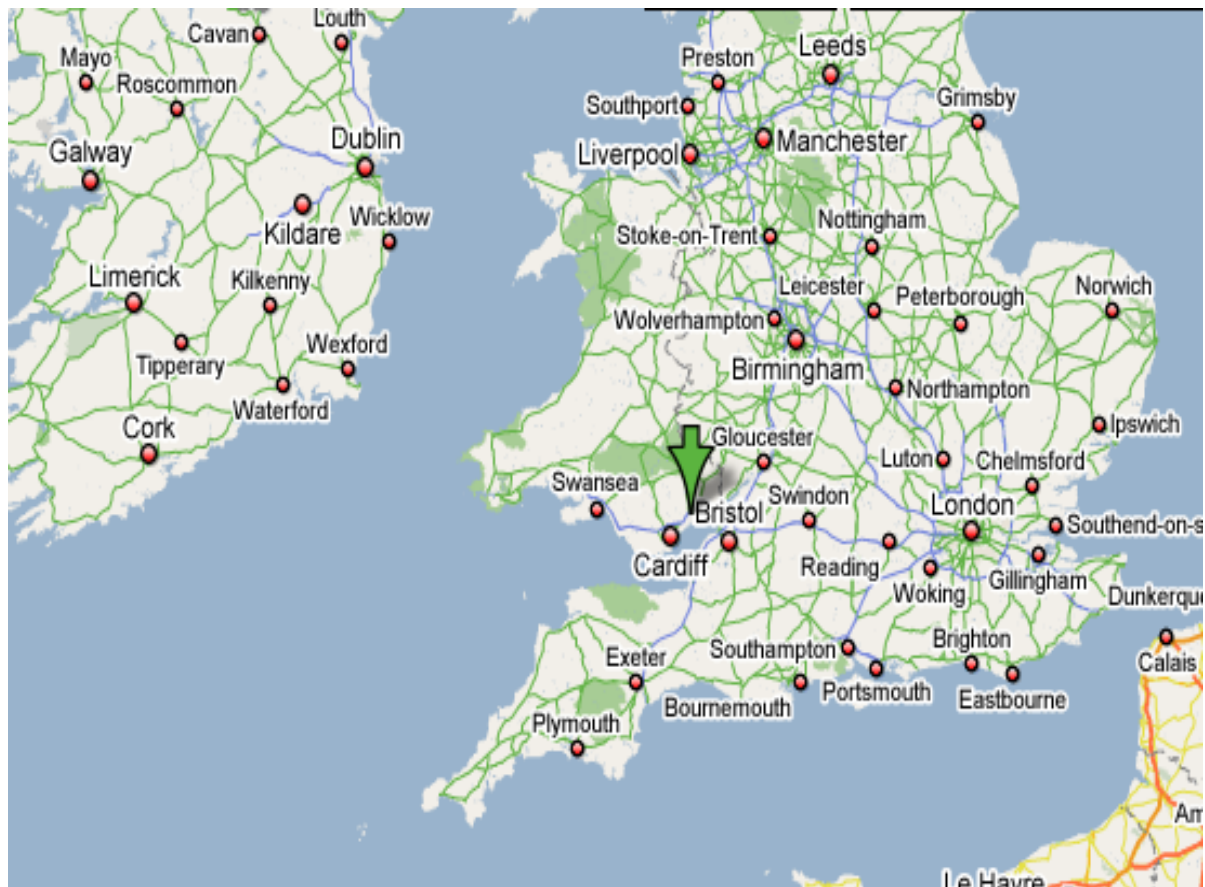
- Recently refurbished two acre site with rail access
- Network Rail also hold an option to develop a virtual quarry on 29 acres

Dry Dock

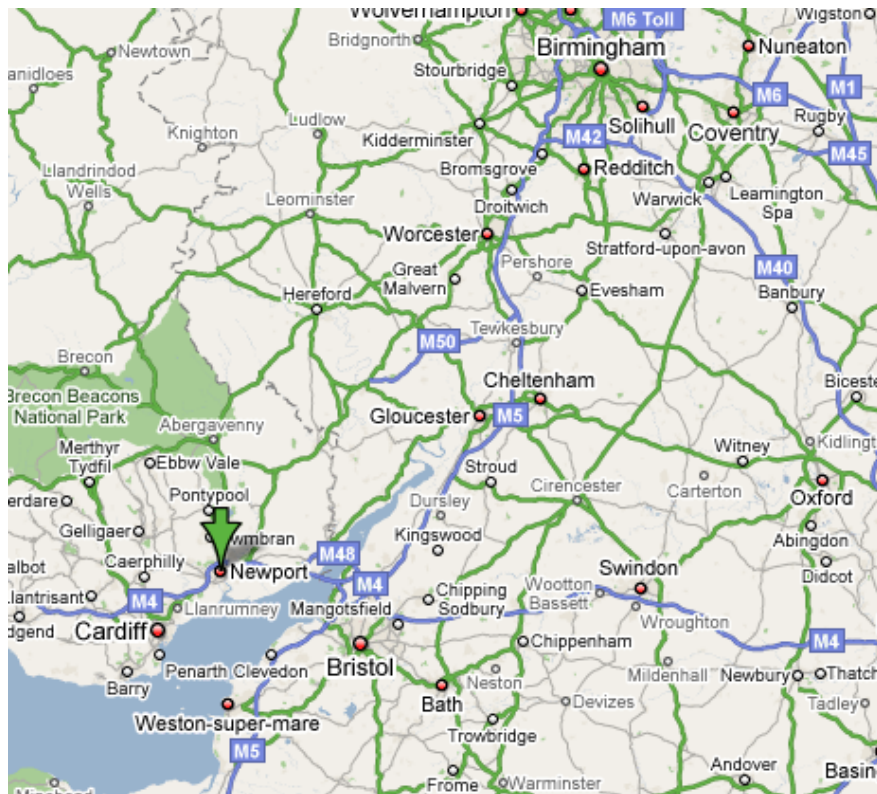
- The dock contains a dry docking facility
- Dry Dock capable of accepting vessels up to around 8,000 tonnes

3.2) Location and Access

Newport is located on the North-bank of the Bristol Channel at the mouth of the Severn estuary and is the most easterly of ABP's South-Wales ports. The port benefits from a deep-water approach channel allowing access to deep-sea vessels of up to 40,000 deadweight tonnage. Its location provides access to a wide hinterland allowing the port to service the major industrial areas of South Wales, Midlands and the M4/M5 corridors.



Its position on the south western margin of the United Kingdom, a short diversion from the major shipping lanes leading to North-west Europe, provides Newport a good location for trade with the Iberian Peninsula, North and South America and other deep-sea locations. Ireland may also be reached in less than a days steaming time.



Road and rail access is of critical importance to the various distribution facilities established on the port estate. Port users have benefited significantly in recent years through investments in on dock road and rail connections. The opening of the Southern Distributor Road in December 2004 has provided a dual-carriageway link to the M4 motorway to both the east and west and uninterrupted dual-carriageway north to the M50 for the Midlands.



The new SDR river crossing in Newport opened 2004

The Port is connected to the national rail network and a number of port users utilise rail freight as part of the supply-chain. The port sees regular rail movements of coal for both of the region's coal-fired power generators, steel products for both import and export and reprocessed metals. ABP has invested heavily in enhancements to rail infrastructure in recent years to increase the ports rail freight capacity.

Rail Siding	Investment	Current Use
Coal Terminal	£800,000 since 1999	In excess of 1mt of coal per annum to local power stations
Atlantic Sidings	£300,000 in 2006	Reception of Welsh Coal for export via the coal terminal
South Dock Quayside	£400,000 in 2007	Reception siding for import of Class 66 locomotives. Also movements of steel slab to Corus steelworks
7 shed Steel Terminal	£1,000,000 since 1997	Daily rail delivery of export steel coils from Corus steelworks and loading rail for movements of imported steel to the Midlands
North Side Rail to Sims	£800,000 in 2004	Delivery of scrap metal for export
Aluminium Sidings North Dock	£450,000 in 2007	Intermodal transfer of products from Scotland and North West England for delivery to local rolling mill

The Estuary has the second largest tidal range in the world, with a rise and fall in excess of 14 metres. The port is located within an enclosed dock system with a maintained water level with shipping movements to and from the port within “tidal windows” around the period of high water. The entrance lock is the largest amongst the South-Wales ports, which is crucial in achieving scales of economy for vessel owners and operators. A vessel traffic information service is provided by Severn VTS providing information to all shipping in the vicinity.

3.3) Organisation and Structure

The ABP Board oversee the activities of the 21 ports within the company, with responsibility for the discharge of duties as statutory Port Authority being delegated to a Regional Port Director. Local strategy for port development and the progress of commercial, operational and administrative matters are controlled by the South Wales Ports management team. The Port Director is port manager for the five south Wales ports and has two deputies, one managing the day to day activities in Newport, Swansea and Port Talbot and the other in Cardiff and Barry.

The Regional Headquarters is situated in Cardiff where a number of central departments such as Finance, Regional Property, Personnel and Engineering are located.

ABP is both the owner and statutory Dock and Harbour Authority for the Port for the purpose of the private and public legislation governing the Port. This status derives from the Private Acts which originally authorised the Port, including the Alexandra (Newport) Docks Act 1865, the Alexandra (Newport and South Wales) Docks and Railway Act 1882 and the Alexandra (Newport and South Wales) Docks and Railway Act 1906. As such, ABP has statutory rights and obligations, including the fundamental obligation provided by Section 33 of the Harbours Docks and Piers Clauses Act 1847 to keep the docks “open to all persons for the shipping and unshipping of goods and the embarking and landing of passengers”. There is accordingly, subject to ABP’s right to impose charges, a public right of navigation over the docks at Newport which are therefore navigable waters within the terms of the Highways Act 1980.

For the purposes of the Planning Acts, ABP is a statutory undertaker. The General Permitted Development Order 1995 grants consent for works by statutory undertakers, such as are required to support shipping and enable the Port to function, on operational land.

As Competent Harbour Authority (CHA) ABP has distinct statutory duties as Pilotage Authority for much of the Severn Estuary. Under Section 52 of the Harbours, Docks and Piers Clauses Act 1847 The Dock and Harbourmaster South East Wales holds the statutory powers to control the movement of vessels within the local ports and via the VTS service based in Cardiff, controls the movement of all vessels transiting to and from the local port facilities.

ABP is also contracted to carry out the duties of Harbourmaster and provide pilotage services for the Newport Harbour Commissioners, an adjacent CHA responsible for the safety of navigation on the river Usk and its approaches.

