Department for Transport

Maritime Growth Study: keeping the UK competitive in a global market

Moving Britain Ahead

September 2015

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Department for Transport
Great Minster House
33 Horseferry Road
London SW1P 4DR
Telephone 0300 330 3000
General enquiries https://forms.dft.gov.uk
Website www.gov.uk/dft

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Foreword

The report for the *Maritime Growth Study: keeping the UK competitive in a global market* is the culmination of many months of work involving widespread engagement and detailed research. The result is a 'call to arms' to industry and government to actively support and raise the profile of a vital sector that contributes significantly to the economy and which the nation relies on to meet its daily needs.

As a lifelong practitioner of shipbroking, the significance of the maritime sector to our island trading nation has long been known to me, as has the reliance of the rest of the world on our diverse maritime cluster. However, the sector sometimes appears to be invisible to policymakers and the general public, with UK maritime services quietly keeping the world's seaborne trade moving and keeping our supermarket shelves stacked, all with little fanfare or media attention. The Study is a chance to reverse this state of affairs and highlight a vibrant, global sector comprising various successful industries that can deliver against the government's stated priorities of rebalancing the economy, enhancing productivity, increasing exports and 'a Britain standing tall in the world'.

The departure of large scale commercial shipbuilding from our shores has forced the sector to evolve, bringing to the forefront our expertise in maritime-related business services, as well as marine manufacturing, engineering and technology. We may no longer build the largest commercial vessels, but we continue to provide services to the world that support their charter, insurance, sale and purchase. We also design and supply the essential components that are critical to their operation. Our largely private sector-led ports market also remains a global success and Britain's offer in maritime education, training and research is unrivalled. This 'one-stop-shop' of maritime services is exported worldwide and encourages businesses, including shipowners, to locate and invest here.

However, we must evolve again if we are to remain the world's leading maritime centre; we cannot be complacent about our position in the global market or the decline of UK shipping interests and shipowners, both domestic and foreign. If imitation is the sincerest form of flattery, then there are several maritime nations seeking to emulate our success both in Europe and the Far East.

I therefore urge industry and government to build on their existing partnership to take forward the recommendations in this report. The Study's publication at London International Shipping Week 2015 is no coincidence; it sends a clear message to competitors and potential customers that the UK takes this sector seriously. This is a once in a lifetime opportunity to enhance the contribution of the UK maritime cluster and exploit the expected growth in world

trade to help create jobs, increase the export of our maritime services and encourage maritime-related investment across the country. This is a sector rich in SMEs and innovation and one that, with the right conditions, can contribute to enterprise, productivity and both national and regional growth in the UK.

What I have recommended, however, will not be without challenge. In particular, industry will need to come together to focus on those issues that are most important to our sector as a whole in order to create a body that genuinely represents and promotes UK maritime. If this cannot be achieved, we will have failed to capitalise on the biggest opportunity in nearly two decades to have maritime take its rightful place in the government's economic plans.

I am extremely grateful to the members of the Maritime Growth Study Advisory Group, particularly its Chair, Michael Parker, for their support. Michael and the other members of the Group have dedicated their valuable time to this project despite busy schedules on a wholly voluntary basis. The Study has benefitted from their constructive input and expert business knowledge.

I am also most grateful to the Department for Transport and its Ministers for commissioning this Study and providing an excellent, well-resourced and hard-working secretariat to deliver the project.

Finally, I would like to thank the many individuals and organisations who have submitted evidence, participated in workshops or taken the time to meet me and my secretariat. These vital contributions have helped to inform and shape the conclusions and recommendations of the Study.

The Study has been both thorough and far-reaching. At its launch event, I was urged to be both aspirational and radical. I have borne that advice in mind, but also aimed to produce something that is practical and achievable. It is my genuine hope that I have formulated a package of action that both government and industry can get behind to grow our sector and establish the UK as the world's leading maritime centre.

Lord Mountevans

Executive summary

Introduction

1 The *Maritime Growth Study: keeping the UK competitive in a global market* was launched in November 2014. The Study has been led by an industry chair, Lord Mountevans, and supported by a secretariat from the Department for Transport.

2 A strong and positive response to the Study from across the sector resulted in 153 written responses to the call for evidence from businesses, organisations and individuals. This is in addition to evidence collected from stakeholder workshops and interviews carried out with prominent figures from the sector.

3 The recommendations have been developed after careful consideration of this evidence and the findings of an economic research report into the international competitiveness of the UK maritime sector[1]. They have also been informed by the conclusions of the UK Ship Register Advisory Panel, an independent panel of shipping industry experts commissioned by the Maritime and Coastguard Agency (MCA) to review the current performance of the UK Ship Register. The Chair has been supported throughout by an industry advisory group comprising senior business leaders who have provided guidance and direction to the Study.

Supporting the UK economy

4 Evidence collected as part of the Study underlines the economic importance of a sector which not only includes shipping and ports, but also encompasses a wide range of other activities such as training, business services, engineering, manufacturing, research and development. It is evident that all these businesses need to be promoted and considered together as a mutually reinforcing, world-beating cluster of maritime activities. As such, references to the maritime sector in the context of this Study should be taken to include the marine manufacturing and engineering industries as well as ports, shipping and business services.

5 This wide-ranging cluster draws inward investment to the UK. For instance, there is significant investment in new port facilities and job creation from international shipping companies basing their operations in the UK and world-leading maritime training institutions attract international students. It is also clear that this national cluster delivers

1 Oxera Consulting LLP (2015) 'International competitiveness of the UK maritime sector', Prepared for Department for Transport https://www.gov.uk/government/publications/uk-maritime-sector-international-competitiveness

substantial export income: world-class maritime business services serve international shipping companies and the UK exports world-class expertise and high value, complex maritime technology, systems and vessels all over the globe.

6 The UK maritime manufacturing sector exports maritime products to most of the world's major markets; from complex merchant and naval shipbuilding to ship's chandlery and nanotechnology, the sector produces high quality products used in the global maritime industry at every stage of the supply chain.

7 In 2013, shipping alone directly contributed around £1.8 billion[2] to the UK's trade balance which represented about 2% of the UK's overall surplus in services trade.

8 This is also a sector that has a strong regional dimension which is helping to rebalance the UK economy. There are significant and growing clusters of maritime activities in locations all over the country. Cities such as Liverpool, Plymouth, Southampton, Aberdeen and Glasgow, as well as successful ports such as Felixstowe and Immingham, around the UK are contributing to both the national and regional economies.

9 Research and development in the maritime sector is extensive, supported by the world class capabilities of UK universities and research institutes. The UK's maritime research landscape is further enriched as a result of the high levels of small to medium sized enterprises (SMEs) at the forefront of R&D and innovation in maritime products and services.

10 Current estimates suggest that the direct contribution to the UK economy from the maritime sector, including marine industries, was at least £11 billion in 2012 (GVA)[3]. This is a similar order of magnitude to other important high value industries like the manufacture of pharmaceutical products (£13.3 billion GVA in 2013[4]), the aerospace industry (£6.8 billion GVA in 2013[5]) and the road freight industry (£9.4 billion GVA in 2013[6]).

2 Office for National Statistics (ONS) (2014) 'United Kingdom Balance of Payments – The Pink Book, 2014' http://www.ons.gov.uk/ons/rel/bop/united-kingdom-balance-of-payments/2014/index.html

3 DfT analysis of ONS GVA from the Input-Output Supply and Use Tables at http://www.ons.gov.uk/ons/rel/input-output/input-output-supply-and-use-tables/2014-edition/index.html, apportioned using detailed SIC data for approximate GVA from the ONS Annual Business Survey. See Annex A for method http://www.ons.gov.uk/ons/rel/abs/annual-business-survey/2013-revised-results/index.html

4 What does the UK pharmaceutical industry look like today? ONS, 4 July 2014 http://www.ons.gov.uk/ons/rel/iop/index-of-production/april-2014/sty-pharmaceuticals.html

5 What does the UK aerospace industry look like today? ONS 14 Nov 2014 http://www.ons.gov.uk/ons/rel/uncategorised/summary/changing-shape-of-uk-manufacturing---aerospace/sty-uk-aerospace-industry.html

6 £9.4 billion in 2013: Road freight economic, environmental and safety statistics, 15 February 2015, DfT, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/405225/road-freight-economic-environmental-and-safety-statistics-2013.pdf

A sector that we can grow

11 The maritime sector is global in nature, mobile and growing with ships carrying 80%[7] of global trade. Seabourne trade is predicted to double by 2030[8] in line with the forecast growth in international trade.

12 The UK is ideally positioned to exploit these conditions and drive growth in the UK maritime sector. The evidence collected during the Study demonstrates that the UK continues to be seen by the international market as a world-leading maritime centre. It also shows that the UK remains highly competitive, particularly in the field of maritime business services, maritime education, training and skills and marine manufacturing, engineering and research. The UK maritime cluster's contribution to the economy is already substantial and, with the right conditions, can be grown further.

13 However, this potential growth and the UK's international position cannot be taken for granted. In the face of increasing competition from fast-growing maritime centres in other countries the UK maritime sector must be willing to adapt, improve and change to successfully exploit these opportunities.

A vision

14 The findings from the Study have helped to inform a vision for the UK maritime sector, where its future competitiveness is reliant on industry and government working together. This is to ensure that the UK is the world's foremost maritime centre and a maritime nation that:

- exploits the full range and depth of its maritime cluster to promote the UK's position as the world's leading maritime centre.
- attracts inward investment in ports and other maritime business, contributing to both the national and regional economies.
- sells its marine engineering and manufacturing expertise and innovation to shipowners and other maritime businesses around the world.
- ensures that the world's shipping industry chooses UK-based maritime business services, including maritime training, to support their global trading fleets.
- draws the world's shipowners to the UK, with more shipping operations being managed from here, creating UK jobs and with owners paying UK Tonnage Tax.
- provides shipowners with a high quality, commercially-oriented UK Ship Register that promotes the UK brand, reinforces our maritime centre status and generates income for the UK taxpayer – the Flag of choice for quality owners.

7 UNCTAD (2014) Review of Maritime Transport
http://unctad.org/en/Pages/Publications/Review-of-Maritime-Transport-(Series).aspx

8 Global Marine Trends 2030, Lloyds Register

- replenishes and builds its vital maritime skills base, including through shore-based apprenticeships and by attracting more shipowners into UK Tonnage Tax with the associated commitment to train seafarers through government funded maritime training schemes.

Driving growth

Areas for action – leadership, skills, and marketing

15 To achieve this vision action will be required by both government and industry. The Study has identified three areas where this will be necessary.

16 The sector needs:

- **leadership** by both government and industry, including a more commercial and responsive UK maritime administration within government and an industry-led promotional body
- more proactive action to replenish and develop the **skills** needed to maintain our position as a world-leading maritime centre
- effective **marketing** by industry and government of what the UK maritime sector has to offer both domestically and internationally

17 The recommendations to achieve these outcomes include a range of practical and, where possible, quickly deliverable measures for both government and industry which offer the opportunity to make a real difference. While some longer-term work on the more significant changes will be necessary, particularly around proposals for more commercial government functions relating to shipping, initiating this work should not be delayed.

Supporting the sector – innovation, clustering and stability

18 The Study also identified three further themes – innovation, clustering and stability – as underpinning the health of the UK maritime sector. However, the UK is already demonstrating tremendous innovation in the maritime arena, and established clusters of maritime activity across the UK are continuing to develop strongly. The sector also benefits from a stable environment in the UK from a regulatory perspective, as well as politically and fiscally.

19 The evidence and analysis suggests that the need for additional intervention in these areas is not obvious at this time. Indeed, although the issue of the taxation of non-UK domiciled individuals continues to concern some parts of the sector, the evidence from the Study has confirmed that UK Tonnage Tax continues to be seen as internationally competitive and, when taken alongside the other advantages of operating from the UK, as a positive inducement to doing business here.

Leadership recommendations

20 Attracting highly mobile international maritime businesses to the UK, and retaining them, requires a focused approach to provide a level of attention appropriate to the potential contribution of these businesses to the UK economy. This is an area where the UK (both government and industry) has not always done as well as it might and where competitor countries are seeing increasing success. There are, however, some relatively small steps which, if taken by government and industry, could rectify this position and have a significant impact.

Industry leadership

21 The first of these is the creation of a single, industry-wide promotional body working in partnership with government to bring together this diverse sector and raise both its domestic profile and effectively market the UK abroad as a place for maritime business. The creation of this industry body would also include the appointment of a high profile chair to act as the industry champion for the sector and the development of an industry vision with strategic objectives and quantifiable targets and goals that government can support.

22 These are challenging ambitions for a traditionally fragmented sector which will require commitment and funding from industry. However, the sector is well placed to deliver on these ambitions and DfT and BIS, as the sponsor departments for the maritime industries, would support industry in this endeavour.

Government leadership

23 Parallel action should also be taken by government and these recommendations centre around ensuring the industry's needs and concerns are seen to be taken seriously, effectively taken into account in cross-government policy making and that the services provided by government, such as the operation of a ship register, meet the needs of industry. This would be achieved by:

- improved cross-government working on maritime issues by establishing a cross-Whitehall maritime team bringing together the wide range of departments involved in maritime policy. The team could provide a single point of contact for potential inward investors, a mechanism for effectively co-ordinating and developing policy on maritime issues in a timely and responsive manner and a means for driving forward delivery of the recommendations from this Study.
- establishing a Ministerial Working Group for Maritime Growth, to drive forward the key recommendations from the report, set clear targets and monitor progress. The nomination of a senior transport minister to chair the ministerial group would also provide a visible ministerial champion for the sector alongside a newly appointed industry champion. The Group should initially operate for a twelve month period and then be subject to review.

- increasing the commercial focus and culture of the Maritime and Coastguard Agency (MCA), particularly the UK Ship Register (UKSR), and the appointment of a non-executive MCA Chair from industry to champion the UKSR and promote the government's wider maritime offer as the 'government sector champion'.
- developing a business case for changing the status of the MCA's more commercially oriented work to improve customer service, allow the generation of income beyond cost recovery, and replicate the financial success of other international ship registers.

Skills recommendations

24 As with the rest of our economy, our competitiveness and productivity in the maritime sector is in large part dependant on the skills of our workforce. There are many opportunities for careers at sea, but more needs to be done to make such vocations attractive. The Study also highlights that the maritime sector needs to be clearer about its long term skills requirements and how it might meet these, including through the supply of trained and experienced seafarers to support critical shore-based activities.

Actions for industry

25 Against this background, the single industry-wide body should identify and prioritise the skills issues facing the UK maritime sector by developing a 'skills strategy' and establishing a voluntary 'Maritime Skills Investment Fund'. The Fund would allow those in the industry not already engaged in apprenticeships or other training to contribute. This aspect of the Fund would seek to complement the government's Apprenticeship Levy on larger employers announced in the Summer Budget 2015 by introducing a voluntary scheme in a sector with a substantial number of SMEs.

Actions for government

26 It will also be necessary for government to refresh previous assessments of the longer term requirement for trained UK seafarers. Additionally, the number of sea-going trainee places for Higher National Certificate (HNC), Higher National Diploma (HND), Foundation or Honours Degree trainees would be increased by encouraging more shipping companies into UK Tonnage Tax with its associated training requirement. A review of the "Support for Maritime Training" (SMarT) scheme should also be conducted to ensure it can continue to support this objective while providing best value for money within affordability constraints. In addition, government should work with industry to extend apprenticeship programmes to include more roles in the maritime sector, including in areas such as engineering.

27 Together, these actions could help deliver a significant contribution towards achieving the government's commitment to increasing apprenticeships and productivity.

28 The SMarT review will need to be informed by an assessment of the government's ability to attract more international shipping companies into UK Tonnage Tax which would deliver a higher tax take, but also increased demand on the SMarT budget.

Progress towards establishing an industry 'Maritime Skills Investment Fund' will be a key factor and the government might consider a commitment to match funds generated by the industry, which in turn could help increase the industry contribution.

29 Finally, work should be initiated on introducing maritime examples into primary and secondary school teaching, supporting bodies seeking the formal accreditation of maritime studies and creating better links between the Royal Navy and wider UK maritime sector.

Marketing recommendations

30 The report concludes that the UK has a very strong 'maritime offer' that can prosper in a competitive international market. However, it also concludes that more needs to be done by both industry and government to promote the UK and its businesses internationally, as well as raise the domestic profile of this largely invisible sector which is spread across transport, infrastructure, training, business services and manufacturing.

31 The marketing activity of other countries such as Denmark and Singapore is currently considered more coherent, targeted and effective than the UK's efforts. To improve the promotion of the UK and its businesses to international markets should not require significant new investment, but a more ambitious and co-ordinated approach would allow the UK to match its competitors.

Actions for industry

32 It is recommended that the single industry body should include roles and funding dedicated to promoting and raising the profile of the UK maritime sector. Industry, in collaboration with government, should develop a marketing strategy which includes advertising campaigns and a single, overarching maritime careers portal.

Actions for government

33 To further support the sector, government should take advantage of existing opportunities to promote the UK maritime sector such as the 'GREAT Britain' campaign, and UKTI foreign trade delegations and by making better use of our foreign embassies. In addition, government should initiate work with industry to raise the awareness of financial institutions about investment opportunities across the maritime sector, including innovative SMEs.

34 Implementing these actions would allow the UK to make the most of its strengths, contributing to economic growth by encouraging maritime companies to locate in the UK, boosting exports from the manufacturing and business services industries and generating growth in ports and shipping.

Implementation

35 In view of the administration's ongoing Spending Review, the decision has been taken not to attribute specific timescales to the recommendations for government. In the interests of equity, the same approach has been adopted for the industry recommendations. It is expected that the government will formally respond on next steps and progress following completion of the Spending Review, when there is a clearer idea of the affordability constraints to which implementation plans could be subject. Nonetheless, real progress could be made on the package of recommendations within six months of the report being published and it is expected that very little would be outstanding by way of action 12 months on from London International Shipping Week 2015.

36 It is anticipated that an inclusive approach would be adopted in taking forward the recommendations to ensure all parties are engaged as 'one sector'. This will be critical to ensuring success from the outset.

1. Introduction

Maritime: A global business with the UK at its centre

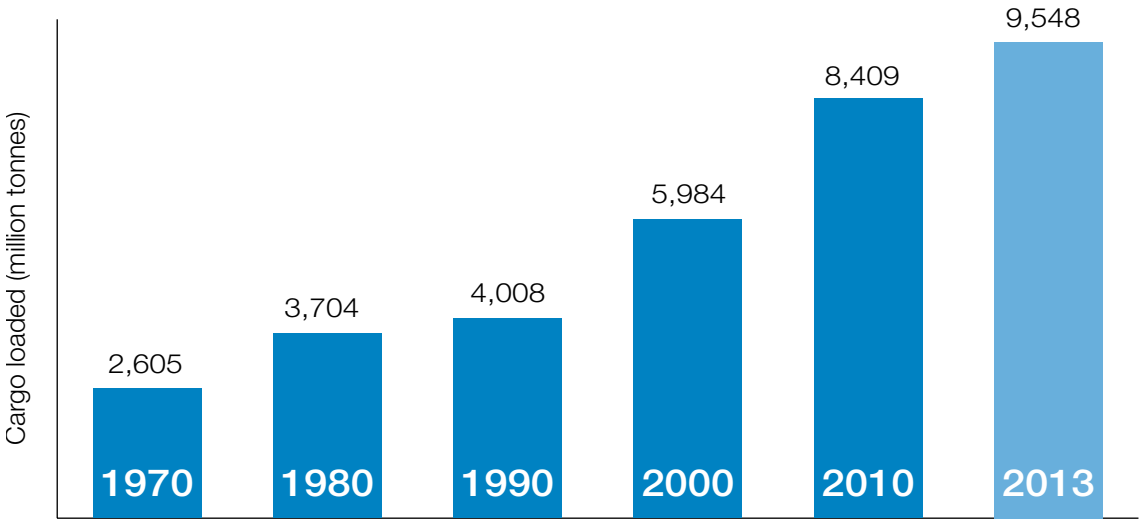
A global business

1.1 The maritime sector is global, mobile and growing. Ships carry 80%[9] of global trade and with international trade forecast to grow strongly, seaborne trade is expected to increase rapidly to match demand, which is predicted to double by 2030[10]. The UK is ideally placed to capitalise on this growth and secure more business and jobs for the nation. By prioritising this sector, there is a major opportunity for the UK to set the agenda for maritime growth; the recommendations of the Maritime Growth Study provide the framework by which this can be achieved.

