

The North East Economic Forum have invited **Secretary of State Philip Hammond** to address the Forum and provide his views on the transport vision for the coalition Government and also his view on specific issues for the region.

Please read the following paper provided by the North East Chamber of Commerce.



NECC Transport Priorities: October 2010

1. About North East Chamber of Commerce

The North East Chamber of Commerce (NECC) is the North East's leading business membership organisation and the only regional Chamber of Commerce in the country, representing more than 4,500 businesses located in Northumberland, Tyne and Wear, Durham, and the Tees Valley. Our members are drawn from all sizes of business across all sectors and employ about 30% of the region's workforce.

2. Summary

The North East requires continued strategic investment in its transport infrastructure in order to help unlock economic growth and enable enterprise;

The cancellation of proposed improvements to two A19 junctions around the Tyne Tunnel is short sighted and very disappointing, especially given that the scheme has been given express backing by the private sector as a route of strategic importance that will facilitate private sector growth in the North East;

Increasing capacity on the East Coast Mainline to cater for rising demand and ensuring that it links to a high speed rail network will unlock further growth potential for North East businesses. There must be a guarantee that the North East is to be included on the proposed high speed network.

The fiscal regime in the UK must support the increasing role that regional aviation and low carbon vehicles are playing in the North East economy;

NECC strongly supports the proposed development of the Hitachi site in Newton Aycliffe, which will inject valuable resources into the local economy and contribute to updates to rolling stock for the East Coast mainline.

3. Background

NECC members consistently highlight transport as a key issue to their businesses. In particular, effective links to domestic as well as foreign markets are critical, especially in the North East which is the only region in the UK to enjoy a positive (international) balance of trade.

Continued strategic investment in our transport infrastructure is of critical importance if we are to ensure that vital links to internal and external markets are not jeopardised as spending cuts are implemented. Any money that is available must be targeted at maintaining and building these links.

NECC agrees that cutting the deficit is necessary given the pressing need to reduce public debt. However NECC is concerned that the 2010 Spending Review has failed to sufficiently take into account the impact that capital spending cutbacks will have upon the private sector in the North East. NECC believes that the Government should prioritise investment in transport infrastructure, in particular projects that unlock access to domestic as well as international markets.

4. Roads

Strategic road connections to the North East remain sub-standard, with the region still not linked to the national motorway network. This must be addressed. Of immediate importance are junction upgrades on the A19 on both sides of the second Tyne Tunnel, which were accepted into the most recent regional spending programme, and as the only elements of the strategic road infrastructure included should be seen as the top priority within that.

The A19 forms part of the strategic road network in the North East. It provides a vital commercial link connecting the Tees Valley, County Durham, Wearside and Tyneside conurbations. The Highways Agency has priced the upgrades to junctions on both sides of the Tyne Tunnel at £284.7m and projected that the economic benefit will be in excess of £1.3bn.

The A19 is a project that is of critical importance to businesses in the North East, and has a benefit to cost ratio of 5:1. Given the overwhelming benefit to cost ratio and the clear prioritisation it has been given by the private sector in the North East, upgrades to junctions between Testos Roundabout and Seaton Burn must be a priority for the Department for Transport.

Improvements to the A19 junctions will ensure that the investment that has already been made in the second Tyne Tunnel will help enable this route to reach its full potential: easing congestion and delivering tangible economic benefits. A further benefit is that upgrading the A19 junctions will ease pressure on the A1 Western bypass and provide an affordable interim solution to this heavily congested stretch of road.

The decision to cancel investment in the Seaton Burn and Moor Farm roundabouts on the A19 is wrong. Businesses clearly view upgrades to this stretch of road as immediately necessary. Cancelling capital investment in projects that result in a net benefit to the local economy is both short sighted and potentially damaging to prospects for private sector activity.

North East businesses require improved links to Scotland, in particular Edinburgh. Investment in the A1 North to Scotland will help to ensure that the North East remains an attractive location for business by ensuring fewer delays, which will help to lower costs for hauliers and will also benefit the tourism industry in the North East.

5. Rail

NECC welcomes the confirmation that the Government is to invest in a y-shaped high speed rail network. The network must generate maximum economic benefit across the UK, including to the North East. A clear timetable for connecting different regions must be produced before the first phase is started to avoid skewing investment decisions. The North East must be connected from day one, with high speed services running to and from the region prior to an extension of the high speed line itself. Furthermore, capacity on the current East Coast Main Line will face severe pressure in the next decade, so measures to address this cannot be put off.

The proposed development of the Intercity Express production facility at Newton Aycliffe must be given full support by the Department for Transport. The project is expected to inject £660m into the local economy over the course of 20 years and will generate 800 jobs directly and up to 8,000 further jobs in the supply chain. Furthermore, it is projected that the £40m building of the proposed manufacturing site will generate 200 construction jobs.

6. Aviation

International trade has been a vital component of North East economic success in recent years, so connections to gateway airports and ports must be strengthened. Aviation duty threatens this as the extra cost burden will put the biggest pressure on more marginal flights to regional airports, in spite of the fact that the North East's airports in particular generate roughly £500m of gross value added annually. Switching to a per-plane system of aviation taxes will place UK airports at a disadvantage to their European competitors, and will have a particular impact upon regional airports due to the smaller loads that they often carry.

7. Low Carbon Vehicles

The North East has an established automotive industry and supply chain which contribute a vast amount to the regional economy. Low Carbon Vehicles represent a growing opportunity within this sector, with Nissan recently announcing that it is to produce the Leaf electric vehicle at its Sunderland factory. Low carbon vehicle expertise must be supported with infrastructure that supports growth in this sector.

Please attend the North East Economic Forum seminar on 18th November 2010 to hear from **Secretary of State Philip Hammond**. Visit www.neef.co.uk to find out more and register.