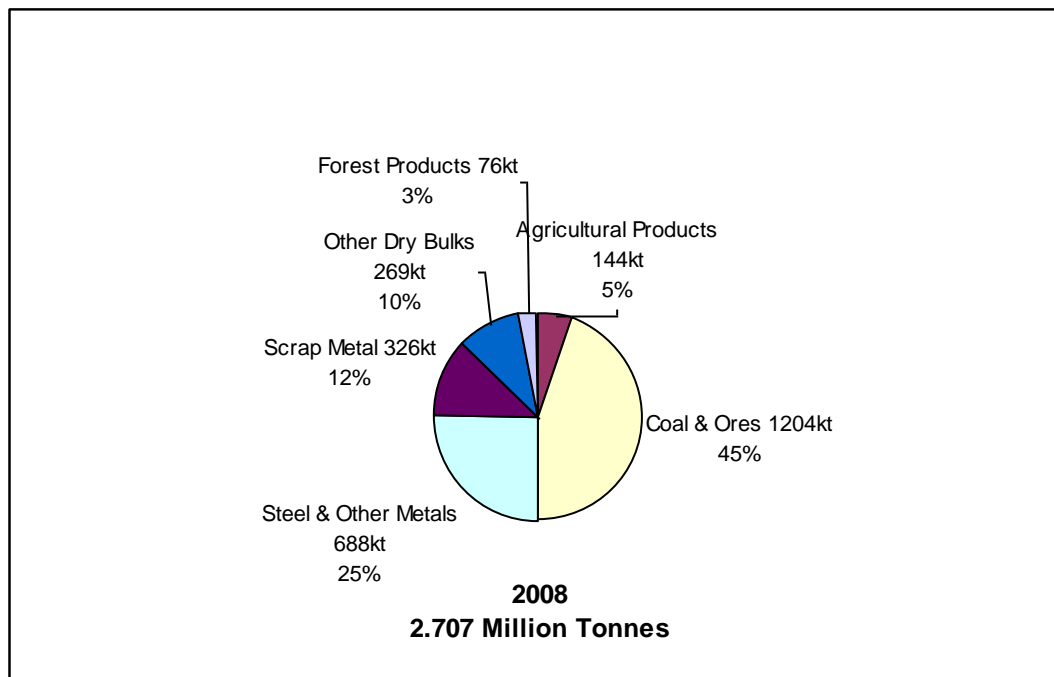
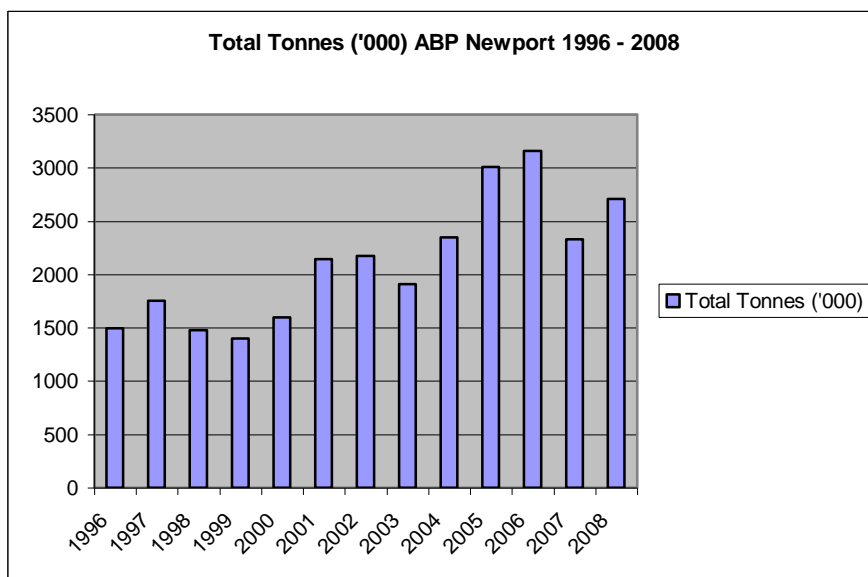
Towage services within South Wales are provided by the independent operator Svitzer Towage who operate a Bristol Fleet, South East Wales fleet and South West Wales fleet.

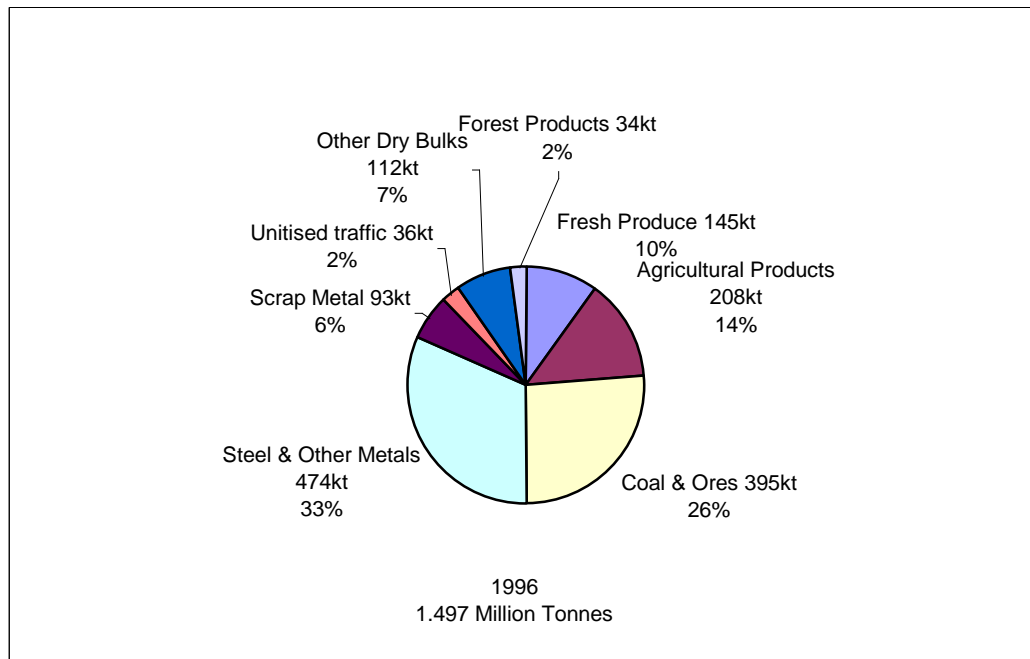
Landside port operations within Newport are diverse with a core port policy aiming to offer choice to customers. General cargo activities undertaken on the ports common-user quays are undertaken by ABP directly, utilising both direct labour and labour provided by an independent stevedoring company, Newport Stevedoring (licensed by the Port Authority). Specific companies operate terminal facilities within defined leased areas (with priority berthing arrangements) such as WE Dowds Shipping who specialise in steel handling, Severn Sands and Sims Metals.

Other specialist departments within the local ABP port organisation include Health & Safety, Engineering (Maintenance and Projects) and Environmental – most of whom work with the support of functional personnel located within the London Head Office.

3.4) Trading Overview

ABP Newport is classified by the Department for Transport (DFT) as a "Major Sea Port". In 2006 the port handled a total of 3.155 million tonnes (0.54% of the UK seaborne trade), showing substantial growth (110%) at the port over the previous 10 years. This total tonnage is the highest recorded tonnage at Newport during the post-war era. In 1996 the port handled 1.497 million tonnes and more recently, since 2000, the port has achieved up to and in excess of 3 million tonnes per year, reflecting the performance of a number of key customers and the local industry. Tonnages at the port during 2007 (coal) and 2008 (steel) have seen a reduction on the 2006 recorded figure but are still above the ten year average.

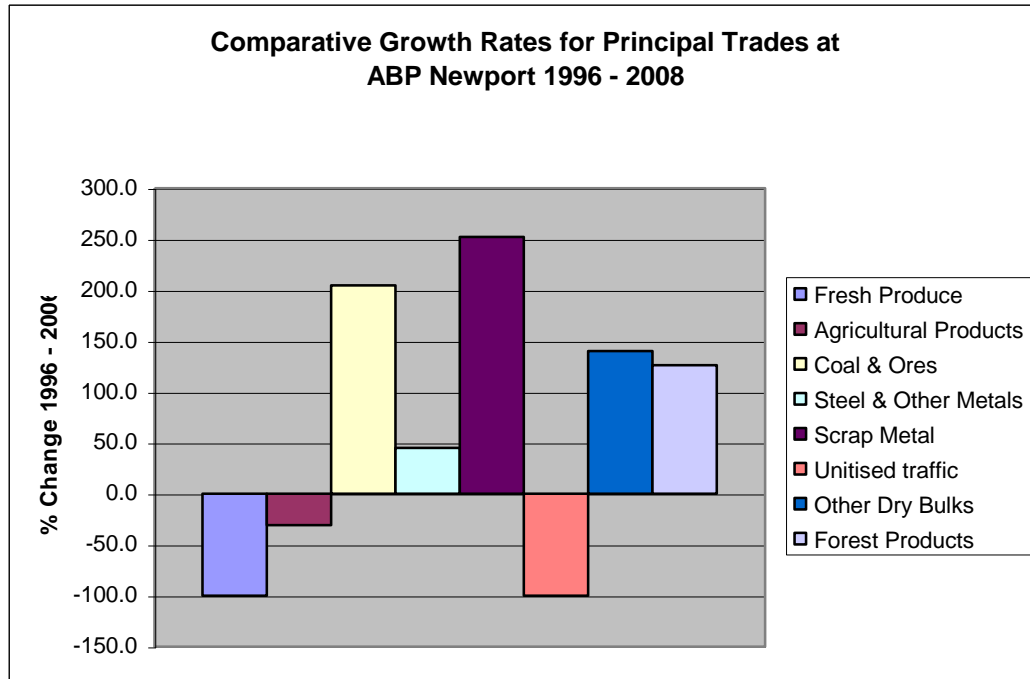




The substantial growth at the port has been achieved by continued investment in port facilities by ABP and principal customers. Increasingly the port is seen as a 'Midlands port', with good road and rail connections enabling effective distribution into key areas of manufacturing. This is demonstrated by the growth of steel importer W. E. Dowds and through the development of forest product distribution facilities for Saint Gobain (Jewsons) at the port.

The port has also had to deal with a number of negative changes to both local industrial users, including the cessation of steel production at Llanwern, and from industry consolidation of several key trades. In the late 1990's the port saw the decline of fresh produce and unit load operations. Jamaica Producers, moved their fresh fruit import operations to the South Coast of the UK and as vessel size increased for automotive carriers, Newport was no longer seen as a viable UK import facility for new vehicles, with the traffic being redistributed around the UK to ports capable of handling larger vessels.

As a couple of principal port trades declined over the last 12 years, the port has grown and developed to the changing requirements by broadening both its customer and commodity base. Over the period 1996 – 2008, the port has seen growth in excess of 100% in a number of key trades that can be demonstrated as follows:



Today, Newport is recognised as being of major significance to the local and regional economy and is primarily a bulk and general cargo port. Sims Metals continue to develop recycling and export facilities for scrap metal at their flagship Newport facility and there has been significant growth in imported coal volumes for the two local coal fired power stations at Uskmouth and Aberthaw.

3.5) Land Use Plan

The Newport Port Area covers approximately 483 acres of land and water. The diverse land use reflects the wide variety of trades transiting the port areas together with the numerous leasehold and licence agreements which have evolved over the years.