1.2 The world fleet reached a total of 1.69 billion deadweight tonnage (dwt) in Jan 2014[11], made up of around 57,000 ships[12] and in 2013 carried 9.6 billion tons of cargo. In addition to the transport of goods, this is a sector which encompasses the development and implementation of new technology and which is vital to the servicing of growing sectors such as renewable energy.

9 UNCTAD (2014) Review of Maritime Transport
10 Global Marine Trends 2030, Lloyds Register
11 UNCTAD (2014) Review of Maritime Transport
12 DfT analysis of IHS data

Figure 1: World freight moved by sea (millions of tons loaded, selected years)



Source: Taken from the United Nations Conference On Trade And Development (UNCTAD) Review Of Maritime Transport 2013[13]

1.3 The scale of the opportunity on offer is significant and the UK has the ability to develop its position as the world's pre-eminent maritime centre.

Economic contribution to the UK economy

1.4 A thriving maritime sector is extremely important in supporting the wider UK economy. Around 95% of goods that the UK imports and exports are transported by sea. This includes about 40% of our food[14] and about one quarter of our energy[15]. The sector employs at least 113,000 people[16] and generates at least £11 billion as a contribution to the UK economy[17]. An estimated 23,000 UK nationals were seafarers working regularly at sea in 2014[18].

1.5 The UK is a world leader in many areas of maritime business services, education and research and provides many of the essential services that keep world shipping in operation. While no longer a major centre for large scale commercial shipbuilding, the UK is home to significant technical and design expertise, as well as smaller scale

13 United Nations, 2013 http://unctad.org/en/PublicationChapters/rmt2013ch1_en.pdf
14 UK Food Production to Supply Ratio ('Self-Sufficiency') all food, Agriculture in the United Kingdom, 2014, Department for Environment, Food and Rural Affairs https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/430411/auk-2014-28may15a.pdf
15 Digest of UK Energy Statistics, 2014, Department of Energy and Climate Change estimates that in 2013, net imports accounted for 47 per cent of energy used in the UK. https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/338750/DUKES_2014_printed.pdf Applying some basic assumptions (that all coal imports are imported by sea, that half of all petroleum imports are imported by sea and 55 per cent of LNG imports come into the country by pipeline) therefore implies that approximately 28 per cent of UK energy used in the UK arrives in the UK by sea
16 DfT analysis of 2012 ONS Business Register and Employment Survey employment data for selected SICS (GB only)
17 DfT analysis of ONS GVA from the Input-Output Supply and Use Tables, apportioned using detailed SIC data for approximate GVA from the ONS Annual Business Survey
18 Seafarers Statistics 2014, DfT

boatbuilding and component supply. The fast-growing cruise industry is also an important contributor to the UK maritime sector. In 2013, 1.9 million people started or ended a cruise trip at a UK port[19, 20].

1.6 The maritime industries (shipping, ports and business services) are estimated to contribute at least £8.5 billion a year to the UK economy and the associated marine industries (shipbuilding and repair, construction of ports and marinas and marine leisure) are estimated to contribute £2.5 billion.

Estimating maritime's value to the UK economy

Due to the large and varied nature of the maritime sector it can be difficult to measure the exact contribution to the economy. A conservative approach, relying primarily on figures produced by the Office of National Statistics for selected Standard Industry Classifications (SICs) generates an estimated Gross Value Added (GVA) of £8.5 billion for shipping, ports and business services in 2012. A similar approach can be used to estimate the marine sector's GVA as £2.5 billion.

This approach may not capture the entirety of the sector as some SICs are not detailed enough to identify activities specific to the maritime or marine sector. Alternative methodologies may result in higher estimates. However, the approach taken in the Study produces a robust 'lower bound' for the value of the sector and, as it largely makes use of official statistics, can be refreshed on an annual basis as these are updated.

A detailed explanation of the methodology is available at **Annex A**

1.7 London is home to a large number of the world's shipowners and many international shipping companies choose to manage some of their fleet from the UK. UK companies directly owned 16.5 million deadweight tonnage (dwt) of trading shipping, while UK companies had a controlling interest in 30.1 million dwt[21].

A network of maritime businesses

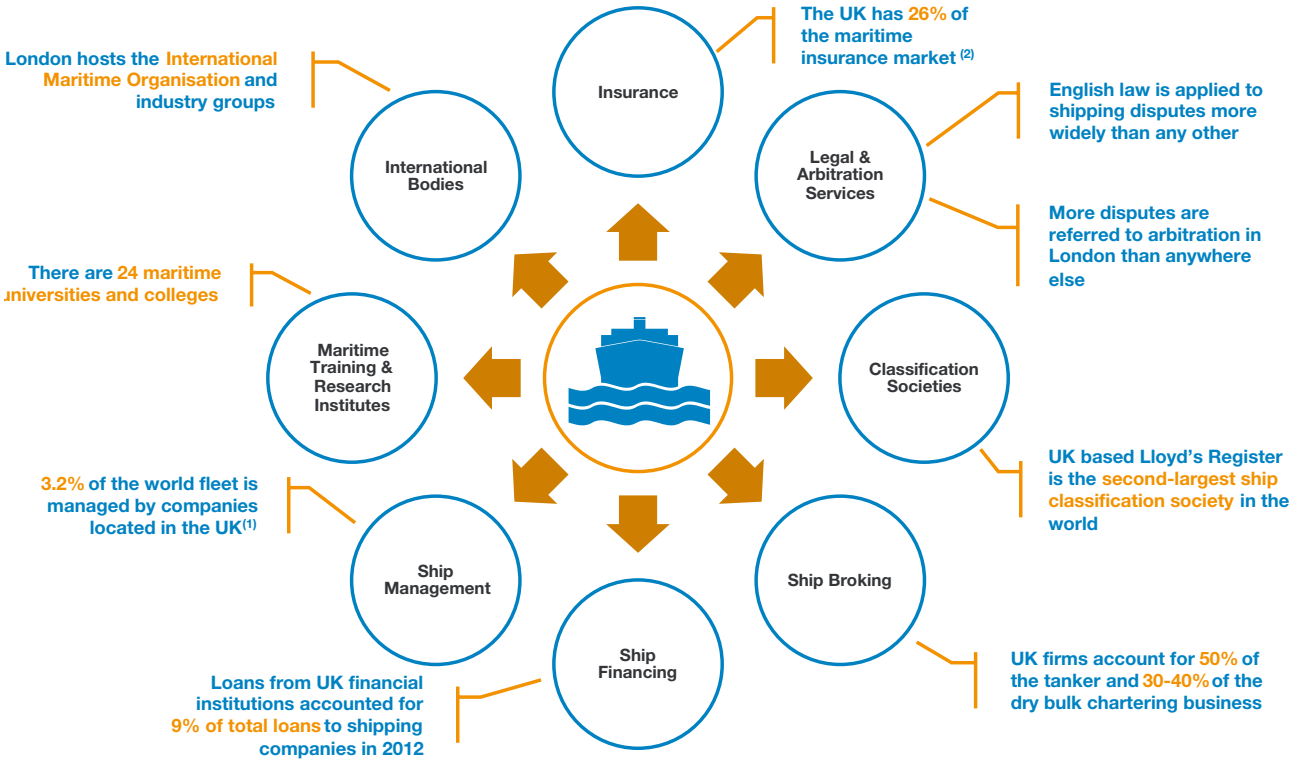
1.8 The location of ship ownership and management in the UK not only brings significant direct benefit but also sits at the centre of a network of connected businesses that drive growth in the wider UK economy (Figure 2).

19 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/373377/final-sea-passenger-stats-2013.pdf

20 Taken from Table 7.4 in the Contribution of Cruise Tourism to the Economies of Europe, Cruise Lines International Association – www.cruiseexperts.org/media/2280/clia-contribution-of-cruise-tourism-to-the-economies-of-europe-2015-report.pdf Estimates converted to GBP at a rate of £1 = €0.73

21 Shipping Fleet Statistics, 2014, DfT

Figure 2: Network of maritime businesses, 2011[22]

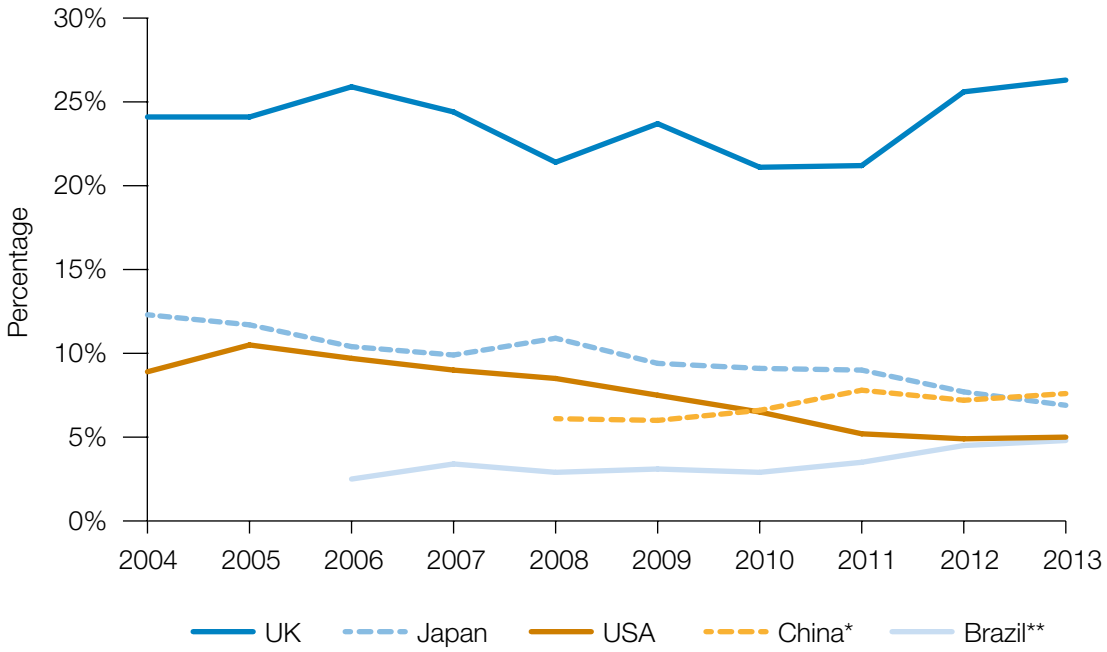


Source: Maritime Business Services (TheCityUK, September 2013)[23] except (1) Shipping Fleet Statistics 2014 (DfT) and (2) International competitiveness of the UK maritime sector (Oxera, May 2015)[24]

1.9 The UK has one of the largest maritime business services and maritime training sectors in the world, with a market leading 26% of global maritime insurance in 2013[25] and UK based Protection and Indemnity Clubs accounting for 61% of the world share in 2011[26]. It is also a significant location for shipbroking and management services. The UK's market share of insurance has been fairly volatile, but persistently dominant, and in recent years the UK's market share has been growing (Figure 3).

22 Figures are for 2011 excepting (1) 2013 and (2) 31 December 2014
23 http://www.thecityuk.com/research/our-work/reports-list/maritime-business-services-2013/
24 Oxera Consulting LLP (2015) [Original source: International Union on Marine Insurance (2014) 'Global Premiums 2004-2013 by country' http://www.iumi.com/index.php/committees/facts-a-figures-committee/statistics]
25 Oxera Consulting LLP (2015) [Original source: International Union on Marine Insurance (2014) 'Global Premiums 2004-2013 by country' http://www.iumi.com/index.php/committees/facts-a-figures-committee/statistics
26 Oxera Consulting LLP (2015) [Original source: International Union of Marine Insurance (2013) 'Global Marine Insurance Report' http://www.iumi.com/images/gillian/AutumnStats2013/160913%20Global%20Marine%20Insurance%20Report%20A%20Seltmann.pdf]

Figure 3: Share of maritime insurance premia (top five countries)[27]



Note: * No data is available for China prior to 2008.
** No data is available for Brazil prior to 2006.
Source: IUMI – International Union of Marine Insurance.

1.10 London is a significant centre for maritime financing and leads in providing arbitration services to this global industry. The UK is also home to leading governance and regulatory bodies, such as the International Maritime Organization (IMO) and the International Association of Classification Societies (IACS).

1.11 The UK has the advantage of attracting large numbers of overseas students on marine science courses at institutions such as Southampton, Strathclyde, Liverpool and Plymouth universities. We also have a worldwide reputation for training high quality seagoing officers for commercial vessels at maritime colleges.

1.12 Maritime businesses are spread right across the country, not just on the coast. There are also clusters on the Solent, Plymouth, Merseyside and along the Clyde. This is supplemented by major ports such as Milford Haven and Tilbury as well as the maritime business services sector headquartered in London.

27 Oxera Consulting LLP (2015) [Original source: International Union on Marine Insurance (2014) 'Global Premiums 2004-2013 by country' http://www.iumi.com/index.php/committees/facts-a-figures-committee/statistics]

Supporting exports and the wider economy

1.13 In 2013, shipping directly contributed around £1.8 billion to the UK's trade balance. This represents about 2% of the UK's overall surplus in services trade. The sector has reversed a trade deficit which existed as recently as 2002[28].

1.14 In addition, the shipping sector supports UK businesses by enabling exports and connecting them to important international markets. An effective ports and shipping sector is vital to generating growth across the whole UK economy and increasing exports from the UK.

1.15 Transport and distribution are two of the key considerations for businesses that are engaged in the import and export of goods around the world. In particular, it is important that they choose the right mode of transport to ensure that their operation is as efficient and cost-effective as possible. Maritime transport is therefore essential to international trade as it facilitates the shipment of large volumes of goods at comparatively low transport costs. This has resulted in a rapid rise in world seaborne trade in recent decades.

1.16 There are high value sectors in the UK that rely on shipping and therefore the associated services that keep seaborne trade moving. For example, 146 million tonnes of bulk fuels were brought into the UK in 2014 and 11 million tonnes of agricultural goods[29].

A sector we can grow

1.17 The UK continues to be seen by the international market as a world-leading maritime centre. It remains highly competitive, particularly in the field of maritime business services, maritime education, training and skills as well as marine engineering and research. With the right conditions, and by capitalising on the UK's inherent strengths, the UK maritime cluster's contribution to the economy can be grown even further.

1.18 However, the UK's international position and growth cannot be taken for granted in the face of increasing competition from other fast-growing maritime centres such as Singapore.

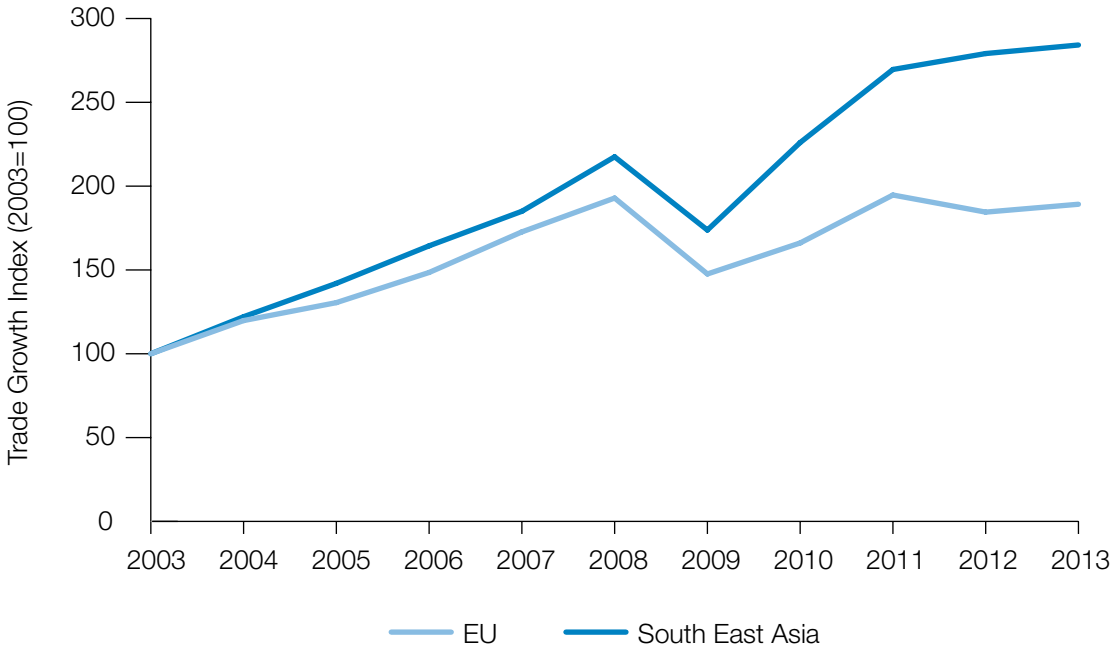
1.19 Oxera identified that growing trade in Asia, and particularly South East Asian economies (Figure 4), could benefit some of the UK's competitors in the shipping and business services sectors[30].

28 Office for National Statistics (ONS) (2014) 'United Kingdom Balance of Payments – The Pink Book, 2014' http://www.ons.gov.uk/ons/rel/bop/united-kingdom-balance-of-payments/2014/index.html

29 Port Freight Statistics 2013, DfT

30 Oxera Consulting LLP (2015)

Figure 4: Trade growth: EU and South East Asia[31]



Source: World Trade Organisation, International Trade Statistics 2014

1.20 An advanced, knowledge-intensive maritime cluster in South East Asia represents a challenge to London in the maritime industry and to business services in particular[32].

Why was the Study required?

A world-leading maritime centre

1.21 The UK has evolved to maintain its position as a global maritime centre and plays a central role in improving the safety, security and environmental performance of shipping as well as being a world leader in maritime innovation, research and development. The UK's maritime sector is the leading provider of world-class maritime business services to the international market. Global business acknowledges the UK as a leader in maritime insurance, law, shipbroking and finance.

Increasing competition

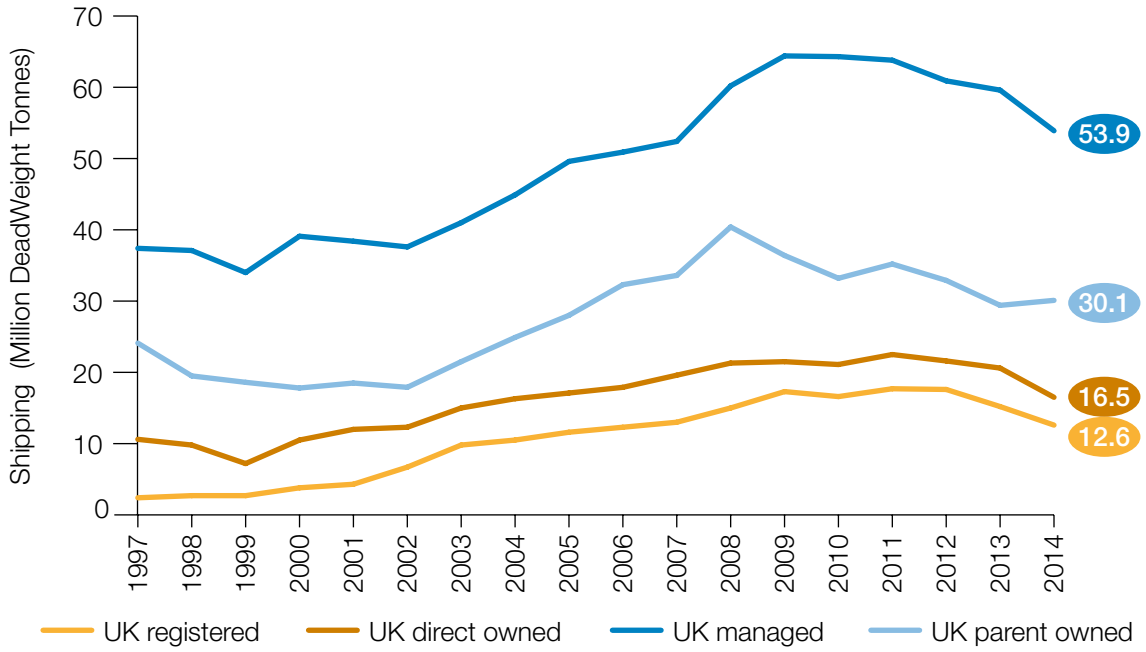
1.22 Recent evidence suggests that after marked growth over a number of years UK shipping interests are now facing increasing challenge from competing centres. There is evidence that increased competition from other countries with growing international maritime centres is beginning to have a detrimental effect on the UK maritime sector.

1.23 This decline is perhaps most visible in the relatively sharp decrease in the number of vessels, 100 gross tonnage (GT) or greater, registered in the UK since 2009 after a

31 Oxera Consulting LLP (2015) [Original source: World Trade Organisation]
32 Oxera Consulting LLP (2015)

period of steady growth. The figures for 2014 show a decline of 17% from those for 2013[33] (Figure 5). All references to fleet size relate to vessels greater than 100 GT.

Figure 5: UK shipping interests (Deadweight Tonnage)



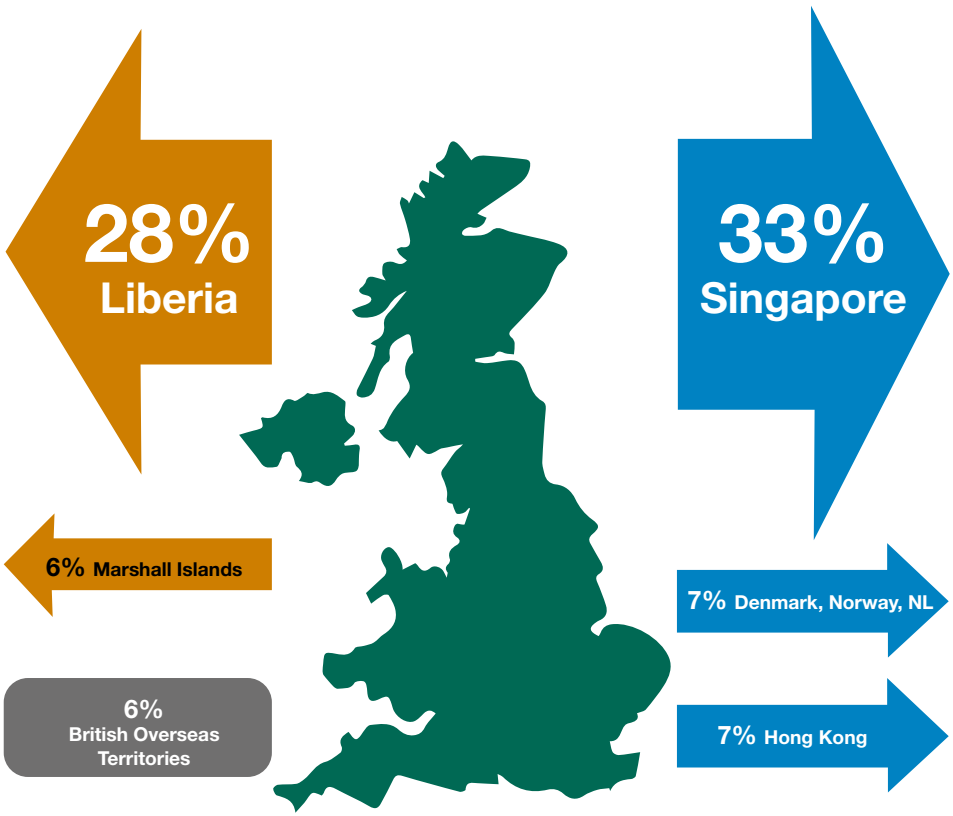
Source: Shipping Fleet Statistics 2014 (DfT)

1.24 In total some 465 vessels left the UK Ship Register between 2010 and 2014. Approximately half of the vessels leaving the UK Flag in this period can be attributed to vessels being sold, scrapped or disposed of rather than ships turning to other registers.

1.25 The most popular destinations for ships leaving the UKSR were open registers (or Flags) including Liberia, or Asian Flags such as Singapore and Hong Kong (Figure 6).

33 Shipping Fleet Statistics 2014 (DfT). Based on DfT analysis of IHS data.

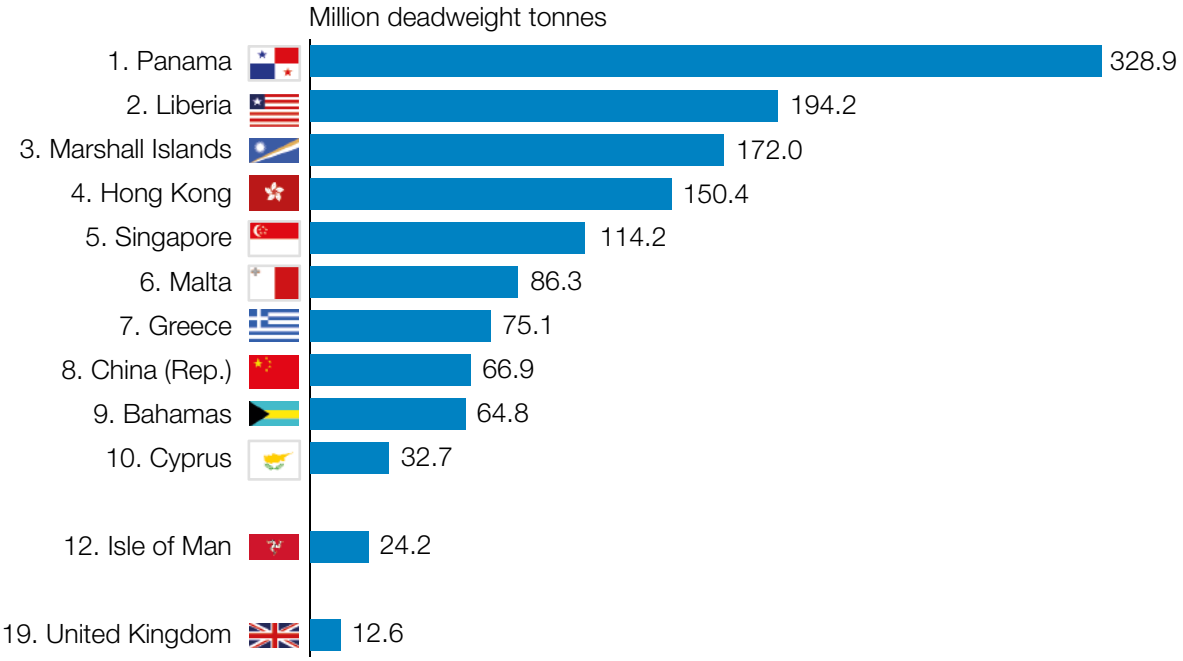
Figure 6: Key destinations for vessels leaving the UK Ship Register (gross tonnage)



Source: MCA Ship Register
Base: 244 vessels where new flag is known, exc. 'disposed of' vessels
Note: new flags with <5% of the total are not presented

1.26 At the end of 2014, the UK fleet was ranked 19th largest in the world. Open Flags including Panama, Liberia and the Marshall Islands dominate the world registered fleet (Figure 7).

Figure 7: World trading fleet ranked by country of registration[34]



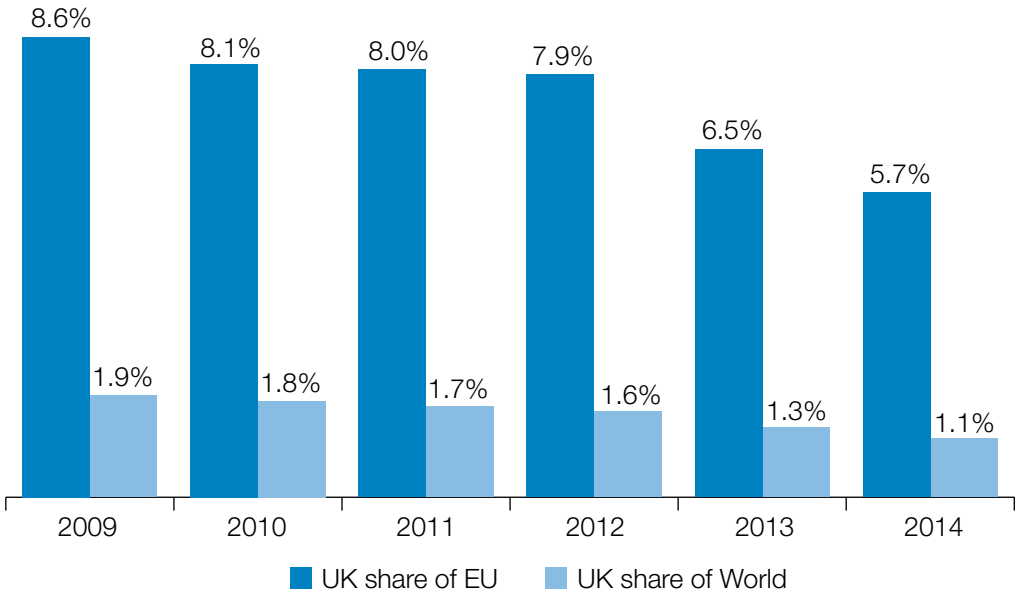
Source: Shipping Fleet Statistics, 2014 (DfT)

1.27 The UKSR Advisory Panel[35] highlighted that the relative market share of the UK compared to other Flags also has decreased since 2009. Since 2009, the world fleet has increased by 34 per cent to 1,669.7 million dwt. In comparison, the UK registered fleet decreased by 27 per cent to 12.6 million dwt and the UK's share of the world fleet decreased from 1.9 to 1.1 percent in 2014 (Figure 8).

34 NB Shipping Fleet Statistics 2014 presented the UK in 20th position rather than 19th. This presentation excludes the group of vessels previously ranked in 16th place, which were registered to country 'Unknown'.

35 UKSR Advisory Panel Report (2015) https://www.gov.uk/government/publications/uk-ship-register-advisory-panel-report

Figure 8: UK trading fleet as a share of the EU/world fleet (2009-2014)



Source: DfT analyses of IHS data

1.28 The fall in the number of ships on the UKSR is also important in a wider maritime context as ship registration can, in part, be considered an indicator of the overall health of a country's maritime sector. There is concern that a weak ship register could also risk the status of the UK as a strong international maritime centre and be a factor in dissuading businesses from locating in the UK.

Need for change

1.29 In 2014 and in response to the above trends, the then Shipping Minister, the Rt Hon John Hayes MP, launched a comprehensive study of all areas of the UK maritime sector. A primary aim of the *'Maritime Growth Study: keeping the UK competitive in a global market*' was to emphasise the need for a forward looking approach to the maritime sector.

1.30 It was not considered enough to merely try and maintain the status quo and therefore, the aim of growing the sector has been central to the Study from the beginning. In addition, the opportunities to achieve this growth, as well as the threats that could hinder it, needed to be explored as fully as possible.

Scope and terms of reference

1.31 Both industry and the UK government are keen to ensure that the UK's position as a world-leading maritime centre is maintained and, where possible, to exploit opportunities to grow the sector. The Maritime Growth Study was established to identify where and how improvements can be made to improve the sector's international competitiveness and generate growth.

1.32 The aim of the Study was to look at all aspects of the maritime sector, including, but not necessarily limited to:

- ship financing, ownership and operation
- the provision of maritime business services, including shipbroking, insurance, legal services, classification societies and financial services
- maritime education, skills, research and technology
- government administration of maritime activities, including ship registration
- government regulatory and policy activities affecting the maritime sector
- marine manufacturing and engineering
- ports development and their contribution to the economy

1.33 The Study therefore undertook to:

- assess the current competitive positioning of individual subsectors in the global market
- review the challenges and opportunities going forward, and where appropriate, identify drivers and barriers to further growth
- make recommendations for both Government and industry to improve the sector's international competitiveness

1.34 The full Terms of Reference are attached to this report at **Annex B**.

Governance structure

Study Chair and secretariat

1.35 Lord Mountevans, Chairman of Maritime UK and a Director at Clarksons, was appointed Chair of the Study. The Chair has been supported by a secretariat of DfT officials.

Industry Advisory Group

1.36 The Maritime Growth Study Advisory Group was set up to advise on the scope and development of the Study and to act as a 'critical friend' to the Chair and secretariat.

1.37 The Terms of Reference for the Group stated that it would:

- provide industry insight and strategic guidance on the international competitiveness of the UK's maritime sector and its sub-sectors
- review progress periodically and guide the development of the work programme for the Study
- advise the Study Chair and secretariat about its views on the relative priorities in order to ensure that the scope of the Study, and resulting work programme, is sufficiently ambitious, but achievable

1.38 The Advisory Group was made up of seven industry experts selected for their extensive knowledge and experience within the maritime industry. The group was chaired by Michael Parker, Chairman of CMA CGM Holdings (UK) Ltd, who brought over 40 years' experience in the shipping industry.

1.39 The Advisory Group, supported by the secretariat, met monthly throughout the course of the Study to discuss a wide range of issues related to progress and to provide guidance on its direction.

2. Establishing the evidence base

Evidence gathering

2.1 Conducting the Study as a joint initiative between government and industry ensured that the most relevant and up-to-date evidence was considered. Central to this approach was to engage with a broad and comprehensive group of stakeholders from all areas of the maritime sector throughout the evidence gathering process.

2.2 Companies, government bodies, organisations and individuals with an interest in the UK's maritime future all submitted evidence to the Study, which helped to obtain the widest range of contributions possible, in accordance with the terms of reference.

2.3 The evidence gathering process itself consisted of three main strands:

- A **'call for evidence'**. A published set of 17 questions covering such topics as the factors that influence where maritime businesses locate, the effect of a strong ship register in determining this and the opportunities and challenges facing the sector. The call for evidence was launched on 16 January 2015 and remained open for six weeks until 27 February 2015. It attracted 153 responses from both individuals and organisations.
- A series of **interviews with key industry stakeholders**. Twenty four interviews were carried out with representatives from across the marine and maritime sector to explore some of the key issues and areas of interest in greater depth.
- A series of **industry specific workshops**, targeted at business services, shipping, ports and marine industries were held in order to gather views and opinions from different parts of the sector. A final workshop, made up of participants from across the sector was held to review the emerging themes from the previous workshops. A total of 75 industry representatives attended these workshops in addition to government representatives.

2.4 To allow a systematic analysis of the evidence to take place each response was considered in detail and summarised to capture the points raised in a consistent format. This process was repeated across all evidence streams and a summary of the evidence was published in July 2015[36].

36 Link to publication – https://www.gov.uk/government/consultations/maritime-growth-study-call-for-evidence

International competitiveness of the UK maritime sector

2.5 As part of the evidence collection process the DfT commissioned economic consultants, Oxera, to undertake work to:

- describe the nature of international competition faced by the UK in maritime services
- assess the international competitiveness of the UK across key maritime service sectors, and the UK's main (relative) strengths and weaknesses
- assess both the international competitiveness of the UK in attracting maritime businesses to locate in the UK, and the international competitiveness of the maritime businesses already located in the UK
- identify the key trends across the sectors of maritime services and what they imply about the main opportunities and challenges facing the UK in the sector in the short, medium and long term

2.6 Oxera found that the UK generally has a very strong standing in the world, particularly in the business services sector[37]. Examining in turn the maritime sectors of business services, shipping, ports and maritime education, Oxera assessed their relative strengths and weaknesses in the global market. It also described the ways in which the key drivers of competitiveness may evolve, and how this could present opportunities and challenges for the maritime sector today. Finally the research made recommendations on how the UK could improve its competitiveness.

UK Ship Register Advisory Panel

2.7 The UKSR Advisory Panel was commissioned by the MCA in September 2014 to review the current performance of the UKSR and consider the conditions which would enable it to become more internationally competitive and to be the obvious first choice for owners and managers of high quality ships.

2.8 It was also asked to produce a set of recommendations to improve the appeal of the UKSR, without compromising its high international reputation for operational quality and technical authority. Chaired by Robin Mortimer, the CEO of the Port of London Authority (PLA), its members were selected from the shipping industry, including the UK Chamber of Shipping, shipping companies and ship management companies, as well as a representative from a classification society.

2.9 The Panel concluded that the UK Flag has the potential to be "the flag of choice for quality owners: large, dynamic, international and highly influential"[38]. In view of the contribution that the maritime sector makes to the UK economy, they considered it vital to address the relative decline of the UK Flag compared to its competitors. A number of proposals were put forward as to how they thought this might be achieved by government.

37 Oxera Consulting LLP (2015)
38 UKSR Advisory Panel Report (2015) https://www.gov.uk/government/publications/uk-ship-register-advisory-panel-report

Findings

2.10 The evidence submitted to the Study covered a wide spectrum of topics and opinions but, once analysed, it was possible to identify a number of recurring themes that are central to securing the future success of the UK's maritime sector.

Seven themes

2.11 The evidence covered a broad range of issues which can be grouped into seven high level themes. Of these, four were identified as areas where there was a clear desire for change amongst stakeholders. These included defined issues that needed to be addressed to ensure the growth of the sector. The themes are:

- Government leadership
- Industry leadership
- Skilled workforce
- Marketing

2.12 The remaining three themes covered areas that were identified as underpinning the health of the UK maritime sector, but where the need for direct intervention is less clear at this stage. Furthermore, action across the other themes should also support these factors:

- Innovation
- Clustering
- Stability

Maritime or marine?

2.13 Defining the terms 'maritime' and 'marine' is largely dependent on context and, in common use, they are frequently used interchangeably. When discussing the sector 'maritime' has usually been taken to include commercial shipping, ports and related business services with 'marine' concerning engineering, technology and the environment. This division has extended to the responsibilities of government departments, which are broadly divided along these boundaries.