The port area is served by an established internal road network and is rail connected to both the North and South Sides of the port area. The port has covered steel terminal facilities, two coal loading sidings a scrap terminal siding and three general purposes rail terminal facilities

Plan 1 (see Appendices) depicts the principal land use within the port of Newport. The plan illustrates that the port estate is well developed but still has considerable potential for further large scale port related development and consolidation in the years to come, this future development will be further explored later in this document.

3.6) Security and Health and Safety

The UK port industry operates in a highly regulated environment, with multi-agency input into the safety and security aspects of the operation and development of facilities and services. In addition to the interface between ships and the shore, ports have developed to provide a wide range of services in support of particular cargo streams from cars and containers to petrochemicals and passengers. Ports not only facilitate the import and export of raw materials and finished goods, but also form strategic hubs for a range of manufacturing and processing companies and a critical link in the international logistics chain.

The regulation of safety in the ports involves agencies such as the Health and Safety Executive, the Maritime and Coastguard Agency, the Office of the Rail Regulator, and in some specific cases the relevant local authorities. This involves the application of UK, EU and also international legislation and guidance to safely manage the vast range of activity within the ports. Much of this legislation and guidance is generic, in the sense that it applies equally to all commercial operations and workplaces, for example the Health and Safety at Work etc Act 1974. Some is very specific to the ports industry, for example the Docks Regulations 1988. Due to the ports forming a strategic hub for storage and distribution there are also facilities within and adjacent to the ports, both in ABPs and others control, which fall under the Control of Major Accident Hazards Regulations 1999. Materials handled under the COMAH Regulations generally include chemicals and petroleum products. These regulations are enforced by the HSE with input from other local regulators and stakeholders, and prescribe safe storage and handling systems and plans relevant to the type and quantities of materials involved.

As part of ABPs corporate Safety Policy, the company sets clear systems, structures and objectives across all its operations, including employing health and safety professionals in all its regions to monitor and advise on safety performance and to work with managers, employees, regulators and other stakeholders to properly apply the vast range of legislation and guidance under which the ports operate. For further information, ABPs corporate Safety Policy and Safety Management System can be found at <http://csr.abports.co.uk/workplace/healthsafety/policy.htm>

Similar to safety, the security regimes surrounding UK ports are heavily regulated, and again involve multi-agency approaches to managing risk. The terrorist attacks in the USA in September 2001 escalated the threat to worldwide transport including maritime. In the light of national and international recognition of this change, new and improved transport security regimes have been introduced.

The International Maritime Organisation (IMO) responded to the attacks of September 2001 by developing new security requirements for ships and port facilities to counter the threat of acts of terrorism. The requirements took the form of amendments to the Convention on the Safety of Life at Sea 1974 (SOLAS) and a new International Ship and Port Facility Security Code (ISPS Code). The Solas amendments and ISPS Code were formally adopted in December 2002 and were implemented on 1st July 2004.

The IMO requirements apply to the passenger and cargo ships over 500 gross tonnes and the port facilities that service them. Implementation of the requirements extended the UK's previous maritime security regime from international cruise and ferry operations to encompass all sectors of the international shipping community, including cargo operations.

In May 2004 a European Union Regulation on Enhancing Ship and Port Facility Security came in to force. Although the regulation does not stipulate security standards, it provides a basis for consistent implementation of the IMO requirements in all EU Member States. The Regulation

also extended the scope of the IMO to certain domestic ships and associated port facilities on the basis of risk assessment.

In the UK, implementation of the IMO requirements forms part of the National Maritime Security Programme (NMSP). This programme brings together the UK's previous maritime regime (Directions under the Aviation and Maritime Security Act) and the various international and European initiatives to provide a comprehensive protective security regime for UK ships and ports. Transport Security and Contingencies Directorate (TRANSEC) of the Department of Transport (DfT) has overall responsibility for the policy development and implementation of programme for port facility and passenger ship security. The Maritime Coastguard Agency (MCA), of the Department for Transport, assists TRANSEC with ship security within a policy framework agreed with TRANSEC.

In the UK, TRANSEC have provided Port Facility Security Instructions¹ (PFSI's) detailing instructions and guidance on the implementation of the required security measures, and the preparation of Port Facility Security Assessments and Port Facility Security Plans¹ for TRANSEC approval. This plan prescribes the security regime and response to be deployed at each of 3 threat levels, being,

Security Level 1	-	Normal
Security Level 2	-	Heightened
Security Level 3	-	Exceptional

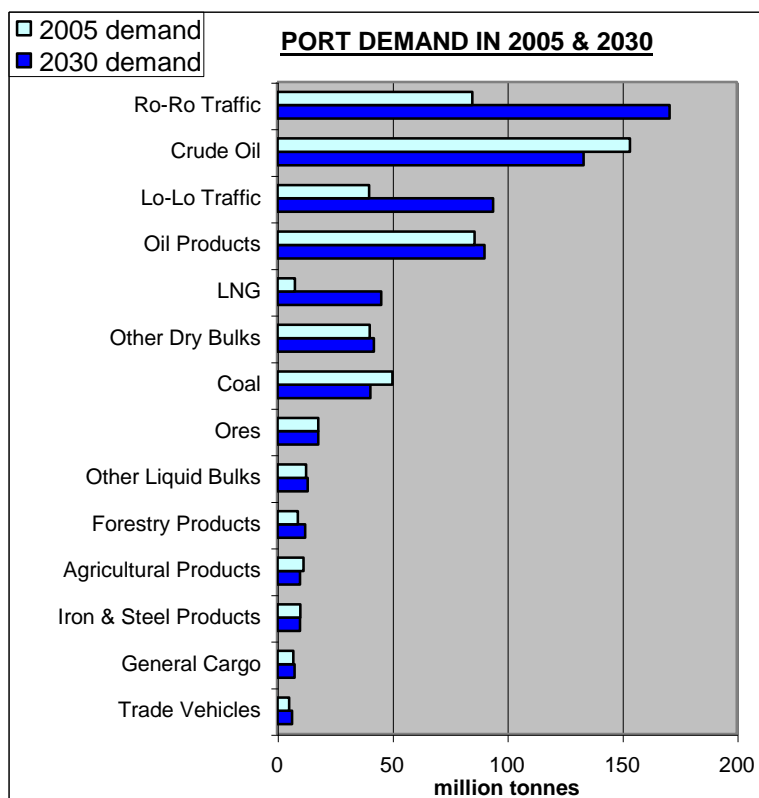
These levels reflect the likelihood that a security incident will occur, the higher the security level the greater the likelihood of an incident. The security level is set by TRANSEC based on threat intelligence and communicated to all port facilities and ships.

In summary, all UK ports operate within a comprehensive regime of regulations designed to promote safe and secure operation. However, within this framework, which is subject to constant change based upon the evaluation of risk, there is a need to be able to respond quickly and effectively in the provision of new facilities, services and systems to meet the needs of UK and international trade.

4) Trade Demand Forecasts

The latest port demand forecasts prepared by MDS Transmodal and published by the Department for Transport in July 2007 show that port traffic is expected to increase from 536 million tonnes in 2005 to 694 million tonnes in 2030; an increase of 34%. Despite changes in the short to medium term outlook for the UK economy since 2007, we can expect the long term picture for growth in port traffic to be broadly similar and thus the demands for future additional port capacity to remain strong.

¹ Please note that Port facility Security Instructions and Port Facility security plans are restricted documents, which are only available on a "need to know" basis.



(Million tonnes)

COMMODITY	2005	2030	% Change
Ro-Ro Traffic	85	171	+101%
Crude Oil	154	133	-13%
Lo-Lo Traffic	40	94	+135%
Oil Products	86	90	+5%
LNG	8	45	+481%
Coal	50	41	-19%
Ores	18	18	-
Forestry Products	9	12	+33%
Iron & Steel Products	10	10	-1%
Agricultural Products	12	10	-14%
Trade Vehicles	5	7	+23%
Other Dry Bulks	40	42	+4%
Other Liquid Bulks	13	13	+6%
General Cargo	7	8	+8%
TOTAL GB:	536	694	+29%

This section focuses on how port traffic demand in Newport fits into this wider outlook, taking into account important regional differences and variations across sub-sectors.

Each of the key markets served by Newport are analysed. These are:

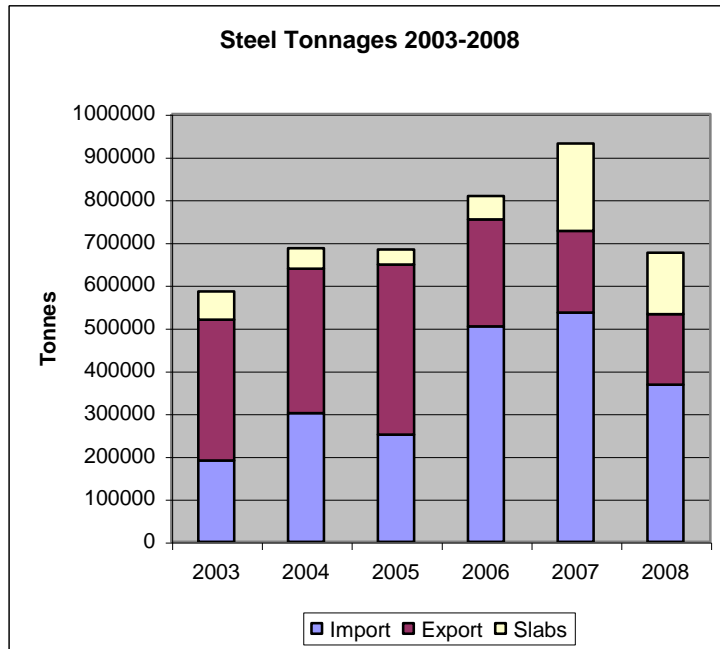
- Iron and Steel products (including metal recycling)
- Forestry products;
- Coal; and
- Agricultural Products (including biomass)

4.1) Iron and Steel Products

Newport is a major steel import location in the UK and is established as a 'Midlands Port'. In 2007 the port was the second busiest steel port in the UK. The DfT figures, based on a report by MDS Transmodal, show that the volume of steel cargo will be more or less at the same level in 2030 as it is today. Assuming global economic growth recovers, the outlook for both import and export volumes handled in South Wales is positive. The graph below illustrates the development of the port as a steel hub.

Our assumptions are that we will continue to grow our share of the UK import market by continuing to work in partnership with WE Dowds Shipping to offer quality facilities and state-of-the-art IT systems to the traders and mill agents for non UK-based steel businesses. Any significant change to the production of finished steel in the UK will require a substantial feed of

overseas imports. With existing relationships with over 35 mill traders and trading houses Newport would be well placed to take advantage of this new import market.