2.14 During the evidence gathering process it became clear that this large and varied sector can only properly be understood if it is considered holistically. The different parts of the sector are strongly interrelated and successfully exploiting opportunities for growth will rely on industry and government looking beyond these administrative divisions and working collaboratively across the whole sector.

2.15 It therefore follows that the Study should do the same and treat the maritime and marine sectors as one for the purpose of determining the opportunities for, and challenges to, further growth.

2.16 In the interests of using a consistent terminology throughout, it should be assumed that use of the word ‘maritime’ in the context of the Study incorporates all relevant elements of what might previously have been regarded as being part of the ‘marine’ sector.

3. Industry leadership

3.1 Despite the reliance of our island nation's supply chain on shipping, the contribution of the maritime industries to the UK economy and our cluster of world-leading business services, manufacturing and engineering expertise, the maritime sector has a relatively low profile in the UK. While some effective efforts have been made to promote the UK and UK businesses, much more could be done to sell what the sector has to offer abroad in order to encourage the export of our maritime services and inward investment. Although some of this can be attributed to a perceived lack of priority from government, there is an even greater need for clear and proactive industry leadership to stem the decline in our shipping interests, grow the sector and to maintain the UK's status as a world-leading maritime centre.

The UK maritime sector

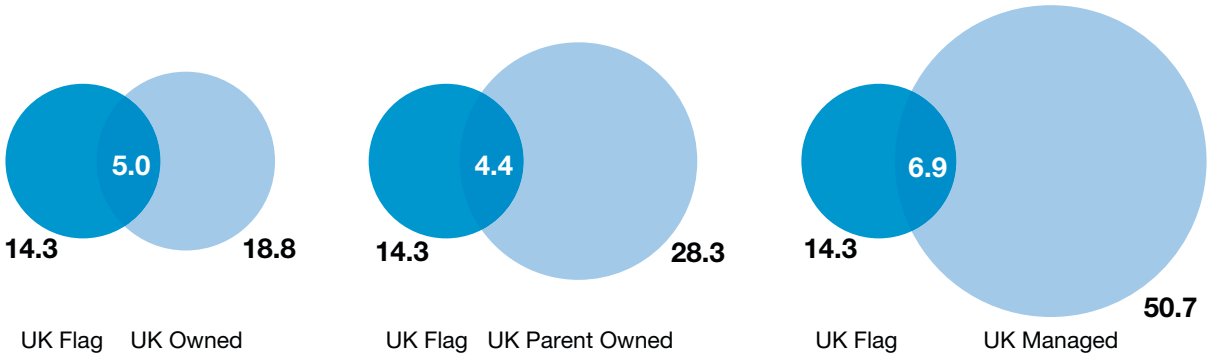
3.2 The UK benefits from a diverse, wide-ranging and competitive maritime sector with a number of important constituent parts. As a sector made up of at least 6,600 businesses[39], one of the UK's strengths over its competitors is the scale, variety and quality of maritime businesses located across the country. Supporting and developing this cluster is critical to achieving long-term growth.

Shipping

3.3 Shipping is a complex international business and many parties, often based in different countries, may have a commercial interest in a single vessel. Shipping services can be provided by owners themselves or via a management company so both ownership and management can have economic value to the country in which they are located. The 'UK fleet', those ships owned or managed in the UK, is significantly larger than the number of ships on the UK Ship Register (Figure 9).

39 GB only employment from the ONS Business Register and Employment Survey for selected SICs, plus the midpoint of the 2011 & 2013 UK estimates for maritime business services from Oxford Economics and FTEs for selected sectors from the BMF UK marine leisure estimates.

Figure 9: The UK 'fleet' (all vessels: million deadweight tonnes), 2014



Source: DfT analysis of IHS data, 31 Dec 2014

3.4 The UK shipping sector has commercial interests in a range of vessel types from bulk carriers and tankers to passenger and container ships. Cities such as London and Glasgow provide a centre for ship ownership and management. Many international ship owners are also based in the UK and rely on UK businesses.

Ports

3.5 Port traffic covers a diverse range of cargo types from bulky raw materials to manufactured consumer goods. Ports are located all around the UK and often specialise in certain cargo types. Across the EU, the UK ranks sixth in terms of container throughput with 8% of total volumes[40]. The ports sector employs tens of thousands of people throughout the UK and also supports other business at the port and in surrounding locations.

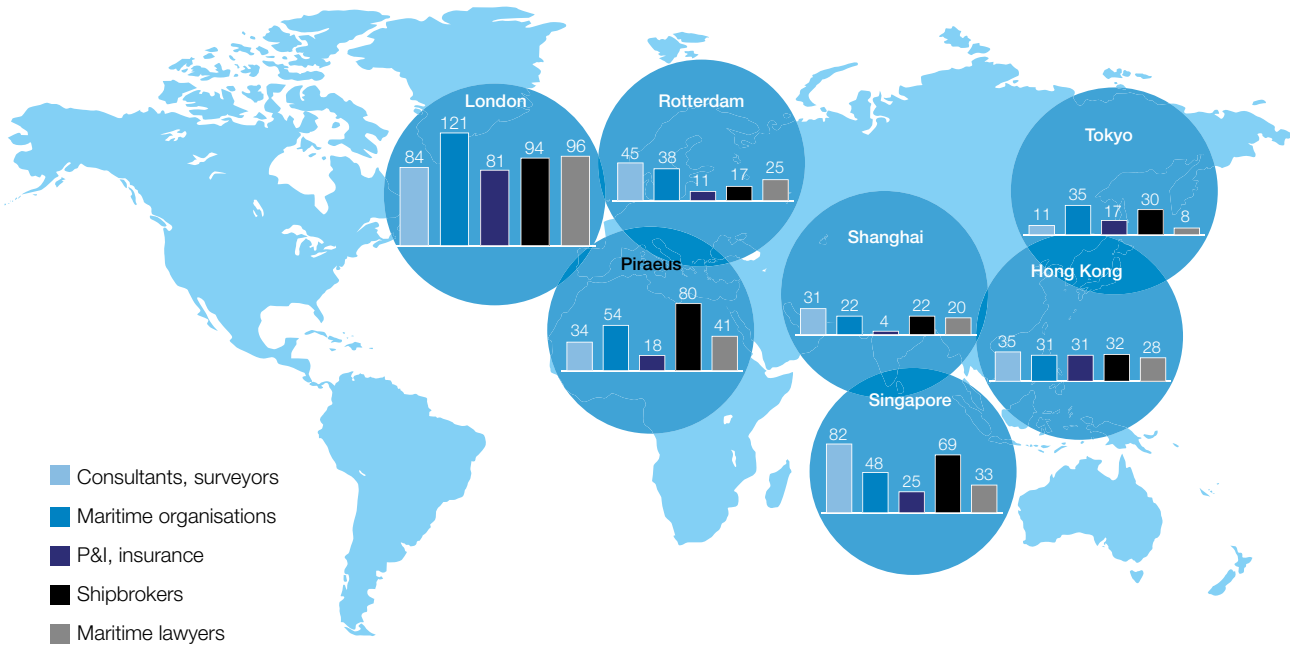
Business services

3.6 Maritime business services include insurance, legal services shipbroking, classification societies and maritime financial services. The UK maritime business services sector is geographically concentrated in London and exports its services to the international market.

3.7 Oxera concludes that the UK appears to be one of, if not the, global market leader in maritime business services[41]. This is particularly evident in insurance where the largest global share of international marine insurance is written through London. It is also a centre for other aspects of business service such as shipbroking, particularly with the presence of the Baltic Exchange, the leading source of market information on trading and settlement of both physical and financial shipping derivatives. London was home to 400 of the Baltic Exchange's 600 members in 2013[42].

40 Oxera Consulting LLP (2015) [Original source: Eurostat]
41 Oxera Consulting LLP (2015)
42 OECD (2013), 'The Competitiveness of Global Port-Cities: Synthesis Report', September, p. 93

Figure 10: Location of maritime business service providers, 2015 (selected countries)[43]



Marine industries

3.8 The UK's skills and expertise in marine systems, equipment, design, manufacturing, engineering and architecture are recognised throughout the world. The sector manufactures equipment and provides support to the whole maritime sector, including the leisure market, commercial shipping, offshore energy and naval.

3.9 This is a sector which, as well as encompassing multinational companies, also comprises a large number of SMEs based throughout the whole of the UK, providing technologically advanced and innovative solutions to the world.

Science, technology and innovation

3.10 The UK is a centre for innovation with a number of research institutions based in places such as Southampton, Strathclyde, Newcastle, Plymouth and Liverpool. UK companies are supporting the development of offshore renewable energy, environmental monitoring and climate change research. UK based companies are also at the forefront of developing and exporting innovative solutions for the international shipping industry to improve efficiency and compliance with environmental regulation.

3.11 The UK's academic reputation is particularly strong. The World Economic Forum ranks the UK among the top five nations for university-business R&D collaboration, which it considers a notable competitive advantage for the UK[44].

43 Oxera Consulting LLP (2015) [Original source: Oxera analysis of World Shipping Register data]
44 http://reports.weforum.org/global-competitiveness-report-2014-2015/rankings/

3.12 In addition, the Global Innovation Index 2013 showed the UK moving up from fifth to third in the world rankings (and now ahead of the US) out of 142 economies[45].

3.13 UK based organisations such as Lloyd's Register, a classification society, support international firms and work to develop new technology and innovations that will determine the future of global shipping.

3.14 This is an area which is already generating export business for the UK and where significant growth is expected in the future. The UK marine industry has a global reputation for three things: good design, innovation and quality. These three factors are vital to the export success of the industry.

Industry bodies

3.15 The maritime sector is a diverse one, with several subsectors each with their own interests and priorities. There are a number of industry bodies which represent these interests such as:

- UK Chamber of Shipping – the trade association and voice for the UK shipping industry.
- Maritime London – a promotional body for UK based companies providing professional services to the international shipping industry. Promotes the UK as the world's premier maritime business centre.
- UK Major Ports Group (UKMPG) – trade association representing most of the larger commercial ports in the UK. It's nine members own and operate over 40 ports, accounting for more than 70% of the total tonnage handled in UK ports.
- British Ports Association (BPA) – represents the interests of ports, terminal operators and port facilities or varying size. It represents the interests of its 96 full members, and numerous associate members.
- The Society of Maritime Industries (SMI) – represents the UK's maritime engineering sector and associated businesses services. It supports companies which build, refit and modernise commercial and naval vessels, and supply equipment and services for all types of ships, underwater vehicles and ports
- British Marine – represents a wide range of businesses in the leisure, superyacht and small commercial marine industry.
- Shipbuilders & Shiprepairers Association (SSA) – supports and promotes the UK marine industry. SSA represents equipment manufacturers, service providers, research institutes, and shipyards and commercial boat builders.

45 https://www.globalinnovationindex.org/userfiles/file/reportpdf/GII-2013.pdf

3.16 In addition to the bodies focused on a specific part of the sector there are some organisations that have a broader membership and represent a number of industries:

- Maritime UK – brings together the shipping, ports and maritime business services sectors in the UK to speak with a single voice and lobby government on key strategic and practical issues of joint interest as well as bringing them to the attention of a wider audience.
- Marine Industries Leadership Council (MILC) – brings together government, Marine Industries Alliance (MIA) and trade associations to enable dialogue and develop a successful strategy for growth in the marine industries. The MIA has recently joined Maritime UK.

3.17 This list is far from exhaustive and there are other organisations such as the Baltic Exchange, professional bodies and maritime charities that represent interests in the sector.

3.18 Although not strictly 'industry' and more accurately described as 'social partners', the trade unions play an important role in maritime, particularly in the context of the sector's workforce.

Industry and government engagement

3.19 There are a number of structures in place to facilitate industry and government cooperation, these operate in addition to more ad hoc regular engagement between the two.

3.20 The Marine Industries Leadership Council (MILC) brings together government, companies and trade associations to enable dialogue and develop a successful strategy for growth in the marine industries. It oversees the delivery of a number of themes across the sector, taken forward by working groups focusing on issues such as exports, skills and marketing.

3.21 Strategic Partnership Plans covering the future development of the shipping, ports and business services sector have been developed jointly by industry and government. They set out the various activities being undertaken by government, industry and trade unions to tackle the priorities for the sector.

3.22 An official-level Maritime Administration Board (MAB) led by the DfT has engaged with other government departments and external stakeholders with a maritime interest in order to drive forward a co-ordinated approach to maritime transport decision-making.

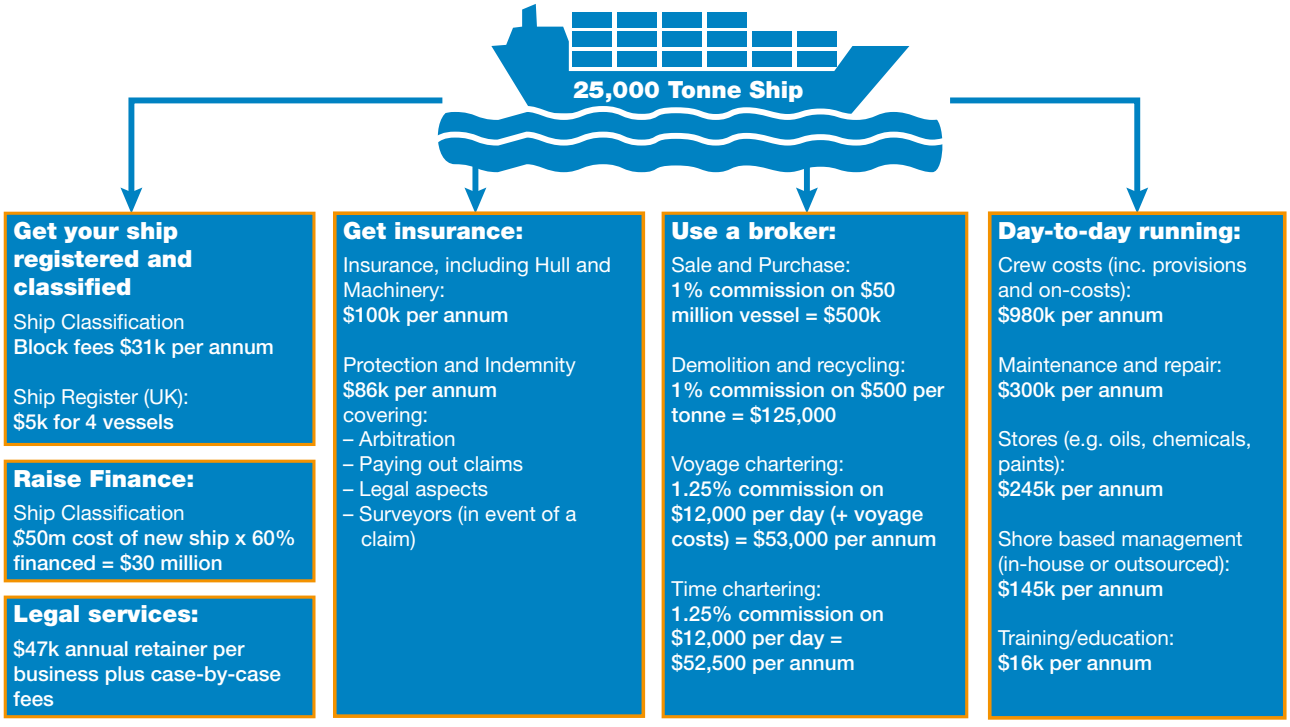
3.23 In the past, ad-hoc ministerial roundtable meetings have successfully brought together industry, in the form of Maritime UK, and government to tackle specific topics and facilitate productive engagement. These resulted in a series of actions, including the piloting of an extension to the UK Tonnage Tax training commitment to allow three ratings to be trained in place of one cadet.

3.24 Open, regular and constructive engagement between all parts of the sector will be vital to securing growth by playing to the UK's strengths and allowing the UK to successfully compete internationally. Having the right structures in place to bring industry and government together will be important to achieving this and any changes to the current mechanisms must ensure that the opportunities for engagement are not reduced.

Supporting maritime businesses

3.25 Ship ownership based in the UK brings its own benefits to the economy, but it also supports a wide network of other UK maritime businesses. Ensuring that the UK remains an attractive location for ship ownership and management also ensures that the sector as a whole can continue to grow.

Figure 11: Indicative benefits from ship ownership to UK service providers

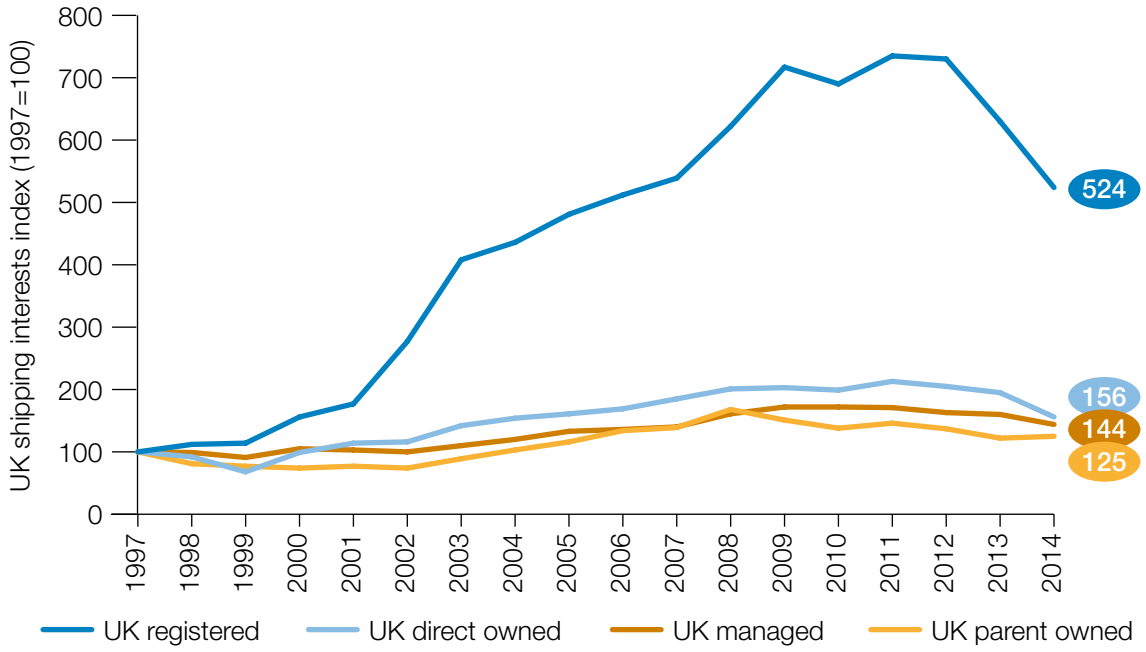


Note: Unless otherwise stated, estimates are 'per vessel'. Estimates do not reflect wider economic impacts. Some estimates converted to USD at a rate of £1 = $1.55
Source: Moore Stephens' OpCost 2014 report; discussions with industry stakeholders

3.26 Figure 11 illustrates the host of maritime services that are utilised by the owners and managers of vessels. This helps to create jobs, encourage innovation and generates wider benefits through a flow of finances into the wider economy; ship ownership relies on these maritime services, which in turn rely on particular qualifications and skills and so on.

3.27 It is of some concern that there has been a general decline in UK shipping interests by some measures, with the number of UK owned and managed vessels showing year on year reductions.

Figure 12: UK Shipping Interests (Index: 1997=100, DWT)



Source: Shipping Fleet Statistics 2014, DfT

3.28 While it does not necessarily follow that this decline will be mirrored in the wider maritime sector there is a concern that the movement of ship ownership and management to maritime centres other than the UK may be followed by other businesses, seriously weakening the competitiveness of the UK maritime cluster and having an impact across the sector.

Case for change

A single voice for the sector

3.29 The evidence gathered during the Study suggests that, although the UK benefits from a diverse, wide-ranging and competitive maritime sector, its extensive nature and wide range of priorities can make it difficult for its constituent parts to co-ordinate their interests. This lack of collaboration has limited the ability of the sector to interest and influence policymakers compared with other areas, raise its domestic profile and sell what the UK has to offer abroad. Some of this can be attributed to the historic separation of related industries into two sectors – maritime (shipping, business services and ports) and marine (manufacturing and engineering). However, even within these markets, individual industries have sought to represent their own interests as opposed to the whole maritime sector.

3.30 There are already strong representative bodies for specific industries such as shipping, ports and marine industries. In addition, there has been some attempt to bring together the interests of shipping, business services and ports through the umbrella organisation Maritime UK with some success. However, until recently, this mobilisation has been separate from the marine manufacturing and engineering industries, which are represented by the MILC. Maritime UK has also not had access to the necessary funding, resource or staff to match its potential and, being conceived primarily as a lobbying organisation, has not undertaken the level of promotional activity required by the sector. The successful promotion of the sector as a whole has also been limited by the lack of an overarching vision for the sector, strategic objectives, marketing strategy and targets.

3.31 The UK is reliant on maritime with its integral role in supporting the supply chain for the food, energy and manufacturing markets and the network of professional services that have developed around these businesses. A more co-ordinated approach across these industries on common issues, while developing a structure that still recognises their individual concerns, would strengthen the voice and influence of the sector both within the UK and abroad. A diagram of how such a model might operate is presented in Figure 13.

Figure 13: Industry-wide Promotional Body

Recommendations

3.32 There is a need for the maritime industries, in particular its representative bodies, to form or agree to a single body promoting the maritime sector and all its constituent parts. While the current bodies represent the interests of their members, there is currently no single voice providing an effective, co-ordinated promotional function for the sector. Increasing the level of connectivity across the sector will allow the industry to present a unified position and facilitate closer working within this network of interdependent businesses. The recent addition of the MIA to Maritime UK's membership is a positive move towards bringing the industry closer together.

3.33 The industry agrees that there is a strong case for presenting a single maritime sector in order to capture all of its benefits and demonstrate the strong economic contribution of its industries. A single, focused voice promoting the sector as a whole would help to capitalise on the strengths of the UK's diverse and world-leading maritime cluster.

Recommendation 1 – Single Promotional Body

For the key industry bodies within the sector, including the Baltic Exchange, British Ports Association (BPA), Marine Industries Alliance (MIA), Maritime London, UK Chamber of Shipping and UK Major Ports Group (UKMPG) to take action to create a stronger unified industry voice by:

Forming a **single, industry-wide promotional body that can market the UK maritime sector** as a whole and partner with government, while ensuring that individual industries can continue to engage with government on their specific concerns.

Developing a **vision and set of strategic objectives** that the sector can support by identifying and prioritising the major common concerns across the shipping, ports, business services, manufacturing, engineering and science industries.

Introducing **quantifiable targets and goals** to deliver the sector's vision and strategic objectives.

3.34 A single industry body representing the sector will need to be empowered and resourced to promote and represent the sector effectively.

Recommendation 2 – Capability of Promotional Body

For the promotional body recommended in this report to be designed to be self-sufficient and operate effectively by:

Constructing a **fee, subscription or other regime** that enables the body to be self-funded and resourced.

Appointing a **CEO to manage the day-to-day matters** of the organisation and engage with inward investors, customers and government on a 'business as usual' basis.

3.35 The UK maritime industry needs to be able and ready to support the efforts of government to provide a greater commercial focus in its activities and attract more business and inward investment to the UK.

3.36 Appointing an identifiable individual to represent the sector would also aid the effective marketing of the sector. This role should be fulfilled by the chair of the single industry organisation, who would help drive work forward and act as a public face for the sector in promotional activity.

Recommendation 3 – Chair of Promotional Body

For the promotional body recommended in this report to **appoint a high profile Chair empowered to act as the industry champion for the sector** and to work closely with both the chair of the Ministerial Working Group for Maritime Growth (see recommendation 4) and chair of the MCA (see recommendation 6) suggested in this report to raise the domestic profile of the UK maritime sector and sell what it has to offer abroad.

4. Government leadership

4.1 The UK's administration of maritime activities is well regarded internationally and it benefits from a reputation for quality, expertise and a commitment to upholding the highest standards of safety. As the UK's position as a world-leading maritime centre comes under increasing competition from other countries, the maritime industry has expressed concern that the government's leadership of the UK's maritime administration[46] and the service government provides the industry need to improve to continue to match the best in the world. These concerns were echoed in the Study's evidence-gathering process along with suggestions that the organisation and operation of the UK's maritime administration could benefit from review and potential reform.

4.2 An investigation into how other countries operate their maritime administrations also proved a useful tool in identifying improvements which could be made to the government's leadership of the maritime sector and potential reform to the structure of the UK's maritime administration.

UK government maritime structure

4.3 The Department for Transport (DfT) has overall responsibility for maritime policy in the UK. The Shipping Minister is traditionally a junior DfT Minister with a range of other responsibilities in addition to the maritime portfolio. DfT is supported by the Maritime and Coastguard Agency (MCA), the Marine Accident Investigation Branch (MAIB) and the General Lighthouse Authorities (GLAs) which provide a range of maritime delivery functions on behalf of the department:

- The MCA is an executive agency of the DfT whose responsibilities include: providing a 24 hour search and rescue service; enforcing ship safety; preventing pollution; promoting seafarer health; regulating and verifying safety and welfare standards by survey and inspection; registering and certificating ships and seafarers; and managing maritime pollution and response.
- The MAIB is an independent unit within the DfT which investigates marine accidents involving UK-flagged vessels worldwide, and all vessels in UK waters.
- The GLAs are executive non-departmental public bodies responsible for aids to navigation.

46 The UK's maritime administration refers collectively to all of the maritime-related administrative and regulatory activities across government departments and agencies

4.4 **Annex C** sets out where government responsibility lies for the core maritime policies. It demonstrates that, as well as the DfT and its agencies, there are a large number of other government departments (OGDs), agencies and public bodies with responsibility for other aspects of maritime policy:

- The Department for Business, Innovation and Skills (BIS) is the government department after the DfT with the greatest involvement in maritime policies. These include training and skills, marine technology, marine manufacturing and engineering, maritime business services and general employment policy.
- HM Revenue and Customs (HMRC) is a non-ministerial government department that sets the policy on tonnage tax, a vitally important component of maritime policy.
- The Department for Environment, Food and Rural Affairs (Defra) has responsibility for fisheries and marine conservation policy. The Marine Management Organisation (MMO), a non-departmental public body, is responsible for non-devolved marine planning and licensing.
- The Department of Energy and Climate Change (DECC) covers the offshore energy sector. The Health and Safety Executive (HSE) is also closely involved in the offshore sector, as well as health and safety at ports and of seafarers (which the MCA leads on for the latter).
- The Home Office leads on immigration policy and issues maritime security companies with Section 5 firearms licences which is a key responsibility in terms of the fight against piracy.
- The Hydrographic Office, a trading fund of the Ministry of Defence (MoD), has responsibility for defence hydrographic mapping and surveying, while the MCA is responsible for civil hydrography. The MCA administers the UK Civil Hydrography Programme in partnership with the UK Hydrographic Office.

4.5 In addition, there are other policy areas on the periphery of the UK's maritime administration. For example, the Ministry of Justice (MoJ) manages the constitutional relationship with the Crown Dependencies which is important in terms of the Red Ensign Group (REG) and the Natural Environment Research Council provides some marine funding for research into marine ecosystems and marine renewable energy.

International Maritime Organization (IMO)

4.6 The DfT and MCA also lead the UK government's relationship with the IMO. The IMO is a specialised agency of the United Nations (UN) – the only one based in the UK – and the global standard-setting authority for the safety, security and environmental performance of international shipping. Its main role is to create an international regulatory framework for the shipping industry that is fair and effective, universally adopted and universally implemented.

4.7 The IMO covers all aspects of international shipping including ship design, construction, equipment, manning, operation and disposal, with the aim of ensuring that this vital sector remains safe, environmentally sound, energy efficient and secure.

4.8 The location of the IMO in London also means that many shipping trade associations and other bodies choose to locate their secretariats in the UK.

Further international bodies

4.9 In addition to the IMO, the UK government participates in a number of other international maritime bodies:

- The International Association of Lighthouse Authorities (IALA) – works closely with the UK GLAs to harmonise aids to navigation worldwide.
- European Maritime Safety Agency (EMSA) – supports the development and implementation of EU legislation on maritime safety, pollution by ships and maritime security.
- International Hydrographic Organisation (IHO) – supports safety of navigation and the protection of the marine environment.
- The International Labour Organization (ILO) – aims to promote rights at work, encourage decent employment opportunities, enhance social protection and strengthen dialogue on work-related issues. The ILO was responsible for the Maritime Labour Convention, widely known as the seafarers' bill of rights.

UK Ship Register

4.10 Two important components of the administration of maritime activities in the UK, especially shipping, are the ship register and taxation.

What is a Ship Register?

International law requires that every merchant ship be registered in a recognised country. This country is then referred to as the ship's 'flag state'. A ship's flag state exercises regulatory control over the vessel. In practice, this means that it is responsible for inspecting the ship regularly and issuing documentation and certification in respect of the ship's safety, its crew and equipment and its adherence to existing pollution prevention legislation. The organisation which accepts the registration of a vessel to the flag state and holds the records relating to that registration is called the ship registry or register.

4.11 In 2007, the UK Ship Register (UKSR) was established within the MCA. It encompasses the registers for merchant ships and bareboat charter vessels with gross tonnage (GT) greater than 100 GT. It does not include the private pleasure, small commercial or fishing vessels under 100 GT. Merchant ships on the UKSR undergo in-depth ship surveys which cover ship construction, equipment and on-board operations. Safety requirements are also enforced through the MCA's inspection regime which includes foreign ships visiting UK ports through the Paris Memorandum of Understanding (MoU) Port State Control arrangements. Other inspections include checks on the safety of fishing vessels, and the domestic fleet of small passenger ships. This work is carried out by MCA surveyors based in marine offices around the UK.

UK Tonnage Tax

4.12 The UK Tonnage Tax regime was established in 2000 and derives from EU State Aid Guidelines to Shipping. Companies are required to 'elect in' to the UK Tonnage Tax regime for a period of ten years and can then continue to elect in on a rolling annual basis thereafter. Under the UK regime, participating companies are subject to a specific commitment to train new recruits each year. This was included as a response to a decline in the availability of qualified personnel and the impact this would have in the future.

What is a tonnage tax?

Many countries offer an incentive to shipping companies which allows them to pay corporation tax (or its local equivalent) based on the size and number of ships they operate instead of on the profits and gains set out in the company's accounts. This is usually called tonnage tax and its exact implementation is dependent upon the taxation policies of the particular country concerned.

4.13 The introduction of tonnage tax coincided with a gradual increase in both UK owned and UK registered ships over the following ten year period and also an increase in the maritime sector's contribution to the UK's GDP over the same period.

4.14 The implementation of tonnage tax has varied between countries.

Table 1 Taxation of maritime services across selected countries[47]

Country	Tonnage Tax Regime	Other notable shipping tax policies
Greece	Greek and foreign flagged ships taxed on a gross tonnage basis. Includes a coefficient that declines with the size of the ship. Charge also varies with age, with lower rates for younger and older ships.	Ships that undertake regular voyages between Greek and foreign ports, or exclusively between foreign ports, as well as cruise vessels, are entitled to a 50% reduction on the tonnage tax payable. Ships built and flagged in Greece are exempt for six years.
Singapore	Ships registered in or operating in Singapore are exempt from the corporation tax regime and instead pay tonnage tax. Tax is computed on the basis of gross tonnage.	Maritime support services receive a discounted corporation tax rate of 10% (compared with the standard 17%). Ship lessors benefit from concessionary tax rates including a 0% rate for income from financing and leasing ships. Bunker fuel incentives.
Germany	German registered and managed ships are subject to tonnage tax based on size of ship and days of operation. Ten-year opt-in period.	40% tax wage tax relief for seafarers aboard German flagged ships.
Japan	Tonnage tax regime applies but only to vessels registered under Japanese Flag.	
China	None	Chinese shipping pays normal business taxes (although these are materially lower headline rates than in the UK). A vessel tonnage tax is levied on ships entering a Chinese port. Based on the nationality of the vessel.
Hong Kong	None	Ships registered in Hong Kong are exempt from corporate profit taxes.

47 Oxera Consulting LLP (2015) [Original source: Deloitte and Federal Ministry of Transport and Infrastructure]

International comparators

4.15 The evidence submitted to the Study revealed significant concern from industry about the prominence given to the maritime sector by the UK government compared with other administrations in, for example, the rest of Europe and South Eastern Asia. A perceived lack of government leadership, coordination and interest is felt to be impacting on the UK's status as a world-leading centre for maritime activity. These factors are also felt to be having a detrimental effect on inward investment, maritime start-ups and the UK's historical competitive advantage.

4.16 Responsibility for maritime-related policies in the UK are dispersed across a variety of government departments, agencies and public bodies. This section looks at the governance structures of some other maritime administrations[48]. An understanding of how other administrations operate, and the advantages and disadvantages of their respective administrative structures, is useful in identifying potential ways in which the UK maritime sector could continue to compete internationally and grow with support from government.

4.17 The countries investigated are set out in this table and the main issues outlined below. A mapping of these countries' maritime administrations can be found at **Annex D**.

Table 2 Comparator Ship Registers

Europe	South Eastern Asia	Non-European open registries	Red Ensign Group
Denmark	Hong Kong	Marshall Islands	Isle of Man
France	Singapore	Bahamas	Cayman Islands
Malta		Liberia	
Cyprus			

4.18 It is important to note that while some of these countries have strong and diverse maritime centres, others rely solely on the success of their ship registers. The former are typically countries with a strong maritime history such as Denmark, or a strategic geographic location such as Hong Kong and Singapore. The latter typically lack a wider maritime sector, focusing purely on the ship register, as with the Marshall Islands and Liberia.

National, open and international/second registers

4.19 When looking at other ship registers, it is important to remember that there are many different types:

48 The UK's maritime administration refers collectively to all of the maritime-related administrative and regulatory activities across government departments and agencies

- National or closed registries which typically require a ship to be owned, at least in part, by national interests, and often are required to be at least partially crewed by its citizens (e.g. the UK Ship Register – although the UK has no crew nationality requirements).
- Open registries are available to all shipping regardless of the place of business of the owner and frequently offer on-line registration of ships. They are referred to by some as 'flags of convenience' as they were originally established to circumvent restrictive national employment legislation (e.g. Liberia and Marshall Islands).
- International/second registers. These are closed registers, established for the benefit of domestically-based owners of internationally-trading ships (e.g. Danish International Register). Their purpose is to provide better competitive conditions for the national merchant fleet in worldwide trade by relaxing some of the requirements relating to crewing costs that apply to the first register. Red Ensign Group (REG) registers, along with Netherlands Antilles and Portuguese Madeira can also be described as offshore second registers as although they have a link to the host country, they are not always subject to the same regulatory framework. Those international/second registers managed by countries or territories in the EU do still have to abide by EU legislation.

South Eastern Asia

4.20 The impressive growth in recent years of the Singapore and Hong Kong maritime sectors have led many to cite them as presenting the most prominent challenge to the UK's maritime sector, and in particular to the UK's position as a major international maritime cluster. Their ship registers are also more successful; ranked fifth and fourth respectively in the world rankings (according to deadweight tonnage) compared to the UK's in 19th place[49].

4.21 They have not always occupied such high positions, with Singapore lacking substantial maritime research and education provision as recently as ten years ago[50]. Furthermore, based on the number of maritime business services firms, analysis by Oxera suggests that Singapore's maritime business services cluster is approximately half the size of London's[51]. However, as noted above, Oxera has identified an advanced, knowledge-intensive maritime cluster in South Eastern Asia that represents a challenge to London's maritime industry and to business services in particular[52].

4.22 Both Singapore and Hong Kong benefit from their governments prioritising their maritime sectors in the form of high-level Ministerial and senior official engagement and significant financial and resource investment. The Singapore government is therefore seen as engaging effectively with maritime business and showing a willingness to be

49 Shipping fleet statistics: 2014 report, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/404808/shipping-fleet-statistics-2014.pdf
50 The Leading Maritime Capitals of the World, *Menon Publication No 22/2015,* May 2015, p.4
51 Oxera Consulting LLP (2015)
52 Oxera Consulting LLP (2015)

pragmatic. This, along with the aggressive marketing of their maritime offer and attractive tax regimes, means that some consider them a favourable model for maritime administration.

4.23 It is important to note though that both Singapore and Hong Kong are small islands in geographically strategic locations and in close proximity to important markets. They are city-states with different types of government from the UK, offering tax regimes that are unlikely to be viable in the UK and without the obligation to comply with EU legislation. For example, the World Bank ranked Singapore first for "ease of doing business"[53]. It is therefore not realistic for the UK to seek to emulate its South Eastern Asian maritime competitors in full. However, there are some lessons that the UK could learn from the way their governments operate and structure their maritime administrations; primarily, the focus and priority given to maritime by government.

4.24 The Singapore government set a strategic objective for maritime and accompanies this high level commitment with significant investment and engagement. In his 2015 budget speech, Singapore's Finance Minister announced further support for Singapore's maritime hub[54]. Senior officials regularly visit overseas businesses to court new business and potential investors in Singapore are often granted audiences with senior Ministers. Another example of the government's commitment to the maritime sector is their plan to consolidate all container port activities into one mega port, a significant infrastructure commitment.

4.25 In addition, Singapore offers a wide range of financial and fiscal incentives for companies to register their ships with the Singapore registry and to locate their shipping and maritime-related businesses in Singapore (e.g. the MSI-Approved International Shipping Enterprise Award encourages international ship owners and operators to establish commercial shipping operations in Singapore). Analysis by Oxera suggests that Singapore appears to have a more competitive tonnage tax regime than the UK, Germany and Greece[55].

4.26 This investment and commitment is thought to have been a major factor in helping consolidate Singapore's status as an international maritime cluster which the government has stated publicly they want to grow. The Singapore government wants to attract professional services to base themselves in Singapore to be able to compete with London and make it the maritime arbitration centre of choice. The Maritime Cluster Fund has also helped to facilitate the growth of the cluster by supporting the industry's manpower and business development efforts as well as its drive for productivity improvements.

53 Doing business. Measuring Business Regulations, World Bank Group http://www.doingbusiness.org/data/exploreeconomies/singapore

54 Oxera Consulting LLP (2015) [Original source: Swine, M. (2015), 'Singapore extends maritime tax incentives', Tax-News.com, 25 February, http://www.tax-news.com/news/Singapore_Extends_Maritime_Tax_Incentives____67367.html]

55 Oxera Consulting LLP (2015) [Original source: Oxera calculations, based on Deloitte (2013), 'Shipping tax guide'; International Bureau of Fiscal Documentation (2013), 'Doing business in Germany 2013', prepared for BDO, March; KPMG; and UNCTAD.]