Metal recycling

Newport has a long-standing relationship with Sims Metals and Sims Recycling Solutions, part of the Sims Group a world leading metal recycling business. Since 2003 ABP and Sims have jointly invested over £38 million in Newport, most recently in a landmark Waste Electrical and Electronic Equipment (WEEE) processing facility. Sims now operate over 35 acres of land at Newport, which is now regarded as an internationally renowned recycling centre. The UK has a stable export market for scrap metal and Sims are well placed to retain their share. Newport is used as a major export terminal feeding the overseas growth in steel production but also integral to the South Wales steel production sites in Newport, Cardiff and Port Talbot. Volumes in these sectors are anticipated to remain fairly stable in the long term. The main change that may occur in future is a shift to greater export volumes in place of imports should one or more of the South Wales consumers leave the market.

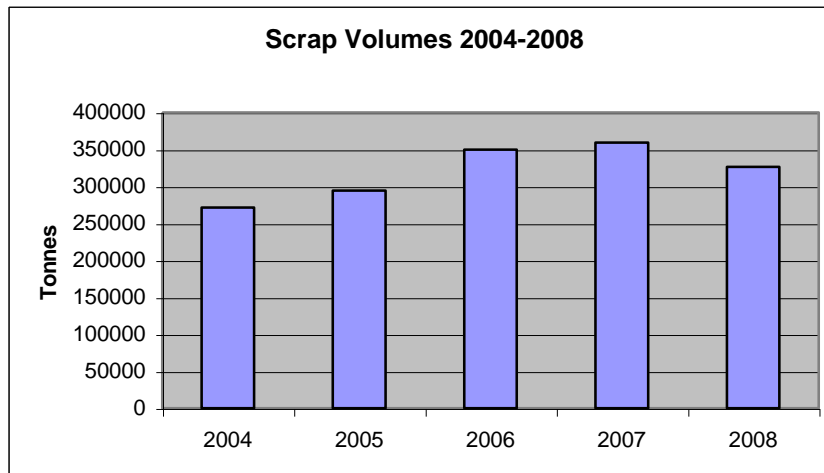


Sims WEEE Facility Opened February 2009



Sims Export Facility & Fridge Recycling Centre

The graph below illustrates the consistent export tonnage following the investment in the terminal operations from 2004 onwards.



4.2) Forestry Products

Newport has established itself with a number of major Timber importers. The nature of the business at the port represents a very stable position with long term contracts in place with major companies such as Saint Gobain Building and Distribution. The imports handled at Newport are primarily for companies who have invested in setting up storage and distribution hubs. The North Dock has a storage and distribution site for Welsh based business Premier Forest Products, a telegraph pole treatment and distribution centre for BBH, part of Finnforest Group. The port also has a facility operated by Westbank Timber who use it to distribute to the western UK. Suppliers of quality treated timber products to the leisure market and also the agricultural market they are well placed to expand markets as the UK moves towards away from cheaper lower quality untreated goods.

In 2006 Brian Griffiths, Managing Director of WestBank Timber, commented: “We have always enjoyed an excellent working relationship with ABP across the UK. These joint investments will improve the levels of service we are able to offer our customers in Wales and the South-West, and we look forward to growing our business through Newport in coming years.”

The establishment of Newport as a hub for forest products is linked to several things

- A desire for East/West distribution centres taking product closer to the customer base and in the case of Jewson – to feed over 500 southern stores
- Proximity of high demand markets such as furniture production in Wales
- Proximity to the key delivery corridors of the M4 and M5 motorways providing links to significant UK markets

As this traffic is not transient in nature and linked to the development of strategic sites for the customer base it is unlikely that volumes will decline. Despite fluctuations in house building markets the UK continues to import a broadly constant volume of forest products. The long term growth in sustainable building techniques and the switch by many to timber-framed housing should in fact generate growth in imports to the UK as highlighted by MDS in their work for DfT.

4.3) Coal

The coal business at Newport is dominated by supply of ESI coal to the two South Wales power stations, Aberthaw and Uskmouth, which are both opted in to the large combustion plant directive (LCPD). This effectively gives these stations a secure long-term future initially to 2016 when emission criteria alter again but most likely out as far as 2030. Indeed the fitting of FGD to Aberthaw power station in South Wales will increase the required coal burn by over 1mt per annum and thus opens up opportunities for development.

In 2008 Newport commenced coal exports on a regular basis for the first time in decades. The port now has a regular rail service linking it to Fos-y-fran, a reclamation site in Merthyr which is planned to deliver in excess of 11mt of steam coal to the UK and export markets over the next 10-12 years. The renaissance in Welsh coal mining is something that is expected to continue based on long run energy prices and the UK's role as a potential secure supply partner. Less than 15% of the coal reserves in South Wales have been mined to date. There are currently in excess of a dozen planned new open cast and reclamation sites that could be developed over the next 10-15 years. These sites have the capacity to deliver several million tonnes annually to global markets. Newport is well placed to handle this coal, especially given its excellent rail connectivity.

In September 2008 former Welsh Secretary Peter Hain said “The Neath Valley has become the springboard for what I believe heralds a big expansion in the Welsh Coal industry. The anthracite being mined is probably the highest quality in the world and is in big demand.”

Recognising that fossil fuels will continue to play a crucial role in electricity production, the Government's energy policy wants to make the process of coal-fired power generation cleaner (for example, by improving coal power station efficiency, co-firing coal with biomass, developing Carbon Capture and Storage). To this end Newport will continue to work closely with coal fired generators to support domestic and imported coal supplies, a commitment borne out by the port's strong record of investment in rail, environmental controls and mobile plant.

The DfT's forecasts that the total volume of coal handled by UK ports will fall through to 2030. However, the above factors mean that, over the same period, coal volumes in Newport are likely to remain stable or even grow.

4.4) Agricultural Products

Agricultural bulk products include fertiliser and animal feedstuffs. This particular sector is likely to be governed by the growth in domestic agriculture and imports linked to the bio-energy sector (see below). Newport is well equipped to feature as a port of entry for agricultural bulks having invested in specialist stores and handling equipment.

Following the conclusion of a new contract with Arkady Feed in 2005 ABP invested in new handling equipment for the port. Martin Sage, Shipping Manager for Arkady, commented;

“We are delighted that our close partnership with ABP has enabled us to grow our business in South Wales. ABP’s investment in new bulk-handling equipment at Newport helps to underline our total commitment to providing the most efficient and cost-effective service to our customers.”

During 2008 a new contract was signed which saw the first imports of wheat for many years. The port has achieved TASC approval and is certified for the handling and storage of food grade crops.

This traffic has been a regular and stable trade for the port over the last 10 years or so and we see demand continuing at current levels.



Biomass

The UK Government’s Energy Policy sets a range of targets that will significantly increase renewable energy production over the coming years. These include a commitment to help meet the EU target to source 20% of the EU’s energy from renewables by 2020. The Government’s UK Biomass Strategy, published alongside the Energy White Paper in 2007, underlines the key role that biomass must play to achieve this ambitious aim, forecasting a major expansion in supply.

The Strategy aims to promote the use of different types of biomass (e.g. energy crops, forestry wood, manure/slurries, waste derived Solid Recovered Fuels) to produce heat, electricity and transport fuels. On the supply side, by 2020 it says that 17% of total UK arable land (1m ha) could be available for biomass and energy crops ‘without any detrimental effect on food supplies’. However, imports are seen as continuing to play a significant role for the UK’s energy needs, especially for transport fuels and co-firing: ‘It is estimated that current annual biomass imports account for the equivalent of some 54TWh of electricity and this figure is expected to grow’. Biomass imports are also expected to play a part in the expansion of the biomass heat sector.

Newport is working closely with several generation companies, who are keen to take advantage of the deep water and handy size vessel access for the supply of biomass cargoes to fuel onsite and nearby power stations. Energy is seen as one of the most important areas for growth at the port and it is anticipated that tonnages to this sector will be significant.

In January 2009 Nevis Power, part of the Welsh Power Group received planning consent for a 50MWe biomass development at the port. A £140m investment from Welsh Power will be backed by a £6m investment from ABP in the provision of new handling equipment designed to deliver up to 400,000 tonnes of feedstock to the new facility as efficiently as possible. It is anticipated that the plant will be operational in the early years of this Masterplan.



Artists Impression of the Nevis Development at Newport

Alex Lambie, CEO of Nevis Power commented “The location of the site is particularly advantageous for the delivery of biomass fuel, Newport’s South Dock can accommodate large shipments up to 40,000 DWT that are more than sufficient to deliver the fuel demand for the project. A Grid connection is available at a short distance from the site boundary.”
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Newport has a number of major benefits to the generation sector including vessel access for imports, excellent road and rail networks and the proximity of available grid connections.

The port has a number of other suitable sites for energy generation and will continue to look at development opportunities to increase cargo throughput and provide best fit sites for essential energy developments.

5) Strategic Development Plan

5.1) Development of Biomass and Renewable Energy Projects:



The 12 acre site for Development of Energy Scheme adjacent to the Severn Sands Marine Aggregates Terminal. Planning permission has been granted for a generation opportunity of around 49MW of exportable power.

Newport has a number of benefits that make the site an ideal location for energy schemes to be developed:

- Available grid connections and capacity to link in with to both National and Local Distribution Networks
- Available land located close to quayside operations to import feedstock
- Capacity to take ships of up to 40,000 DWT in the South Dock
- Remote location from local residents
- Existing Coal and Gas Fired generation on the East Bank of the River Usk
- An onsite requirement for over 10MVA of consumption

There is a desire within ABP and the wider port community to take advantage of renewable power generation to reduce the carbon footprint of the port area and assist the Welsh Assembly Government and local authority to meet and exceed targets for renewable generation and waste recycling.

In addition to the larger scale energy development for the above plot the site is also well placed to pursue other opportunities such as:

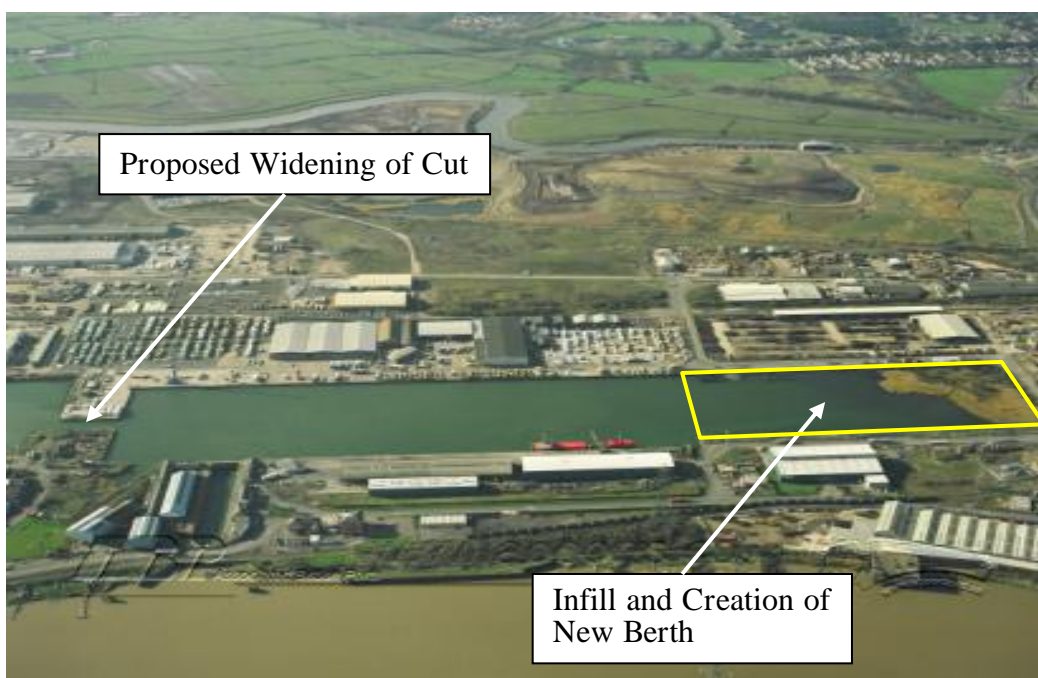
- On shore coastal wind generation –The port offers a number of potential sites for developing upwards of 5 Wind Turbines within the port estate at locations remote from day to day port operations.
- Energy from waste, A four acre site on the ports West Way Road has been granted planning approval for development of a 10-12MW EFW facility. Impacts from road delivery to the site will not impact the local environment as those delivery routes already exist to the current Newport municipal waste reception facility, located adjacent to the port.
- A five acre site on the Eastern Side of the lock adjacent to the coal handling area (picture above) has also been identified as a possible site for CHP generation. It would be located next door to SAICA packaging who have a requirement for large volumes of steam in the factory facility.