4.27 The revitalisation of the Hong Kong maritime sector has been a strong focus of the Chinese government, although Shanghai is seen as a competitor[56] and Chinese government support for the Hong Kong maritime sector was previously said to be lacking[57]. The government's role in advocating a Hong Kong international maritime cluster was expressly supported in China's 12th National Five Year Plan[58] and Hong Kong is now a major base for maritime business services. The Hong Kong maritime cluster has many hundreds of shipping-related companies which includes ship management, shipbroking, insurance, legal services, ship finance and ship surveying. However, Hong Kong also has a strong cluster of shipowners who own and manage a significant proportion of the world's merchant fleet.

Europe

4.28 There are some who argue that it is the UK's obligation to comply with EU maritime legislation that prevents it from competing with non-EU maritime nations, especially in terms of creating and maintaining a competitive ship register. Whereas IMO regulation affects all countries operating a ship register, EU countries are additionally bound by some of the highest standards of employment and social law in the world in the form of EU legislation.

4.29 However, despite these concerns there are still three EU Flags ranked in the top ten of the world rankings according to deadweight tonnage: Malta in sixth place, Greece in seventh place and Cyprus in tenth place[59]. EU legislation is clearly not holding back the growth of these ship registers and other factors such as the type of register and taxation regime also need to be considered.

4.30 Of the EU countries reviewed as part of this Study, both Malta and Cyprus operate open registries. European open registries as a whole have grown by 42% (vessel numbers) between 2005 and 2015. In contrast, EU countries operating national registers have only grown by 9%. The biggest EU ship register, Malta, has experienced a phenomenal growth of 133% over the last ten years[60].

4.31 Different EU countries offer varying tax regimes, both general and tonnage-related. The amount of tax that customers are required to pay depends on which ship register they choose and this will influence their decision. There are three types of tonnage tax model used by European countries:

- The Dutch model, which the UK uses, means the taxable profit of a vessel is based on its tonnage, not the operating results.

56 Consultancy Study on Enhancing Hong Kong's Position as an International Maritime Centre, *BMT Asia Pacific,* p.18
57 Consultancy Study on Enhancing Hong Kong's Position as an International Maritime Centre, *BMT Asia Pacific,* p.19
58 Consultancy Study on Enhancing Hong Kong's Position as an International Maritime Centre, *BMT Asia Pacific,* p.6 and 18
59 Shipping fleet statistics: 2014 report, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/404808/shipping-fleet-statistics-2014.pdf
60 Clarkson Research Services Ltd. World Fleet Register Online

- The Norwegian model sees the taxation of the operating profits deferred until profits are distributed. A company subject to the system must pay a tonnage tax based on the net tonnage of the vessels.
- The Greek model, used by the three most successful European Flags, Greece, Malta and Cyprus, is mandatory for vessel owners who derive income from shipping. This shipping activity is taxed and all distributions are exempt from taxation up to the beneficial owner. It covers all vessels and shipping activities[61].

4.32 There are also differences within these tonnage tax models which make the regimes more or less attractive. For example, the UK is the only country apart from India to require a training commitment from companies enrolled in its tonnage tax regime. Some countries such as Germany and the Netherlands require all or some management of the company using their tonnage tax regime to be carried out in that country[62]. The UK only requires companies within its tonnage tax regime to be "strategically and commercially managed" in the UK.

4.33 In terms of the wider tax regimes, the UK imposes a lower corporation tax rate (20%) compared to other European countries such as Denmark (23.5%), France (33.3%) and Malta (35%). Yet non-EU countries such as Hong Kong (16.5%) and Singapore (17%) impose lower rates still and others such as the Bahamas and the Marshall Islands have a 0% rate.

4.34 Another factor to consider is that some of the European countries studied appear to have developed close relationships with their maritime industries. For example, the Danish Maritime Authority (DMA) has a good relationship with the Danish maritime industry and also successfully promotes its maritime sector both within Denmark, and abroad. A good example of both of these traits is 'Danish Maritime Days' – an industry collaboration platform part funded by the Ministry of Business and Growth, with the secretariat provided by the DMA, Danish Shipowners Association and Danish Maritime.

4.35 There is also a strong link between the Cypriot government and Cypriot maritime industry assisted by strong industry associations (e.g. the Cyprus Shipping Chamber). The Cypriot government draws on a lot of industry expertise and experience in EU and IMO negotiations, and it appears that industry were the driving force behind the significant improvements to the Cyprus Flag. This relationship between government and industry has been actively developed. The Maltese government also has a strong government and industry connection.

61 PWC report on European tax regimes – https://www.pwc.be/en_BE/be/transport-logistics/pdf/Choosing-a-profitable-course-Tonnage-tax.pdf

62 All management must be carried out in Germany while at least 30% of management must be undertaken in the Netherlands for companies to be eligible for their respective tonnage tax regimes.

Non-European open registries

4.36 As mentioned above, many of the non-European open registries such as Liberia and the Marshall Islands are known by some as 'flags of convenience', although this is now a somewhat outdated term. When countries without strong maritime histories first set up ship registers back in the 1950s they were primarily to offer ship owners a place to register their ships without the perceived burdens of legislation found with traditional ship registers.

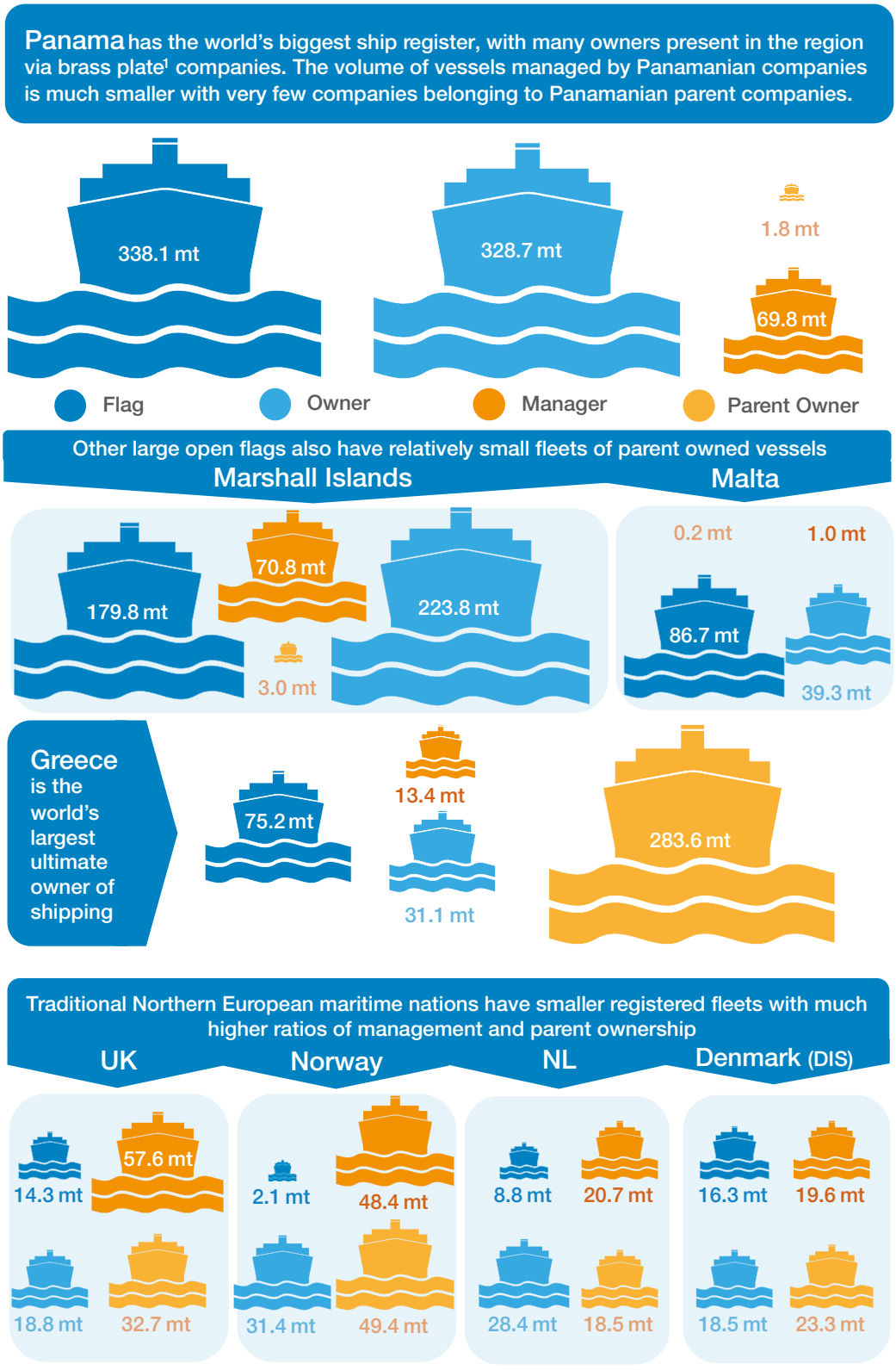
4.37 However, these ship registers are now not only hugely successful, with Liberia ranked second in the top ten of the world rankings according to deadweight tonnage and the Marshall Islands ranked third[63], but also command a great deal of influence in IMO negotiations. There are still concerns from some relating to their quality, but Liberia is now 17th on the Paris MoU Whitelist on Port State Control, with the Marshall Islands at 12th place[64], marking them out as quality Flags compared to those found on the associated grey and black lists.

4.38 It is not immediately evident that a large register attracts equally large economic benefits or foreign investment. The volume of tonnage managed by companies within those open Flag countries is less substantial, and the number owned by parent companies based within those open Flag countries are virtually nil.

63 Shipping fleet statistics: 2014 report, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/404808/shipping-fleet-statistics-2014.pdf

64 Paris MoU Whitelist on Port State Control 2015 https://www.parismou.org/system/files/Performance%20lists%202014%20WGB%20%26%20RO.pdf

Figure 14: International shipping fleets (million dead weight tonnes)



Source: DfT analysis of IHS ship characteristics data, 31 December 2014

4.39 These countries do not have traditional maritime histories nor do they operate as international maritime centres with their maritime administrations consisting solely of their ship registers which they often contract out to private companies. By contrast, European Flags tend to have much higher levels of management and ultimate ownership than registration, with Greece as an exception, remaining the world's leading shipowning country.

4.40 The freedom from other responsibilities (e.g. port state control) and private sector involvement in the open registries, operation allows these ship registers to operate in a commercial manner and provide a high degree of customer service. The countries where these Flags are based also tend to have very attractive fiscal regimes which not only attract customers, but also allow these registers to charge higher fees, and therefore accrue larger profits, as the customers are saving in other areas.

4.41 The operation of some of these ship registers by private companies is seen as a benefit as it allows them to act independently from their political masters. This freedom enables them to operate pragmatically and adapt to customers' needs in a way that state-controlled registers cannot always match. This distance from politics is also seen to provide a political stability offering business investment predictability.

4.42 The decentralised structure of these ship registers with offices scattered across the globe means they can provide their customers with a constant and worldwide presence which other ship registers, such as the UK Ship Register, are not in a position to do. This global presence also allows them to market their ship registers to a global audience. Another characteristic of these ship registers is increased delegation of survey and inspection responsibilities to recognised organisations (e.g. the Marshall Islands fully delegates all these responsibilities[65]). This increased pool of surveyors also allows them to ensure a strong global presence and quick deployment of surveyors.

4.43 Although for the purposes of dividing the UK's international comparators into categories the Bahamas is categorised with the Marshall Islands and Liberia, it is important to note that the Bahamas Flag is not operated by a private company, but by the Bahamas Maritime Authority which is a state agency. Despite the fact that the ship register is not administered by a private company, it still has a reputation for acting commercially and in the interests of customers with a healthy world ranking of ninth according to deadweight tonnage. In the latest Paris MoU performance list, the Bahamas has risen significantly from 11th to 3rd place with only France and Hong Kong above them in the rankings[66].

65 UKSR Advisory Panel report, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/445406/UKSR_Advisory_Panel_Final_Report_1st_June_2015.pdf, p.24

66 Paris MoU Whitelist on Port State Control 2015 https://www.parismou.org/system/files/Performance%20lists%202014%20WGB%20%26%20RO.pdf

Red Ensign

4.44 The Red Ensign group (REG) includes ship registers operated by British Crown Dependencies (CDs) and British Overseas Territories (OTs). Membership of the REG is mandatory if a ship register is to be established by a CD or OT and the UK represents the interests of the REG at the IMO. The UK has mostly devolved the implementation of the duties, obligations and responsibilities for Flag State (as well as Port and Coastal States) to the OT/CD administrations through the extension of maritime conventions. However, should the OTs and CDs not effectively implement relevant international maritime and related conventions that have been ratified by the UK government and extended to them, the UK can hold them to account.

4.45 The REG is divided into Category 1 registers which have unlimited type and tonnage and Category 2 registers (limited to vessels up to 400 GT). The UK maintains an oversight role and has entered into MoUs with each OT/CD, and ensures compliance through regular monitoring visits.

Table 3 Table of Category 1 and Category 2 ship registers in the Red Ensign Group

Category 1	Category 2
United Kingdom	Anguilla
Isle of Man	Falkland Islands
Cayman Islands	Guernsey
Bermuda	Jersey
British Virgin Islands	Montserrat
Gibraltar	St Helena
	Turks & Caicos Islands

4.46 If the trading fleets of all the countries within the CDs and OTs are combined, they become greater than the UK fleet. The Isle of Man (a CD) has a fleet ranked 12th in the world according to deadweight tonnage[67]. Some of the REG members are also very highly rated in terms of their Port State Control performance. For example, the Isle of Man was ranked at 6th place in the latest Paris MoU White List. Bermuda, an OT, also made the Top 20 in 20th place[68].

4.47 Through their membership of the REG, these Flags have the right to fly the 'Red Ensign' and access the support of the British consular services and Royal Navy world-wide. They are therefore able to capitalise on the history and reputation of the UK by

67 DfT analysis of IHS data https://www.gov.uk/government/statistics/shipping-fleet-statistics-2014
68 Paris MoU Whitelist on Port State Control 2015, https://www.parismou.org/system/files/Performance%20lists%202014%20WGB%20%26%20RO.pdf

association. This link to the UK Flag, teamed with the other benefits they can offer, makes them attractive prospects for potential customers.

4.48 Similar to the South Eastern Asian countries and many non-European open registries, REG members are able to offer very attractive fiscal regimes to potential customers. For example, the Isle of Man has a 0% corporation tax rate, no stamp duty and no capital taxation. Although these nations are not international maritime centres in the sense of the UK, Singapore and Hong Kong, REG members do often operate within a pro-business environment (e.g. the Cayman Islands is a large banking centre). REG members, except for Gibraltar, are also not subject to EU law which can be seen by some as an advantage.

4.49 There have been questions raised as to the benefit that the UK gains from the REG compared to those that the REG gains from its close association with the UK. However, successive UK governments have made it clear that they believe they have a responsibility to support legitimate economic activities in OTs and CDs.

4.50 It is also important to remember that were the UK and REG fleet to be combined, they would occupy a much more significant position in the world rankings, breaking into the top ten. Indeed, the combined fleet enhances the UK's significant influence at the IMO and ILO for the purposes of international negotiations.

Case for change

4.51 Evidence from the Study suggests four areas of focus for government leadership where successful action will improve the UK's ability to compete with other maritime centres.

Higher priority given to the UK's maritime sector by government to increase its profile both domestically and to improve its ability to compete internationally

4.52 Much of maritime works well. Goods flow in and out of UK ports efficiently and without hindrance the vast majority of the time. International shipping continues to meet the country's needs with few problems. As a result, maritime does not always receive the profile appropriate for a sector which provides a direct contribution to the UK economy of at least £11 billion per year (GVA)[69]. There is a persistent risk that attention is diverted to the more domestic headline-grabbing transport sectors of road, rail and aviation.

69 2012, DfT analysis of ONS Supply and Use Table GVA and ABS aGVA for selected SICs This includes the marine industries

4.53 A greater government focus and priority on the maritime sector would help put the UK on a more level-footing with its international competitors with which it is competing for business. Comparisons are often drawn with countries with fast-growing maritime sectors such as Singapore and Hong Kong whose governments have in recent years ploughed huge amounts of resource and investment into their maritime sectors. This is particularly relevant to the UK as an island trading nation that is reliant on shipping. A higher profile for maritime could have wider benefits such as ensuring it has a higher priority in national policymaking and improving the appeal of the sector as a potential career option.

Better customer service for industry from the UK's maritime administration

4.54 A recurring complaint from industry is that the UK's maritime administration does not provide an adequate level of customer service to its stakeholders (the maritime industry, including potential inward investors and foreign parties seeking maritime expertise). The government could be serving the industry better in terms of responding promptly and comprehensively to concerns and queries and involving stakeholders more in the policy-making process.

4.55 This perceived lack of customer focus and a service-oriented approach is seen to be a particular problem in the MCA and its administration of the UKSR. When compared to other ship registers, the MCA is designed to act as more of a regulator than a body looking to attract business and retain customers.

A more commercially-focused UK maritime administration (and UKSR in particular)

4.56 The MCA has many more regulatory functions and responsibilities than attracting business and concerns have been raised from many different sectors that the UK's maritime administration is not sufficiently commercially focused. In particular, there are specific concerns relating to the decline of the UK Flag as recent statistics have shown the UK fleet falling by 17% from 16th place in 2013 to 19th place in 2014 in the world rankings according to deadweight tonnage[70].

4.57 This lack of commerciality manifests itself in a number of ways including the fact that the UKSR is not currently recovering its costs and the inability of the MCA in its current form to retain and attract sufficient high quality surveyors. The only way the UKSR can compete with its international competitors and both retain its current customers and attract new business is to adopt the more customer-focused and service-oriented (or 'commercial') attitude of its competitor ship registers.

70 Shipping Fleet Statistics 2014. Result excludes vessels registered to 'unknown' country,which previously held 16th place, reallocating the UK from 20th to 19th place

Improved cross-government working on maritime policies providing for a more joined-up approach

4.58 The UK's maritime administration is seen by many as a disjointed entity. Responsibility for maritime policies is spread across a number of different government bodies and there is the risk that policy development is not adequately co-ordinated. There are also calls for stronger and more visible leadership from government that can provide the maritime industry with more effective representation and advocacy.

4.59 The UK's maritime administration needs a more coherent and joined-up approach in order to provide the industry with a single point of contact and a unified cross-departmental approach. This will reduce complexity for industry, including potential inward investors.

Recommendations

4.60 The evidence gathered by the Study presents a persuasive argument for reform of the UK's maritime administration. However, this reform could be taken forward in a number of ways and the Study has considered a wide range of reform options aimed at delivering the objectives outlined above.

Raising the profile of the sector and improving cross-government working

4.61 There are existing fora for cross-government debate and decision-making on maritime policies. For example, the official-level Maritime Administration Board (MAB) was set up in 2011 by the DfT to take a strategic overview of all policy and regulatory activity being undertaken by the departments with maritime interests, and to provide stronger links with sponsored bodies (e.g. MCA, MAIB and the GLAs), OGDs and maritime stakeholders.

4.62 A simple way of delivering the objective of better cross-government working on maritime policies would be to enhance the role of the MAB and broaden its scope. The standing membership of the MAB could be widened from DfT, MCA and MAIB (with OGDs only attending where necessary) to all departments with a maritime responsibility (BIS, HMRC, Defra, MMO, DECC, Home Office and the Hydrographic Office).The MAB could also meet more frequently than four times a year, perhaps increasing the frequency to six or eight times a year, and expand its membership to include industry representation.

4.63 However, in order to increase the profile of the sector and ensure it is accorded a higher priority within government, there is a need for maritime policy to be discussed regularly at a sufficiently high level of government with an appropriate level of official support. There are a number of ways in which this could be achieved from the appointment of a cross-cutting maritime minister to the establishment of a cabinet committee on maritime affairs.

4.64 The most realistic and workable option would be the creation of a Ministerial Working Group for Maritime Growth which could act as a more formalised and structured version of the ad-hoc 'maritime ministerial round-tables' that occurred previously. A potentially useful model to follow could be the Ministerial Working Group on Maritime Security which co-ordinates maritime security work around the UK. The Ministerial Working Group for Maritime Growth would be responsible for co-ordinating maritime activities across government as well as driving forward the recommendations for government that emerge from this Study.

4.65 The Ministerial Working Group for Maritime Growth would require a chair. The nomination of a relevant minister to this position could also allow that person to act as the 'ministerial sector champion'. Such action could raise the profile of maritime within government, and externally, by providing the sector with a stronger, more powerful ministerial advocate.

4.66 The Ministerial Working Group for Maritime Growth could oversee, in partnership with industry, the production of a national strategy for the sector, which would send a strong signal to international customers and competitors that the UK takes the maritime sector seriously. Its production should also help to produce a cohesive joined-up approach across the sector.

4.67 This dual cross-government mechanism would reinvigorate ministerial support for the sector by giving ministers additional responsibility in terms of providing leadership and strategic direction. The officials' network which supports the Ministerial Working Group for Maritime Growth would improve cross-government working on maritime policies and provide the maritime sector with a more unified and consistent response.

4.68 Another way in which to ensure that government bodies with maritime responsibilities are working together effectively would be to establish a cross-Whitehall maritime team to act as the delivery arm of the reinvigorated MAB. Such a team could also provide a single point of contact for industry (including potential inward investors and international businesses interested in using UK-based maritime services).

4.69 Currently, MCA and DfT staff have to refer stakeholders to HMRC if they have a tonnage tax query or BIS if they have an apprenticeships query. Industry has expressed concern that this makes communicating with the government a more complicated and convoluted process than it should be. The establishment of a cross-Whitehall maritime team could provide one outward-facing portal for industry to approach. This would greatly improve the customer service provided to the UK maritime sector, potential inward investors and those foreign parties that wish to secure UK-based maritime services.

Recommendation 4 – Ministerial Working Group

For the government to drive continuing success and growth across the maritime sector by:

- Establishing a **Ministerial Working Group for Maritime Growth** that seeks to coordinate interest in maritime activities across government. Its initial work should be to drive forward the recommendations for government from this Study in parallel to the recommendations being taken forward by industry. The Group should initially operate for a twelve month period and then be subject to review. The group would be separate to the existing Ministerial Working Group for Maritime Security.
- Nominating a relevant transport minister as chair and **'ministerial sector champion'** to take an overview of government activity affecting the sector and working with other departments to support maritime growth.
- The Ministerial Working Group should oversee the development of a **national strategy for maritime growth** developed in collaboration with industry.

Recommendation 5 – Cross-Whitehall Delivery

For the government to provide the Ministerial Working Group with effective cross-government delivery mechanisms by:

- Expanding the remit of the Department for Transport's **Maritime Administration Board to act as the senior official body for the Ministerial Working Group**, but with a wider standing membership that includes other government departments and industry attendees.
- Creating a **cross-Whitehall maritime team** that acts as the delivery arm of the Board and creates a single point of contact for industry, potential inward investors and international businesses interested in using UK-based maritime services.

Maritime & Coastguard Agency reform

4.70 A key element in attracting more international maritime business to the UK is for those government bodies responsible for delivering services such as the UK Ship Register to place these functions on a more commercial, customer focused, footing. This would provide industry with the services it requires while maintaining the highest standards.

Business Case for reforming the status of the MCA

4.71 In order to make the commercial functions of the MCA truly commercial, radical changes to the structure and status of the organisation may be necessary and potential approaches should be assessed in a business case. A change to the current status (model of public body) of the UKSR or MCA could enable it to provide better customer service, increase commercial flexibility and enable revenue generation beyond cost recovery to reduce costs to government. For example, by moving it further away from central government and making it easier to respond quickly to changing market conditions.

4.72 In addition, it would be sensible to look more widely at the structure of maritime functions and policy formulation carried out within the DfT and MCA. A comprehensive business case would therefore include a review of the DfT's maritime responsibilities as well as explore whether a fundamental change to the MCA, or parts of it, would deliver the objectives of making the services currently provided by the MCA sufficiently commercial and customer-focused. This would need to include an assessment of the different organisational models that might help deliver such a change.

4.73 Potential models the business case would need to consider include: private sector involvement in the UKSR; establishing the UKSR as a new Trading Fund or Government Corporation (as proposed by the UKSR Advisory Panel[71]) and the re-classification of the whole of the MCA as a Trading Fund or Government Corporation. A high level consideration of the benefits and disbenefits of alternative models was set out by the UK Ship Register Advisory Panel. The work of the Panel provides the justification for further detailed assessment by government of the costs and benefits of reforming the MCA. As is the case with any organisational change in the public or private sectors, a business case will ultimately be the means by which any decision can be taken on the viability of such reform.

Separation of the UKSR from the MCA's regulatory functions

4.74 The MCA has a number of important regulatory functions and an excellent reputation internationally for quality and safety. However, there exists a tension between the MCA's regulatory responsibilities (e.g. Port State Control) and its commercial ability to grow the UK Flag. The MCA's role as both a regulator and a service provider can also deter potential customers of the UKSR who question how much attention the MCA can focus on customers who would be paying to register vessels with the UK. The separation of the UKSR from the MCA's regulatory functions would allow the creation of a new, more commercial register led by the new director. It could also make the UK Flag more attractive and better able to compete with its international competitors.

4.75 A recurring complaint from existing UK Flag customers has been that it can take a long time for the MCA to fly surveyors out to where they are needed across the globe. Currently, surveyors are pooled across all relevant MCA activities and the UKSR does not have dedicated surveyors. Dedicated UKSR surveyors, including through greater delegation to recognised organisations, would increase surveyor availability for UKSR customers and thus provide them with a higher level of customer service.

4.76 Similarly, the UKSR does not have its own promotion and marketing team who are able to commit their focus on attracting new customers. The current UKSR team has two Customer Account Managers (CAMs) who are on call 24/7. However, these CAMs are also responsible, along with the Head of the UKSR, for promoting the UK Flag overseas. The provision of a dedicated UK Flag promotion and marketing team would

71 UKSR Advisory Panel report https://www.gov.uk/government/publications/uk-ship-register-advisory-panel-report

not only improve the quality of the promotion of the UK Flag, but also free up the CAMs to provide better customer service to clients.

Non-executive Chair of the MCA

4.77 The creation of a new role as non-executive Chair of the MCA could provide a champion for the UK maritime offer and provide leadership on the development of the business case. The Chair would support the Chief Executive and ensure the correct linkages are made across government during this process. A number of government bodies now have non-executive chairs from the private sector (e.g. Highways England) within their governance structure and one option could be for an existing non-executive member of the DfT Board to take this on this role, at least initially.

4.78 The potential for retaining the UKSR Advisory Panel could also be considered, with a view to providing a helpful industry steering group while any reforms to the MCA were being undertaken. The Panel could also act as an industry challenge group for the commercial elements of the business case.

MCA commercial director

4.79 The MCA currently has three director-level posts covering maritime operations, maritime safety and standards, and strategy and corporate services. Responsibility for the UKSR and the survey and inspection regime currently sits under the maritime safety and standards directorate. However, as this directorate must also ensure the safety and quality of seafarers and ships under the Red Ensign, it is not able to focus its efforts on making the UKSR more commercial and customer-facing.

4.80 A new MCA commercial director with responsibility for the UKSR could separate the UKSR from the regulatory and emergency services arms of the MCA (as explained below) and provide the commercial leadership necessary to oversee the growth of the UK Flag.

4.81 This commercial director could also provide leadership in improving how the MCA interfaces with its customers in other operational delivery areas. For example, the issuing of Seafarer Licences (e.g. STCW[72] Certificates of Competency) could perhaps be more efficient and according to demand, more along the lines of the paid fast-track service offered by HM Passport Office.

Implementation of the MCA's conclusions from the Survey & Inspection Transformation Programme

4.82 The MCA has already identified that there are a number of areas in which it must reform in order to operate in a more effective, efficient and commercial manner. It is therefore in the process of undertaking a "Survey & Inspection Transformation Programme" to look at issues such as surveyor availability, fees and charges.

72 Standards of Training, Certification and Watchkeeping

4.83 The complete and prompt implementation of the programme's conclusions would ensure that the MCA is in a good position to take forward the potential reform options.

4.84 In order to deliver an improved service to industry, the MCA needs to ensure it fully recovers the costs of the services it provides.

Recommendation 6 – Maritime & Coastguard Agency Reform

For the Department for Transport to reform the Maritime & Coastguard Agency (MCA) so it can operate more effectively, efficiently and commercially by:

- Initially **separating the UK Ship Register from the MCA's regulatory functions and appointing a commercial director** with industry experience to lead the Register, and the Agency's other commercial functions, as a new, more commercial internal directorate.
- Implementing the MCA's conclusions from its **Survey & Inspection (S&I) Transformation Programme** to create a more highly skilled, flexible and better rewarded surveyor workforce and improve MCA systems in order to better support industry customers while driving high standards.
- Taking timely action to **fully recover the cost of the services being provided** and facilitate continuous improvement in service delivery, while remaining competitive with other international shipping registries.
- Appointing a **Non-executive Chair for the MCA Board** with relevant industry experience to drive change, champion the UK Ship Register and promote the government's wider maritime offer as the 'government sector champion', while working with the Ministerial Working Group to deliver reform and oversee the development of the business case for a change in status.
- Developing, in line with the recommendation of the UK Ship Register Advisory Panel, the business case for **changing the status of the MCA** (beyond its current status as an executive agency of the Department of Transport), or parts of it, to provide greater flexibility, boost customer service, increase commercial responsiveness and, where appropriate, generate a reasonable profit on discretionary commercial services, thereby reducing government costs and replicating the financial success of other international ship registers. The focus for change should be the operation of that part of the ship register covering larger internationally trading ships whose owners are free to choose where they register in a highly competitive market.

5. Skilled workforce

5.1 Without access to an appropriately skilled and sized workforce the opportunities for growing the UK maritime sector will be severely undermined. This makes the requirement for a skilled maritime workforce one of the more significant issues to emerge from the evidence. This theme covers a range of topics, including the education, training and skills of people who are seeking careers in maritime and those who already have a career in the sector. It also explores the scope for attracting more people into maritime careers, both at sea and ashore. For these reasons, there is strong affiliation between this area and the government's wider apprenticeship and productivity agendas.

UK excellence

5.2 The UK is known for providing excellent maritime training and qualifications and attracting students from around the world. With 24 maritime universities and colleges[73] the UK is a world leader in the provision of such services.

5.3 The UK's training and research institutions attract students not only from the UK but also from abroad, with many overseas students seeing the benefits of the UK offer. These students are seeking the opportunity of receiving top class training from a world-leading maritime nation.

5.4 The maritime sector is a major employer within the UK. Estimates for the size of the workforce vary, but using the same methodology as used to calculate the contribution to the economy suggests at least 113,000[74] are directly employed in the sector. Other estimates are higher, indicating that as many as 239,200 people[75] (140,900 excluding foreign seafarers) are employed by ports, shipping and business services alone. Many of the personnel have specific skills and expertise which are valued across many industries and are in high demand around the world. Consequently this rich resource underpins the UK's world renowned maritime cluster and reputation. Key to this is the UK's longstanding and respected tradition of seafaring that is still evident today. In 2014, just under 23,000 UK seafarers were active at sea. This was made up of around 10,910 certificated officers, 1,650 uncertificated officers, 8,420 ratings and 1,940 officer trainees[76].

73 TheCityUK (2013) "Maritime Business Services, September 2013"
74 DfT analysis of 2012 ONS Business Register and Employment Survey employment data for selected SICS (GB only)
75 Oxford Economics (2015) http://www.maritimeuk.org/2015/05/the-economic-impact-of-the-uk-maritime-services-sector/
76 DfT Seafarer Statistics 2014

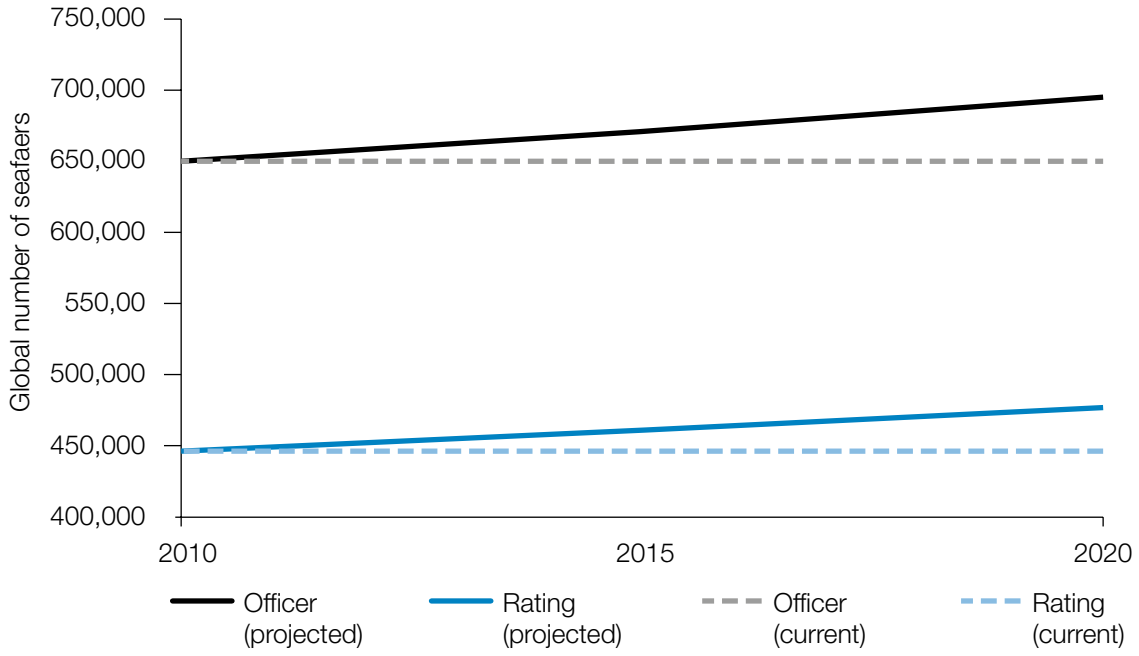
5.5 Following the introduction of tonnage tax in 2000 and the associated training requirement, the number of officer trainees more than doubled, with a survey undertaken by MCA staff in 2009 estimating that 95% of those trainees asked had found employment at sea[77].

Potential skills gap

5.6 Studies have concluded that there could be a skills gap emerging. A report by Deloitte and Oxford Economics on behalf of the DfT forecast a potential shortfall of around 3,500 trained UK deck and engineer officers at sea by 2021[78]. The reasons for this are not conclusive, but factors thought to be contributing to the shortfall include a lack of maritime awareness amongst young people in the UK, a perception that all roles involve long, difficult periods at sea and more attractive career opportunities on offer in other industries.

5.7 The report from Oxera suggests that global demand for seafarers will continue to grow and if the future supply of seafarers does not increase from the level in 2010, it is expected there will be a global shortfall of around 80,000 seafarers by 2020[79] (Figure 16).

Figure 16: Current supply and forecast demand for seafarers[80]



77 An Investigation into Employment of Newly Qualified UK Merchant Navy Officers, MCA
78 Independent review of the economic requirement for trained seafarers in the UK, Deloitte and Oxford Economics, 2011
79 Oxera Consulting LLP (2015) [Original source: Japan International Transport Institute and The Nippon Foundation]
80 Oxera Consulting LLP (2015) [Original source: Japan International Transport Institute and The Nippon Foundation]

5.8 There is a secondary demand for seafaring skills being made by the sector from on-shore companies across shipping, business services, ports and marine industries who require such specialist knowledge to input into their client servicing and decision making. This includes in areas such as law, arbitration, surveying and insurance. It has been predicted that this will place further demand on the pool of experienced seafarers.

5.9 In addition a 2014 report produced by Matchtech and Imarest, *'Mitigating the Skills Gap in the Maritime and Offshore Oil and Gas Market'*[81], revealed that the UK's global subsea market urgently requires an extra 10,000 skilled workers to join the sector to retain its leading global status. The UK maritime market is faring worse than many of its counterparts, with proportionately fewer professional engineers than other industries.

Training provision

Support for Maritime Training (SMarT) Funding

5.10 The government's 'Support for Maritime Training' (SMarT) scheme supports courses approved by the MCA and the Merchant Navy Training Board (MNTB) for the training of officers and ratings.

What is SMarT funding?

The Support for Maritime Training scheme, normally referred to as SMarT funding, is a support scheme funded by the government, which was introduced on 1 April 1998, to facilitate the training of commercial seagoing officers and ratings and thereby ensure an adequate supply of UK maritime expertise to meet the UK's future economic and strategic requirements. Currently the scheme meets 36% of the costs of training a cadet to 'first certificate' level.

5.11 The current budget for SMarT funding is £15 million per year, spread across a range of courses. The scheme is not open to anyone receiving funding via an apprenticeship. Nevertheless, SMarT provides funding for the training of officer cadets undertaking HNC, HND, Foundation or Honours Degrees certified by established and reputable maritime bodies. For this reason, parallels are often drawn by industry between this scheme and government apprenticeships. SMarT can be viewed to contribute to the UK economy's productivity in the same way apprenticeships do.

5.12 UK seagoing officers are in demand around the world and most cadets will move into seagoing careers with many options available for careers ashore at a later stage. There is an issue around tracing whether officer cadets remain in maritime careers on qualification.

5.13 The DfT are currently exploring how this can best be achieved. There are a number of difficulties associated with seafarer surveys due to the logistics of responding to surveys while at sea. Additionally, organisations that might have useful data do not hold

81 http://www.imarest.org/policy-news/representing-members/skills-gap

it in an appropriate form or believe that they are prohibited from releasing it under data protection legislation.

5.14 The evidence that has been gathered by the MCA suggests that most newly qualified officers do continue their careers in maritime and seek to advance in the profession. Additionally, few cadets drop out once they have completed their first year. However, this is an area that requires further detailed work.

UK Tonnage Tax training requirement

5.15 A key feature of the UK Tonnage Tax scheme is the minimum requirement for companies to recruit and train one trainee officer each year for every 15 officer posts within its fleet. Companies also have the option to substitute one trainee officer for two rating to officer conversion trainees each year. The consideration of training and employment opportunities for ratings is also necessary. In certain circumstances, and subject to the agreement of the Secretary of State for Transport, companies can make a payment in lieu of training (PILOT). Until India introduced a similar scheme, this was a requirement unique to the UK.