5.2) North Dock Development Strategy:

North Dock currently accepts vessels of 8,000 tonnes with a maximum draft of 8.2m and a beam of 17m. It is suited currently to EU and Near Sea business and has seen significant investment by both ABP and our port customers in the last 10 years in the development of dockside warehouses.

This dock is limited driven by the beam restriction of the junction cut to the South Dock. The concept of removing this beam restriction has been examined as far back as the late 1980's but has been pushed back into focus as a result of the declining bank of available land in the port due to the ongoing growth in the customer base over the last decade.

The facility was the original port area with lock access to the River Usk via what is now the CH Bailey Dry Dock facility.



North Dock Newport

Eastern Quay North Dock

The area currently has three storage sheds used primarily for the import and storage of steel products for a variety of European mill and trading house customers. There is space available on North Quay to the rear of No1 shed to build a shed extension for further development of this business.

Western Quay North Dock

Area is currently conjoined by the Saint Gobain facilities of Jewson Internal Timber Supply, International Timber and RK Roof Trusses. The area was subject of a joint multimillion pound investment by ABP and Saint Gobain in 2003 into new transit sheds, timber mills and hardstanding areas. The berth is also an important bulk quay acting as an overspill area for the Northside South Dock berth. It offers good access to the North Side transit sheds storing fertiliser, grain, animal feedstuffs, aggregates and biomass products.

Also located at this quay is the Telegraph Pole import, treatment, storage and distribution operation of BBH Ltd. The ports oldest tenant has been in Newport for over 150 years.

Development Strategy

North Dock Northern Section has limited quayside areas. Plans are being reviewed to consider the following:

- 1) In fill of the Northern Section of North Dock to create a strategic land bank of 10-12 acres
- 2) Culvert for the North Dock feeder which supplies water to the port from an extraction weir of the River Ebbw
- 3) Creation of an new berth fronting the development land bank
- 4) Removal of the restriction on beam by widening of the junction cut to the South Dock

Potential Issues

The preferred route of the proposed new M4 motorway as published in 2006 by the Welsh Assembly Government would significantly inhibit future opportunities in the North Dock and cause serious disruption and restriction to our existing operations and those of our tenants and port customers in both the North and South Docks.

5.3) South Side South Dock (EAST) – Major Development Area

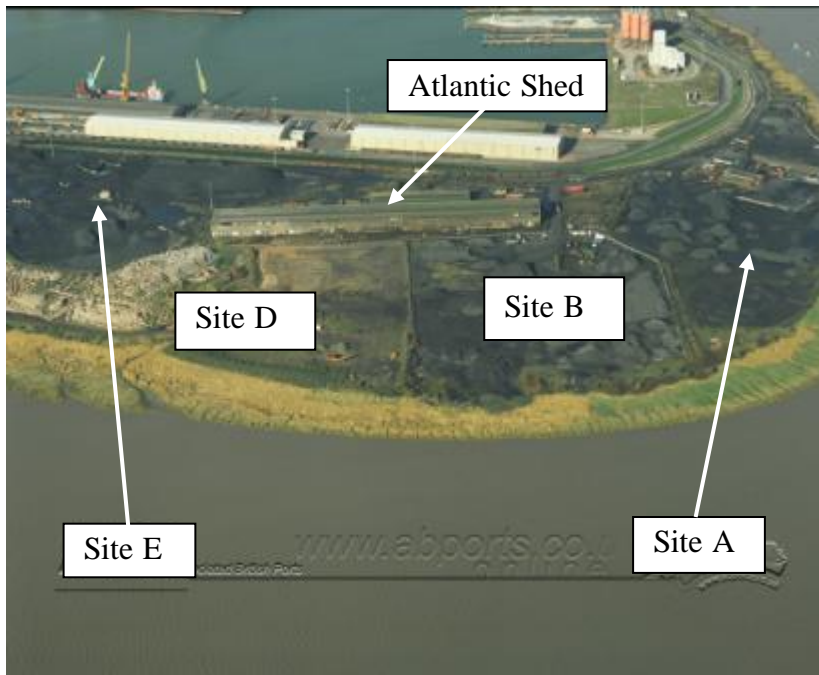


fig. Shows the Strategic Land Bank available South Side South Dock and the transit sheds 5, 5A, 5B, 6 and 7.

The area pictured above is currently used as follows:

The transit sheds in this area are currently used for the storage and onward delivery of steel cargoes both imported for a range of traders and mill companies. The 7 shed complex at Newport is directly rail served for the handling of steel coil cargoes within a covered warehouse environment.

The quayside is directly rail served and currently handles steel slab imports and also is the point of entry in the UK for the GE Class 66 and 67 diesel locomotives used by the UK's rail freight operating companies.

Site A 10.5 acres is the former Shell Tank storage site that has most recently been used as a coal storage area. It became vacant in May of 2008. The site will be used for short term licence operations such as trailer parking/cargo storage. It will be retained as a development plot with potential to assimilate with adjacent areas.

Site B of 20 acres, a local authority licenced coal storage and processing facility. Licenced to a company importing, screening and sorting coal, coke and petroleum coke products. This site is held on a flexible agreement allowing ABP to move the tenant to adjacent areas if need arises to assemble a large development plot.

Site D Three acres Currently used by Cuddy Demolition for the processing and storage of secondary aggregates.

Site E Atlantic Sidings is a 15 acre rail served area for the import/storage of coal products. Site is rail served with capability to install further rail sidings.

Development Strategy

Short Term

- Perimeter of this area is suited to development of on-shore wind generation opportunities
- Seek additional coal volumes to the port to take advantage of available storage and rail paths to the national rail network.

Medium Term (next 5 years)

- This southern area offers the potential to assemble a substantial development site of around 40-50 acres with excellent access to the National Rail network and the South Dock South Side cargo handling facilities. As such this area should not be leased to customers in a piecemeal fashion but rather it should be retained for major port related development. Medium term objective is to develop further energy related businesses including development of a biomass fuelled power station.

Medium/Long Term

- Replacement of the open span 6 shed facility of 180x30m. This shed is in a good location adjacent to the quayside housing the 2 x 45t steel cranes. It is only suitable for forklift truck operations and replacement with a new warehouse again equipped with modern gantry cranes would serve to increase the available store capacity at the steel terminal.
- Demolish the old 5 shed terminal which is an elevated structure with a balcony arrangement for access. Store is only accessible by Forklift truck and thus is not a very efficient store for the storage of steel coils. Replacement of this facility with a 4500 square metre warehouse equipped with gantry cranes would increase the storage capability of the terminal.

5.4) South Side South Dock (WEST) – Coal Handling



The Terminal is currently used for the import and export of coal, coke and petroleum coke. The coal terminal has a direct rail link capable of loading 21 HTA coal wagons, a rail weighbridge and a run round loop facility to the rear of the coal wall. It is subject to a local authority permit. The facility has five 10t grabbing cranes and capable of handling 'handysize' vessels up to 10.4m draft and 30m beam.

SAICA packaging operate a packaging manufacturing site to the rear of this area. The site is held on a long term lease and is one of SAICA's three UK production facilities.

Development Strategy

- Development of a "bottom discharge facility" for handling coal cargoes from rail to assist with renaissance of Welsh coal exports
- Consider replacement of the current 1960's vintage cranes with larger capacity and modern cranes capable of faster vessel working.
- Evaluate dredging the berth to allow 10.5m vessel acceptance at the terminal
- Development of a rapid rail loading facility to improve the coal and fuel handling capability
- Installation of a further rail loop to increase the flexibility of the sidings and allow for more than one train to be berthed at any one time

5.5) Middle Quay and East Lock



Middle Quay Terminal, including transit sheds 3 and 4, the Cement Silos and the East Lock Berth

The area is currently used as follows:

The Northern section is made up of ABP's Central engineering workshops where ABP have planning offices, stores, gear stores, workshops, fabrication shops and mess facilities. This area is used for the maintenance of the mobile cranes and mobile plant.

The Transit sheds are currently dock use facilities housing imported plywood and other board products. The quay has two 6.5 tonne DD2 cranes which is a limitation for development of other traffic. The facility relies heavily on the availability of the mobile crane fleet at the port.

The rear of the transit sheds is currently leased to Westbank Timber, an importer of fencing posts, decking and other leisure related forestry products. Ships berth in East Lock and discharge using two mobile cranes from the North Side of the Lock.

The South Side of East lock area is also used for ad hoc storage of bulk cargo. It is also a berth used by Cemex for the occasional berthing of cement vessels discharging to the silo complex. The silos are owned by ABP and leased to Cemex who use it as an import facility and also a road fed storage depot to take cement from the UK production site at Rugby.

Adjacent to Cemex is a 2.5 acre development plot in close proximity to the steel terminal.

Development Strategy

Workshops and Yards

- Demolish redundant structures in the vicinity of the workshop buildings to increase the available open storage in the maintenance yards

- Continue a rolling investment program to modernise the buildings and equipment housed therein

“4 shed” complex

- Seek a tenant for the warehouse facility
- Remove the suspended ceiling in 4 shed (formerly a food grade banana store with refrigeration and insulated ceiling and walls) to increase the height at which we can store paper and board products
- Consider the removal of the Mezzanine floor in the produce bay of the 4 shed complex to increase useable storage areas in the terminal

East Lock

- Resurface the South Section to create a more multipurpose berth.

Cement Silos and Adjacent Land

- Secure an extension to the cement contract at the termination of current lease or seek an alternative cement customer. Silos are in short supply in the UK and the site has good inherent value to the port.
- 2.5 acres is available for development, ABP will seek to tenant the area.
- Examine the possibility of surfacing the area to provide outside cargo storage for steel products
- Once surfaced the area could then be used for development of a warehouse in the longer term

5.6) North Side South Dock + Development Plots



Fig 5 a The Berth on North Side South Dock is for ABP General cargo operations and the export facility for Sims Metals.



Fig 5 b Shows the Possible Berth Extension and location of the Sims Metals WEEE Directive processing facility



Fig 5c Shows the Northern former Car Terminal and Adjacent Development Plot

Current Activities

- Import, storage and bagging of fertiliser cargo at Origin facility – the site is COMAH lower tier for storage of hazardous cargoes. COMAH licence allows storage of all types of cargo required for the blending of end user products
- Sims Metals occupy a rail served site of 23 acres for the recycling of metals, processing of fridges, expired life vehicles (ELV), export of scrap metal and operate the UK's largest industrial shredder.
- TASC approved warehouse for grain and combinable crops at 9B and 9C shed
- AIC approved storage for animal feedstuffs at 11 shed and 11A shed
- Biomass cargoes for UK co-firing operations
- External Storage of timber products and storage of plywood and board product in shed 9B
- 10 shed is a steel warehouse equipped with two rail mounted goliath cranes with access to a deepwater berth. This warehouse handles steel from deep-sea origins

The Northern former Car Terminal

- Houses a CHEP pallet storage and distribution facility
- One acre is leased for storage of WEEE goods
- One acre is leased to a company storing and preparing vehicles
- Six acres are leased to Asset International a company handling temporary car park sections and temporary motorway barriers

Development Strategy

- Investigate an extension of the north side south dock berth linked to the proposed development of a biomass fuelled power station.
- Improve the crane capacity at the new extension to enable successful working of biomass and less dense cargoes
- Construct additional flat store type warehousing to facilitate the growth in board and panel products sectors. 12 acres of land is available adjacent to 11 shed which could be developed as a rail served storage yard. This is core port land adjacent to quays and should be retained for cargo handling

5.7) Westway Road / Rail Terminals and Network Rail Virtual Quarry



Current Uses

- Numerous small industrial lettings
- Rail Siding developed during 2007 for the handling of aluminium slabs for onward delivery to a locally based receiver – currently vacant
- Timber and Panel Product storage and distribution facility with recently refurbished 17 shed complex
- Timber treatment facility operated by BBH Ltd at new premises completed in 2007 following required relocation to facilitate the development of the Southern Distributor Road in Newport

Development Strategy

- Network Rail have secured an option to install a new rail siding to a 29 acre facility. This site will operate as a virtual quarry for the handling of network repair and ballast trains. (Location A)
- Development of further rail business to the newly surfaced rail siding (Location B)
- Development of a rail head with adjacent land bank of four acres currently vacant. Land to be retained for a rail related interest. (Location C)
- Possible site for development of smaller merchant Energy from Waste site, close proximity to the existing municipal waste facility (Location D)
- Continue to support the growth of the panels business with current tenant of 17 shed and adjoining warehouses
- Continue to develop the light industrial tenancy base for this area.

5.8 The Severn Barrage Proposals

The Sustainable Development Commission (SDC) was commissioned by the Government to review all tidal power sources in the UK and look again at the two main generating schemes involving barrages in the Severn. Subsequently they published their report "Tidal Power in the UK" during October 2007 which estimates that tidal power could provide c10% of the UK electricity requirement with the major potential being a Severn Barrage (Cardiff-Weston) which could generate 4.4% of UK electricity requirements.

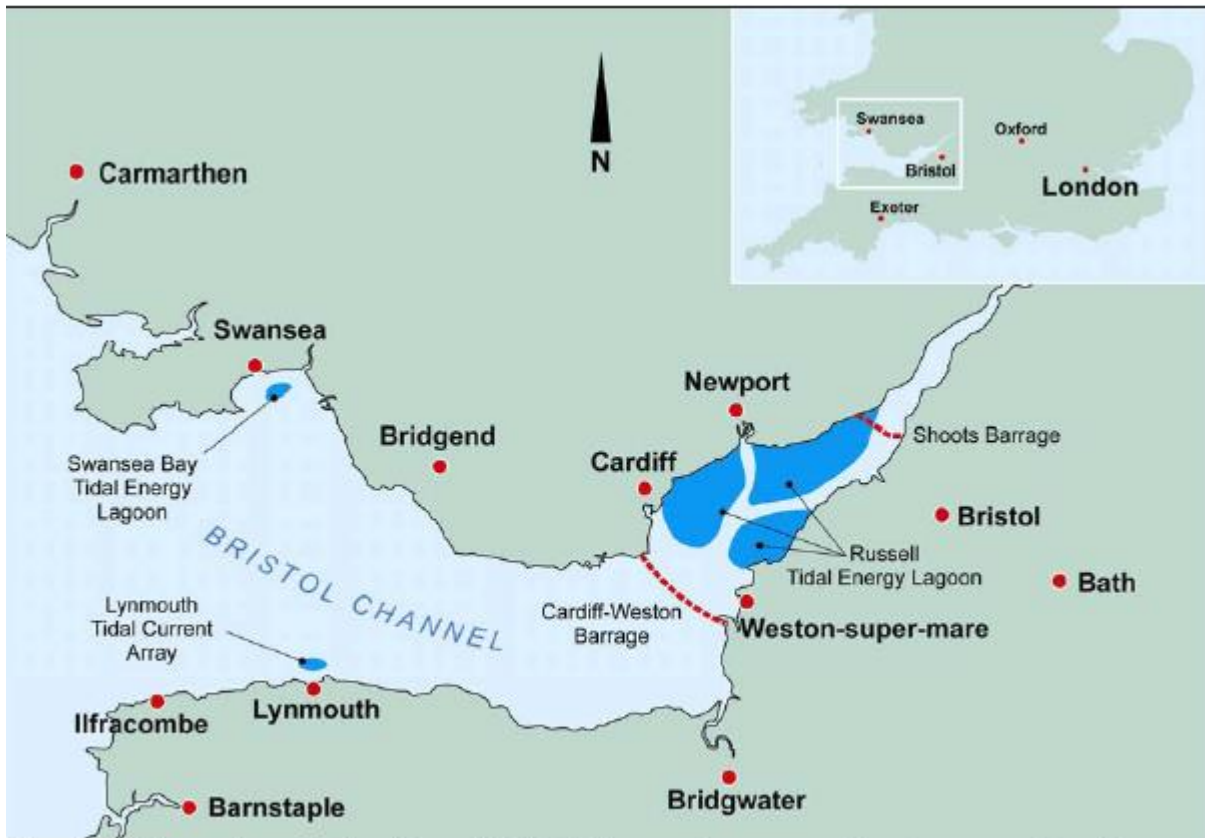


Figure 1.1 Location of the Russell Tidal Energy Lagoons, the Swansea Bay Lagoon and the Lynmouth Tidal Current Array. The position of the Cardiff-Weston and Shoots tidal energy barrages are shown for comparison.

(Source: Severn Tidal Power Feasibility Study - Regional Forum)

The proposed Cardiff to Weston Barrage and Russell Tidal Energy Lagoons could have a number of Impacts on the port of Newport which in turn could influence the type of development in the port for the future.

The Barrage could have a number of physical impacts on the port which could include reduction in maximum available tidal heights, reductions in salinity, reduced flow/turbidity in the river Usk and changing sedimentation patterns requiring a substantial increase in dredging within the port approaches. All of these would need to be carefully modelled and mitigated so as not to negatively impact on the port.

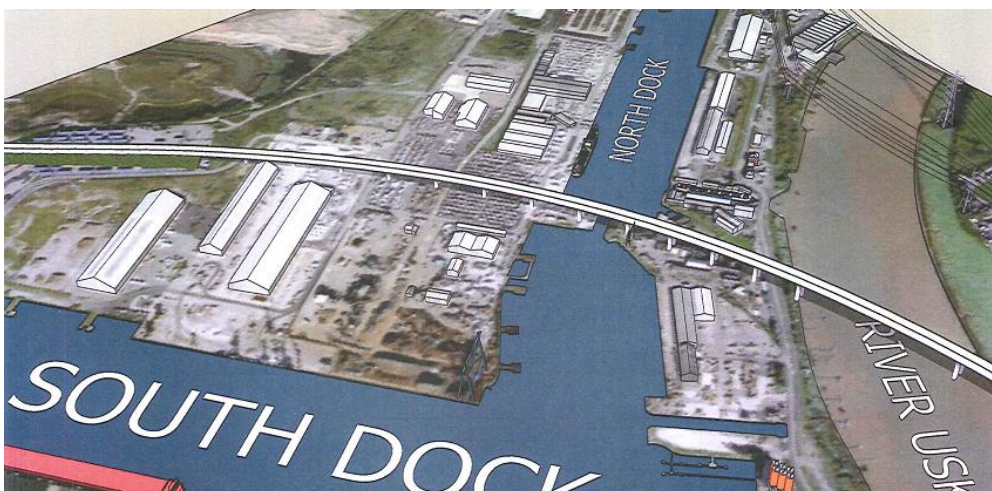
Additionally there would be a number of economic issues to address such as, location, size, operation and charging for use of entrance locks, the impacts on ships transit times, access

windows, pilotage and towage resources and the costs of the increased dredging. Again a significant amount of work needs to be undertaken to model these impacts, which could adversely effect the port.

The major scheme may also however offer some significant benefits to the city of Newport insofar as a flood protection and mitigation against future sea level rises.

Economic benefits could arise during any construction phase as some 64mt of raw material is anticipated to be required during the construction phase. The port is well placed to play an active role in this should the project move forward. Post construction there could be opportunities for other activities such as lock management/pilotage service provision etc that would be of interest.

5.9 The new M4 Motorway Proposals



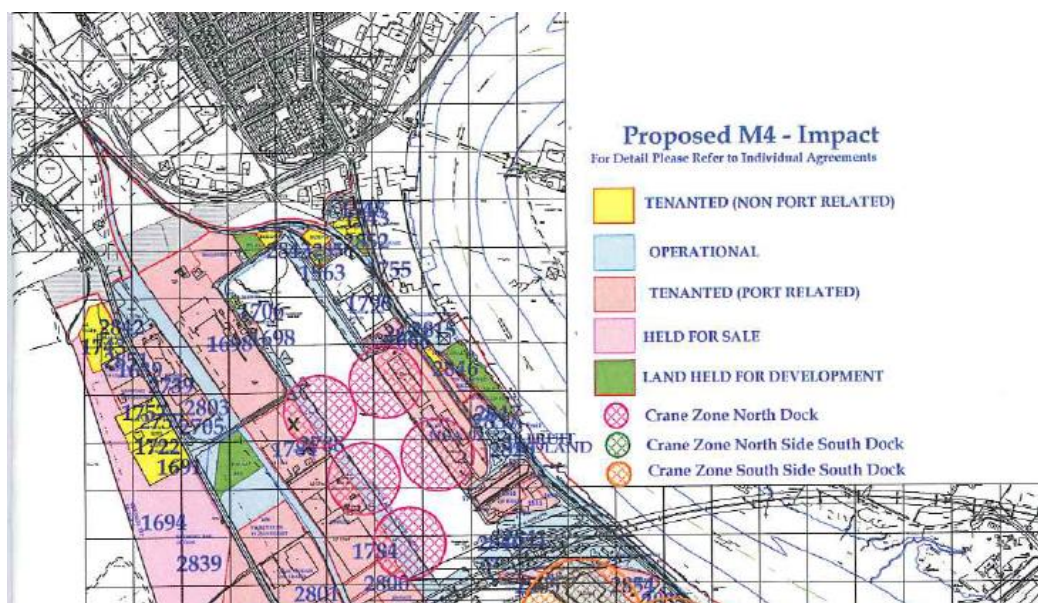
The figure above shows the latest published preferred route for the development of a new M4 motorway through the southern part of Newport. The route corridor crosses Newport Dock at the junction between the North and South Dock with a proposed air draft restriction of 25m. The road will run from J23 in the East to J29 in the West and could be a tolled structure.

The five year transport plan announced by the Transport Minister for Wales in July 2009 did not include provision for the development of a new M4 in Newport, due mainly to a high cost estimate for the development of the road. However the TR111 that secures a corridor for development is still active and it is conceivable that a new M4 could again be considered in the future. Whilst the TR111 remains in place it continues to cause additional business and planning blight to ABP's operations.

Adoption of this scheme and formal publication of draft orders will create a number of major concerns and problems for the continued operation and future development potential at Newport.

Areas of Concern include:

- Impacts on the ability to further develop the North Dock as a strategically important part of the future of the port in general and the impact of an aircraft restriction on the existing users of the facility.
- Potential loss of a lower tier COMAH licence which is essential to the operation of the fertiliser storage and distribution facility on the North Side of South Dock
- Loss of the port Explosives Licence which is a strategically important licence for UK plc and the largest viable licence for shipments of munitions in the UK sector.
- Loss of land in a port that is already showing high levels of current utilisation
- Business interruption during construction
- Loss of the ports ability to operate at the central Engineering facilities which are essential to the maintenance of the ports fleet of mobile cranes and plant.
- Constraints on the ability to move the port mobile harbour cranes to the three distinct operational zones that would be created by the presence of the bridge
- Planning Blight arising from the presence of the bridge structure and future inability to accommodate cargoes requiring COMAH licence approvals



ABP objects to the proposed line and height of the M4 as indicated in the draft orders being formulated in 2008/9 and has developed an alternative potential alignment and configuration which would have a reduced impact on the business of the port as outlined above.

6) Environmental Impacts – Overview

At the port of Newport the management team are acutely aware of responsibilities to manage obligations to the environment. It is important to develop ports to meet the requirements of the country's trade in a way that has due regard for sustainable development. This fundamental aspect of ABP's corporate policy ensures that the needs of business and industry are balanced against and furthermore developed alongside the increasing need for sustainability in all our actions.

ABP environmental management systems, developed and monitored by the company's Sustainable Development team at Head Office, encompass a wide range of issues which reflect the dynamic and constantly changing nature of the modern ports industry; moreover they reflect the need to build in a sustainable agenda not just into ongoing port activities, but also from the earliest stages of the proposed harbour developments.

6.1 Environmental Management System

The Environmental Management Framework identifies the roles and responsibilities of employees who have environmental responsibilities as part of their roles. This therefore ensures a level of ownership and stewardship of the local environmental function as staff are going about their everyday activities.

6.2 Environment Aspect Register

In common with most organisations, ABP have developed a risk-based appraisal of all its activities and notable facilities. This enables it to determine where resources and focus should be placed, in order to ensure prevention and an appropriate

response, should an incident take place. This prioritisation of any higher risk activities is common practice, and is an approach shared in both the safety and corporate risk aspects of the business. The Environment Aspect Register is a useful document when planning cargo handling and storage activities, as it is important to bear in mind the environmental, as well as safety aspects of port operations.

6.3 Environmental legislation

Almost every aspect of the port's environmental function and performance is reflected in UK legislation; these issues include air quality, waste management, and habitat protection. ABP recognises the requirement and the moral obligation to adhere to this, but due to ABP's position and the wide scope of its activities, it is in a favourable position to be able to feed back and work closely with regulators and legislators in the ongoing development and interpretation of this legislation.

6.4 Environmental Induction

Every employee is given a general overview of relevant environmental issues when starting with the port; this is because ABP believes that every single individual has a duty of care to think about and monitor environmental issues every day.

6.5 Resource Efficiency

As a large port operator and landlord, it is recognised that there is a need to constantly monitor our consumption of resources. This primarily concerns electricity and water usage, and the further significance of carbon footprinting. The constant level of monitoring provides a baseline set of data, against which we can measure resource efficiency projects. These are vital if we are to limit ongoing resource consumption within the port, and remain a challenge as the port continues to increase its tonnage throughput year-on-year.

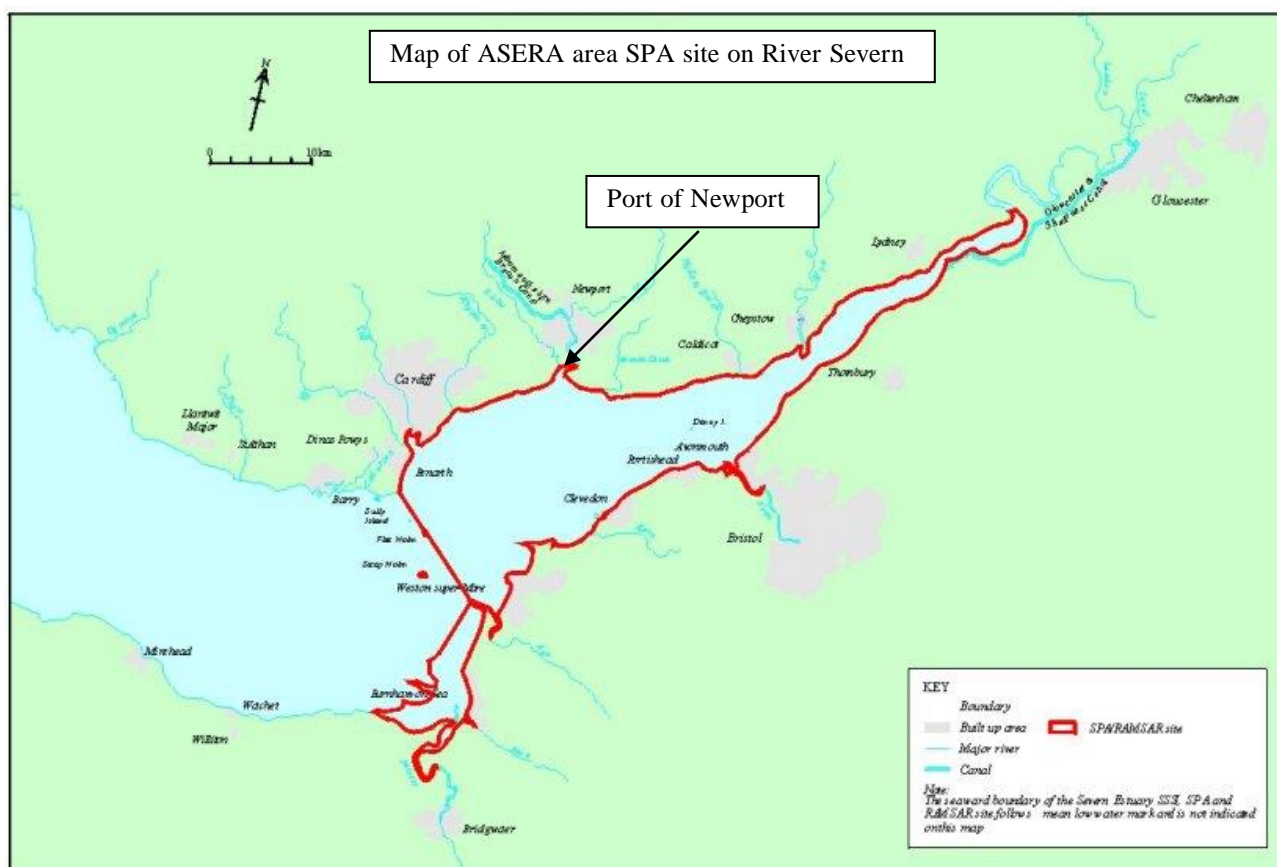
The ongoing activities and future developments of the port will inevitably have the potential to impact upon the immediate environment in which the port is situated. It is therefore incumbent upon the company to manage, limit and where possible eliminate these impacts. ABP is particularly aware of the sensitive nature of the Rivers Usk and Ebbw and the wider Severn estuary, an internationally recognised habitat, designated a European Marine Site, which provides valued feeding, nesting and roosting sites for a wide selection of bird species, some of which are resident in the UK, and others which are passing through or over-wintering. As shown on the map overleaf, the whole estuary is a designated Site of Special Scientific Interest, with the additional internationally recognised designations of SPA, SAC and 'Ramsar' site. ABP plays an active role in ASERA, the Association of Severn Estuary Relevant Authorities who produce a scheme for the management of the European Site.

With such an important and sensitive site on our doorstep, incorporating both sub-tidal and inter-tidal habitats, it is important to recognise this important factor when designing and planning new harbour developments. The UK Habitats Regulations, developed from the parent European legislation, clearly sets out the process by which developments should take place within such internationally valuable habitats. This master planning exercise confirms that Newport will continue to expand in future years, but within this process ABP is committed to preservation and maintenance of the Severn Estuary as an important habitat. It is a clear aim that the local port development will therefore proceed in a sustainable way.

Whilst there is a requirement to monitor and manage air quality in the port area, ports are in a fairly unique position in industry, as they also have a requirement to pay heed to quality of the water area, which plays such a pivotal part in their function. The Port of Newport is committed to the establishment and application of the Water Framework Directive, and have already been involved in the River Basin Liaison Panel consultation process. As the Statutory Harbour Authority, this has particular relevance when considering the nature of our dredging activities. The Severn Estuary has a high level of sediment held in suspension, and it is necessary to remove these deposits to maintain adequate passage to, and safe moorings on our berths. ABP liaises with government and conservation bodies on a local and central level to ensure our dredging activities have the least impact possible.

It is an interesting feature of a number of UK ports that they have been in existence as highly industrial areas for a considerable period of time. Newport Docks has been a site of industrial activity for over 150 years; A Land Quality Register has been completed and, in common with similar issues in industry, uses a risk based approach in assessing remediation or management techniques when planning further developments on the port. The conclusion of this assessment was that all land is “suitable for use” as legally defined.

The last 50 years has seen a period of rapid development in the ports and shipping industries, with the development of revolutionary and technologically advanced solutions in cargo handling practices. The ports industry is unlike any other, in that it is involved in so many aspects of the supply chain, and handles as wide a variety of products as you could want to find in any one location. The challenges of the 21st century mean that we must devise ways of transporting, storing and handling these products in ways that are environmentally responsible. Shipping is a sustainable transport solution; we must make sure that ports rise to the challenge of this brief, and can actively demonstrate that they have a newer, ‘greener’ agenda.



7) Transport Infrastructure Developments

The road and rail linkages to the Port of Newport offer relatively un-congested access for the passage of freight and are one of the locational factors that have assisted in port growth to date. The Southern Distributor Road offers excellent linkages to the M4 motorway at Junction 24 and Junction 28. Access to the Midlands is via the A449 and M50/M5 route which is an efficient journey that has helped establish Newport as a Midlands Port.

The rail link from the port connects to the main South Wales infrastructure via the Alexandra Dock Junction Sidings. Westerly traffic then follows the route via Cardiff Station and Easterly services via Newport, East Usk and subsequently the Severn Tunnel.

These routes currently provide relatively reliable access to the ports natural hinterland. However, as economic activity within the region continues to expand, backed by continuing port growth, it is critical that the linkages are developed in order to maintain the competitive advantage of the area's ports when compared to the congested south-east of England.

The DfT Port Policy Review Discussion Document (May 2006) commented that *"Ports cannot function without effective inland transport links...hence, Government has an important duty as the*

policy maker for the railway system and for roads...to deliver a framework for reliable and safe road and rail links to support the economy and ensure the efficient movement of goods...Government already fund a substantial programme of transport infrastructure improvements which will benefit all transport users including those accessing ports. Regional Spatial Strategies...provide a framework for identifying and prioritising new infrastructure investments”.

Sections T1 and T18 and paragraph 4.75 of the Newport UDP specifically refer to the need to retain and develop further the cargo handling facilities at Newport and on the River Usk, particularly in the context of supporting the development of rail interchanges and port related industries.

The Wales Freight Strategy launched in 2008 sets the scene for the key development themes required to deliver a sustainable ports sector for the Welsh and wider UK economy.

Key Themes of the review included;

Rail Freight

Over 8 million tonnes of freight uses the main rail line in South Wales with the main operator EWSR operating between 500-550 services per week. It is essential to review port rail path availability to ensure that access is available for cargoes looking to access the National Rail Network.

Specific improvements in relation to rail include

- Re-signalling in the Newport Area including enhancements to relief lines between Newport and the Severn Tunnel.
- Current gauge restriction into South Wales via the Severn Tunnel is W8, an increase to W10 or W12 would cost an estimated £170m and currently this is not seen as viable.
- Protection for freight rail paths to ensure freight is given an opportunity to grow

Development Potential

- South Wales still has access to 3 types of Rail Grant,
- FFG which helps offset the cost of capital in providing rail facilities
- Rail Environmental Benefit Procurement Scheme – for purchase of intermodal freight units
- REPS Bulk – for the purchase of other freight movements replacing TAG

Ports and Shipping

The Welsh Assembly Government is supporting the pan European Marco Polo II programme with particular emphasis on the development of the Motorways of the Sea concept. In particular a focus has been on developing links with the Atlantic Arc ports .

Key Elements of the review are

- Promotion of the use of coastal shipping and inland waterways for a more sustainable transport freight network. Including a review of the grants and subsidy schemes implemented in Wales.
- Promotion of feeder shipping to link Wales to the deep-sea container ports

- Location of value added operations such as regional distribution centres at port locations

Road

The current M4 motorway around Newport is a two lane route with a large number of junctions. Improvements around Cardiff with the increase to 3 lanes (due to be complete in 2010) will improve the flow of traffic in a westerly direction. The Welsh Assembly Government is currently working on plans to examine a new 3 lane M4 motorway linking Junction 23 to Junction 29. Whilst the benefits to the wider community in South Wales are understood the new road will not provide a solution for traffic travelling to or from the port of Newport. It is critical that ABP ensures no detrimental impact on the future development of the port of Newport as the proposed route of this new M4 passes over the port. Additionally due consideration must be given to the proposed road charging for such a road, particularly the cost for freight use and the potential impact on the competitiveness of the more westerly ports in Wales.

The Wales Transport Strategy

Section 3 of, and the Schedule to, the Transport (Wales) Act 2006 modifies sections 108 to 111 of the Transport Act 2000, introducing new sections that apply only to Wales.

Section 108 is amended to require local transport authorities to develop local transport plans which implement the Wales Transport Strategy. The National Assembly for Wales is required to prepare and publish the Strategy by section 2 of the Transport (Wales) Act 2006. The Strategy must set out the policies developed by the National Assembly for Wales to promote safe, integrated, sustainable, efficient and economic transport facilities and services. It must also set out how the National Assembly for Wales proposes to carry out those policies. ABP will engage with the local authority and the National Assembly during the consultation processes surrounding the implementation of both the Transport Strategy and the local plans, to ensure that the port area is considered in depth as part of this process.

8) Social and Economic Impacts- South Wales Region

The UK Ports industry plays a vital role in the economy of the UK providing income and employment on a local basis but in addition acting as a catalyst for economic activity within the regional and national economy. The Governments' Port Policy Review (May, 2006) confirmed that "the ports sector is a vital part of our transport infrastructure enabling international trade and promoting competition and productivity through global supply chains. As globalisation increases, along with the contribution made by international trade to the UK GDP, the ports sector will play an increasingly important role in the economy... with the UK's Ports are essential gateways for trade and travel, with sea borne trade accounting for 95% of the country's trade by weight and 75% by value- in 2004 UK imports across all modes amounted to £249 Billion and exports £191 Billion."

On a regional basis the importance of the South Wales ports is widely recognised. The Welsh Economic Research Unit (WERU) Report entitled 'Associated British Ports and the Welsh Economy' in February 2009 concluded that "through its operations at Swansea, Port Talbot, Barry, Cardiff and Newport (ABP), supports extensive economic activity in the Welsh economy."

ABP South Wales ports:

- Facilitate a significant amount of trade and allow Welsh based firms to export their goods and import critical components
- Direct output of the ports in 2007 was £43.4m
- ABP and the ports tenants directly and indirectly support over £2.78 Billion gross output to the Welsh Economy and £902.5m GVA
- The ports directly and indirectly support over 348 tenants and 9711 direct FTE jobs
- Support economic development by enabling businesses to compete with European counterparts

Ports are fundamental to:

- Improving the general location offer of a region,
- Inducing new inward investment,
- Improving access to tourists, and
- Providing a physical conduit for the transfer of new technology and ideas
- Reducing road movements of cargo by promoting intermodal and transshipment opportunities (since 1997 the port has been recipient of 2 Freight Facility Grants which have removed significant volumes of steel and scrap metal road movements)

ABP directly employs 296 persons in South Wales both in the port division and with subsidiary company, UKD Dredging. According to the WERU report, tenants in ABP South Wales provided a further 9,711 full time equivalent jobs. These included key employment sectors in South Wales such as steel production, chemical works, distribution and logistics that have significant linkages with the ports. Of particular significance in employment terms is Corus Strip Products' integrated steelworks at Port Talbot employing over 6000 persons in full time equivalent jobs. The Port Talbot works benefits from being able to import raw materials through the Tidal Harbour that is one of the few facilities in the UK able to receive the largest capesize bulk carriers, which is of critical importance for steel production in South Wales. The Port of Newport handles exports of finished steel products linking Corus to global markets and further handles imports of semi-finished products for its Llanwern facility.

Sims Recycling Solutions have an area totalling 35 acres at ABP Newport, and is now the largest fridge recycling plant in Europe. Sims has benefited from new ABP investment at Newport including refurbishments of rail linkages, upgraded electricity distribution, and improved handling facilities.

St Gobain uses the ABP Newport facility as a gateway for imported timber and board products. During 2002-03 a £4.6m timber storage facility was added to the ABP Newport facility as part of a project involving Saint Gobain Building Distribution, which also imports and distributes timber for Jewson Ltd through Newport.

The report goes on to say, the direct and indirect economic output from the South Wales ports “represents around 3.1% of total Welsh output, and an estimated 2.0% of Welsh GVA. For a number of the firms the absence of adjacent port facilities would effectively mean the end of their local operations.” This clearly places the importance of South Wales ports’ in a national context.

9) Communication and Consultation Strategy

This section sets out our proposed public consultation programme and the next steps in our master planning process.

Since Ports do not develop in isolation, we wish to involve stakeholders during the preparation of the Port of Newport master plan. The Department for Transport Guidance on the Preparation of Port Master Plans (December 2008) recommends that all major ports produce a master plan and consult on them with stakeholders in order to clarify the ports' medium to long term planning.

Consultation

ABP is now carrying out a programme of consultation with all stakeholders which is expected to take three months.

The master plan will be published online on the Severn VTS website (www.severnVTS.co.uk) and copies will be available to view in local libraries in Newport. ABP intend to hold a public exhibition to publicise the master plan.

Stakeholders will be invited to provide feedback in writing to:

Port Office
Alexandra Dock
Newport
NP20 2UW

Or by email to newport@abports.co.uk

We will collate all consultation comments received with the intention of issuing a final master plan, with appropriate amendments, by the end of 2010.

Future Review

Following publication of the final 2010 master plan, we intend to review and update the master plan from time to time and at least every 5 years to ensure that it remains relevant and appropriate.

10) Glossary of Terms and Appendices

DWT	Deadweight Tonnes – approximate cargo carrying capacity on a density of 1 tonne to 1 cubic metre.
HTA	Type of coal wagons used on the rail network. Modern wagon capable of a 75t axle weight loading as dictated by the national rail network

TASCC	Trade assurance scheme for combinable crops – strict trade scheme applied to handling crops for the food chain particularly grain cargoes
AIC/Gafta	Trade assurance scheme governing animal feed imports
WEEE	The waste electrical and electronic equipment directive and pending regulations governing the disposal of small electrical goods
Handymax	A size of seagoing vessel at or around the maximum dimensions acceptable to Newport. These ships are smaller than Panamax carriers which are so called because they are built to traverse the Panama canal. Newport cannot accept Panamax ships.
VTs	Vessel Traffic System based in Cardiff providing guidance, VHF and radar coverage to ships navigating in much the Severn Estuary
Uskmouth	A 330MW Coal fired power station located on the East Bank of the River Usk and operated by Carron Energy a subsidiary of Welsh Power
FGD	Flue Gas Desulphurisation – process fitted to power stations to reduce sulphur emissions.
CHP	Combined heat and Power – a type of power generation that also produces a steam source that can be used by neighbouring sites for heating or as part of an industrial process.
COMAH	Regulations governing the storage and control of hazardous substances – regulated by the Health and Safety Executive.
FFG	Freight Facility Grants available from Welsh Assembly Government to contribute towards capital costs of building rail developments. Based on savings of lorry miles that can be achieved.
TAG	Track Access Grants – now replaced by Mode Shift Revenue Support Schemes
UDP	Unitary Development Plan covering
ESI	Electricity supply industry
LCPD	The large combustion plant directive