5.16 There is no requirement for ships entering UK Tonnage Tax to be registered in the UK, though there are requirements associated with the proportion of a company's fleet registered within the EU. However, trainees must be UK based and be UK or European Economic Area (EAA) nationals.

5.17 A pilot scheme allowing companies to alternatively recruit and train three able seafarer ratings instead of one officer is due to begin in October 2015. This will essentially be 'cost neutral' to the company and will last three years.

5.18 In addition to the training requirement, UK Tonnage Tax requires that a company's ships are 'strategically and commercially managed in the UK', in practice a bona fide office and management operation in the UK. For these reasons, promoting UK Tonnage Tax must be a key element of any strategy for the sector, as this would support inward investment and help to increase the pool of seafaring skills in the UK.

5.19 SMarT also has a key role in making UK Tonnage Tax more attractive with it being possible for up to 36% of the training costs of a cadet to be paid from the scheme. This is therefore an additional incentive for potential entrants into UK Tonnage Tax.

Additional training initiatives

5.20 There are a number of additional training initiatives that support the sector, one such scheme is the Slater Fund, managed by the Marine Society and Sea Cadets (MSSC) and in association with Nautilus International, has helped over 1,000 seafarers since its inception in 1977[82]. Its funding is available over four years and offers scholarships to help ratings study for a first certificate of competency. It also enables Electro-technical

82 Marine Society http://www.marine-society.org/slater-scholarships

Officers (ETOs) and yacht crew to gain Standards in Training, Certification and Watchkeeping (STCW) '78 (as amended) certification. It is only available to professional seafarers, who are resident in the UK, and dependent upon the availability of funds.

5.21 There are in addition many training initiatives across the maritime sector which attract no public funding, led primarily by employers (e.g. the four-year Marine Operations training run by ABP on the Humber) and also by professional bodies, such as the MCA-endorsed programme run by the UK Harbourmasters Association.

Maritime apprenticeships

5.22 Apprenticeships are part of the government's drive to give people the skills that employers need to grow their business and compete. BIS is delivering radical changes to existing apprenticeship schemes. Implementation of these reforms are being facilitated by employer groups known as "trailblazers". The maritime sector has four related trailblazers – able seafarer (deck), maritime mechanical fitter, advanced systems engineering and boatbuilding apprenticeships. BIS has also agreed that two further apprenticeship standards can be developed in the next trailblazer round for 'maritime caterer' and 'on board services'.

5.23 Currently there is an apprenticeship framework for maritime occupations in England developed for the sector by the Maritime Skills Alliance (MSA). Under the older BIS schemes, there are ten maritime apprenticeships, six at intermediate and four at advanced level. These cover both deck and engine room ratings, sea fishing, inland waterways, workboats and marina and boatyard operatives.

5.24 In August, the government launched a public consultation on its proposed UK-wide Apprenticeship Levy for 'larger employers'[83]. It is proposed that employers would be able to spend the levy to support all their apprenticeships through a voucher mechanism.

5.25 The relationship between this levy, existing government schemes in maritime like SMarT and the training requirement in UK Tonnage Tax, as well as the mechanisms recommended in this report will need to be resolved to provide the most effective training regime for the sector.

5.26 A step that is likely be welcomed by all of the maritime sector would be for the greater coordination, and potential consolidation, of schemes across both industry and government. The consultation and work on the government's proposed Apprenticeship Levy scheme provides the chance to consider how this might be achieved.

83 https://www.gov.uk/government/consultations/apprenticeships-levy-employer-owned-apprenticeships-training

Maritime careers awareness

Raising maritime awareness

5.27 There are several initiatives currently underway to raise awareness of the maritime sector as an attractive career option. They vary in their aims and audience. Some are directed towards young people at school or university. Others are designed to raise awareness among those in the industry who are at the start of their career and wish to branch out. These initiatives include:

- Industry co-ordinated careers promotion through the Merchant Navy Training Board (MNTB) Careers Promotion Forum. The Forum shares good practice and lessons learnt from existing activities and stimulates ideas about new and forthcoming events.
- A further initiative promoted by the MNTB entitled 'Careers at Sea and Beyond' is an online service that aims to help recently qualified officers to find employment.
- 'Careers at Sea' Ambassadors are volunteers from industry who visit youth groups and schools to promote a career at sea. The MNTB provides co-ordination, contacts, presentation and careers materials etc. These ambassadors also attend job fairs.
- MNTB co-hosted an event with Inspiring Women called 'Driven to Success' where a number of professional women discussed their careers with a group of 100 girls aged 13 to 17 years old.
- Activities are also co-ordinated by the Institute of Marine Engineering, Science and Technology (IMarEST), Sea Cadets, nautical colleges, and training management companies.
- Seavision is an organisation established to raise awareness of the maritime career opportunities across the sector, including shore based careers. It aims to reach out to youth groups, schools and careers advisers. It also hosts a web portal that allows the user to develop an understanding of the maritime sector and explore career opportunities.
- BIS runs the See Inside Manufacturing programme. The programme encourages businesses to open their doors to schools and colleges to show young people (11 to 19 years old) what a modern manufacturing business looks like. The aim is to inspire and inform young people and their teachers about the career prospects available in the various manufacturing sectors, including maritime.

5.28 The IMO has also launched a project inviting countries to appoint Maritime Ambassadors in their own country. The role of these ambassadors is to highlight maritime careers to young people and children.

5.29 A further avenue for promoting maritime careers is through the Sea Cadets, with 14,000 cadets across the UK. Each unit is managed locally, but there have been

increasing moves to put more emphasis on providing skills, development opportunities and qualifications.

5.30 Again, building on this existing good work, the better co-ordination of such activity for the sector as a whole would be expected to raise the profile of maritime more generally and encourage greater interest in its industries and critical economic role. A wider and more significant campaign of awareness raising could also broaden the appeal of maritime to a wider audience and encourage interest and applications from a more diverse pool of people.

Maritime education

5.31 At the London Nautical School, every pupil has some form of maritime education in every year of their schooling. This model has been shared with other schools and these courses continue to be very successful in getting students into maritime sponsored degree and HND courses alongside apprenticeships. The school is developing a new maritime BTEC with Pearson UK which will meet the new, more demanding, requirements of the Department for Education, and aims to give an overview of the different elements of the maritime sector, career pathways in the sector and key operational considerations affecting maritime.

5.32 However, the evidence suggests that it can sometimes be challenging to secure the formal accreditation of maritime courses from national bodies. It has also been suggested that there is very little taught about the maritime industries or their role, formally or otherwise, in primary and secondary schools.

Recruitment from the Royal Navy

5.33 Data from the MoD 'Careers Transition Partnership' shows that around 12% of Naval Service personnel leaving the Royal Navy between January 2014 and May 2015 entered the maritime sector (offshore or Merchant Navy). Careers advice is offered on many second careers to retiring Royal Navy personnel including opportunities in commercial maritime. However, with the wide range of careers within the Royal Navy or Royal Fleet Auxiliary, not all personnel will have recent practical sea knowledge. Of those who do, many are seeking a shore career at this stage in their working life or will be attracted to other sectors. If they are interested in continuing a career at sea some retraining and upskilling may be required in order to enter into commercial seafaring as there are some differences between Royal Navy and commercial shipping certifications.

Case for change

5.34 The Study evidence highlights the strong skills base within the UK and the high quality training that the UK offers. UK seafarers are seen as being among the best and most sought after for their skills in the maritime world. Drawing attention to the number and quality of the nautical colleges, providing high level training and qualifications, with more

than 10,000 people studying for maritime qualifications in the UK every year[84]. Also evident is the regard in which the UK universities and research establishments are held and the education and research they provide.

5.35 While some parts of the sector do not report difficulties with recruitment and retention of staff, many others highlight a growing shortage of skilled individuals particularly when recruiting for areas such as engineering. This is attributed to an ageing workforce, a lack of diversity in those considering maritime careers, UK personnel being drawn to more lucrative jobs and to the lack of interest from young people in pursuing a career in maritime. Action will be required to prevent a widening skills gap and without an appropriately skilled workforce underpinning the UK maritime sector, it will fail to achieve its growth potential.

Education and awareness

5.36 There is a lack of awareness in the UK of the importance of the maritime sector to everyday living and many young people have little idea of the breadth of career opportunities that exist across the maritime sector. This could be improved by maritime featuring more prominently in primary and secondary school teaching and the promotion of maritime careers through schools and universities to raise awareness of the variety of maritime career pathways. The could include formal education courses but also more general recognition in core subjects such as geography, the sciences, maths and business studies to bring maritime issues to the attention of more young people and raise their understanding of world trade.

5.37 As well as work with schools, there is an opportunity to promote maritime careers more widely through groups such as the Sea Cadets and other youth groups. There are many existing projects and efforts across the maritime sector but it is currently lacking co-ordination and would benefit from a more coherent cross sector package.

Training and apprenticeships

5.38 Continued activity to develop skilled personnel to underpin a strong UK maritime sector is important. Government's support through the SMarT scheme funding helps demonstrate the UK's commitment to maritime and showcase the UK's strength in delivering appropriate training for seafarers. However, it is important to ensure that SMarT funding continues to meet the needs of the sector by reviewing its effectiveness and potentially revising the scheme if improvements are identified. A potential change could be for SMarT funding to extend beyond the end of formal cadet training to enable further experience and qualifications to be gained. Evidence submitted to the Study also suggests that the level of funding may no longer be sufficient given the rise in university tuition fees and training costs.

84 Maritime Skills Alliance
http://www.maritimeskills.org/docs/Maritime-Skills-Alliance-paper-to-the-Maritime-Growth-Study.pdf

5.39 There is general agreement that the UK Tonnage Tax scheme, including the training requirement, is beneficial to UK maritime although it is recognised that with other countries revising their schemes, it may now have less of a competitive advantage.

5.40 Although the UK is only one of two countries with such a training commitment, the general consensus is that the training provision is key in supporting a skilled maritime workforce in the UK.

5.41 The rise in the number of apprenticeships and similar schemes is positive. They are seen as beneficial and respondents to the Study welcomed any extension of the opportunities on offer.

Increase in skilled personnel from other maritime areas

5.42 There is an opportunity in the form of personnel who already have maritime skills but who may be thinking of a career change. The Royal Navy could be a rich source of new and experienced entrants into commercial shipping and any barriers deterring individuals from entering should be identified and removed.

Central skills investment

5.43 It is evident that additional education and training is necessary to deliver suitably skilled and experienced personnel who can enable the UK to exploit the projected growth in global maritime trade. Long gone are the days when shipowners supported a trainee who then remained with that company for life. Although shipowners have retained their commitment to provide funding for training, and personnel tend to stay within the sector as a whole, the culture has changed dramatically. There is now far more movement by the workforce around the sector (at sea and on shore) within the UK and beyond. Training must therefore be supported by all parts of the industry. Although several industry funds already exist, a central funding mechanism that complements SMarT and the government's Apprenticeship Levy could allow the industry to better meet its training requirements.

Recommendations

5.44 To survive and succeed the maritime sector needs a workforce with a variety of skills, including financial, legal and engineering. However, to be able to effectively respond and support its customers, the sector needs individuals with seafarer training and experience at its core. Understanding and acting upon a firm understanding of that requirement for the future is therefore a key element in ensuring the continuing growth of the sector.

5.45 Up to date seafarer projections are vital in order to understand the future need for seafarers, given that world maritime growth is expected to increase in the future. DfT analysts are considering how best to carry out an effective assessment. This is an important piece of analysis that can also help to inform a review of the SMarT scheme.

Recommendation 7 – Seafarer Projections Review

For government to work with industry to better understand the UK maritime sector's seafaring skills requirement with the aim of developing targets for growing the skills base by **refreshing its assessment of the requirement for seafarers in the UK maritime sector** to ensure industry and government have the most up-to-date picture of supply and demand.

5.46 Recognising the wide range of skills, experience and qualifications required by the UK maritime sector, the industry needs to identify and prioritise the specific areas for which demand is greatest and supply is short in order to plan and deploy efforts to address priority shortages in an effective and timely manner.

Recommendation 8 – Future Skills

For the promotional body recommended in this report **to identify and prioritise the key skills issues facing the UK maritime sector** by assessing the current and future need for wider skills and qualifications across the UK maritime sector as a whole and **developing a 'skills strategy'** with focused objectives for addressing these concerns.

5.47 Government provides considerable direct and indirect support for training in the UK with a strong emphasis on apprenticeships. Apprenticeships have a key role to play in the maritime area, but the core of seafarer training is provided through the cadet and rating training schemes. If successful, most cadets get either an HND or a Foundation Degree. Matching the commitment by shipping companies within UK Tonnage Tax to provide and fund training places for cadets on their ships, the government contributes a proportion of these costs through the SMarT scheme. This contribution remains critical to encouraging international shipping companies to join and remain in UK Tonnage Tax.

5.48 UK seafaring skills and expertise are strongly commended in the evidence to the Study as a standard to be aspired to by the rest of world. Maintaining the UK's advantage is a crucial selling point in the international market, which helps to promote the UK and would underpin any UK maritime growth. SMarT is seen by the industry as benefiting the supply of UK maritime expertise, developing both officers and ratings to meet the requirements of the sector. However, it was last reviewed in 2011 and given the changing nature of the maritime sector a review of its effectiveness is timely.

Recommendation 9 – SMarT Review

For government to initiate a **review of its Support for Maritime Training (SMarT) scheme** for sea-going trainees undertaking HNC, HND, Foundation or Honours Degrees to ensure it is fit for purpose – including **how funding can best complement the industry's contribution into the Maritime Skills Investment Fund recommended in this report (for example through match funding).**

5.49 A wide variety of training is already undertaken within the maritime sector, including apprenticeships, and specific seafarer training is provided by shipping companies in UK Tonnage Tax and through various bodies sponsoring cadets. Given the wide range of shore-based industries and activities that require seafarer skills, these parts of industry could do more to contribute towards ensuring the supply for the future.

5.50 Additional education and training will be necessary to deliver suitably skilled and experienced personnel to support the UK in exploiting the projected growth in global maritime trade. With the benefits of a skilled workforce required across the sector and with the workforce moving onshore to take up jobs, the costs of training should also be borne more widely across the sector. There are examples in other industries where such a fund is levied – e.g. the film industry (voluntary) and construction industry (statutory).

5.51 A skills investment fund for the sector as a whole would allow the industry to assess its needs and distribute funding to facilitate take-up on courses for appropriate disciplines. A single industry-wide promotional body could devise an appropriate scheme for the sector and administer its operation. It could also bring together or act as a portal for the existing industry funds that are spread across the sector. This consolidated funding could be distributed across trainee applicants so that costs are more evenly spread across the industry and benefits realised for the sector as a whole.

Recommendation 10 – Maritime Skills Investment Fund

For the promotional body recommended in this report to establish a **'Maritime Skills Investment Fund'** to address the decline in seafaring and other skills sector-wide by a) working with existing industry providers to coordinate, rebrand and act as the 'shop front' for the various funds that support maritime skills, training and qualifications; and b) design and establish a voluntary scheme to secure contributions into the Fund from those maritime businesses that are not already engaged in maritime training or apprenticeships.

5.52 The maritime sector could play a significant role in meeting the government's target of three million apprenticeships given the variety of career paths and training schemes, both industry and government. With the complexity of the maritime sector training schemes, the relationship between the existing training schemes and apprenticeships will require government to consider in consultation with industry what is the most effective training regime for the maritime sector.

5.53 Training for seafarers is vital to support the maritime sector and one area where the industry could do more is on apprenticeships. There is already uptake on schemes where trainees work on the job and receive training that leads to a qualification, such as in the ports sector, but there are fewer in shipping and business services. BIS has now approved maritime related trailblazers and is considering two more. There are already some trailblazers in business services which may prove appropriate for use by maritime companies (e.g. insurance apprenticeship). The way is open for industry to examine how they could work to adapt existing frameworks for maritime use or whether it would be necessary to devise a new framework.

Recommendation 11 – Maritime Apprenticeships

For government to initiate work with industry **on extending its programme of apprenticeships** to include more roles in the maritime sector, including, for example, shore-based business service roles, in order to increase the intake into the sector.

5.54 Seafaring experience is important to retaining the technical and business maritime services that comprise the UK cluster. It is therefore necessary to demonstrate that maritime careers can evolve from being sea to shore based to attract more people into the industry. Although there are individual companies who undertake such work themselves, a broader awareness of the flexibility of maritime careers would only serve to make them more attractive.

Recommendation 12 – Ship to Shore Mentoring

For the promotional body recommended in this report to develop an industry-wide **'ship to shore' mentoring scheme** that identifies career structures and develops the sector's future business leaders from the seafaring community. This scheme should identify or define career paths that ensure participants gain the relevant experience at sea before supporting a move into a relevant shore-based role in the UK.

5.55 There is a lack of appreciation and understanding of the UK's reliance on the sea despite being an island trading nation. Actively encouraging interest from a young age could increase the uptake into maritime careers.

5.56 The Study received evidence that suggests the profile and importance of the maritime sector would be enhanced by drawing it to the attention of young people at school both formally through accredited qualifications and more informally through other relevant subjects such as history and geography. This approach could provide a greater general awareness of maritime and generate interest that leads to the pursuit of career opportunities in the sector.

Recommendation 13 – Education

For government to explore the scope for **introducing maritime examples into primary and secondary school teaching** in order to raise youth awareness and, where possible, to support bodies seeking the formal accreditation of maritime studies.

5.57 There is a diverse and exciting range of careers paths in maritime that are not well marketed or promoted to our youth. In addition, more could be done to encourage youngsters who have already expressed an interest in the sea to take-up careers in the maritime sector.

5.58 There is much concern across the industry that the general public are not informed about the importance of the maritime sector to everyday living in the UK. Nor are young people showing interest in maritime careers. This would hinder the supply of an on-going and growing skilled workforce to underpin UK competitiveness.

5.59 There are initiatives that occur in different parts of the sector e.g. Maritime Ambassadors speaking at career fairs, but these are somewhat ad-hoc and uncoordinated. To maximise the reach and effectiveness of these initiatives across the sector, a coordinated and shared strategy and approach should be delivered by the single organisation. Reaching out to groups such as the Sea Cadets could be effective, as these young people have already shown an interest in the sea.

Recommendation 14 – Maritime Awareness

For the promotional body recommended in this report to coordinate, including with the MNTB, Maritime Skills Alliance, Seavision and others, a **year-round programme of awareness raising activities to encourage interest in, and entry into, maritime careers**. This should include plans and publicity targeting school and university career fairs, as well as Sea Cadets and other youth groups.

5.60 Evidence submitted to the Study suggests a ready source of maritime expertise at present not fully exploited for the wider maritime sector are Royal Navy personnel as they finish their careers. There has been some work to highlight the differences between the different services and their qualifications. The range is wide and is not easily apparent to service personnel. Action is required to encourage a continuous and widespread dissemination of the opportunities and ensure this pool of skilled and experienced people are encouraged to enter other parts of the maritime sector.

Recommendation 15 – Royal Navy Links

For government to initiate work on creating **better links between the Royal Navy and wider UK maritime sector** in order to ensure that staff with relevant experience who are leaving the Royal Navy can more easily take-up service on commercial vessels and are made aware of jobs in the wider UK maritime sector.

6. Marketing

6.1 The UK's importance as a world maritime centre is, in part, founded on a significant maritime history but with this comes the risk of relying too heavily on that legacy. Trading solely on the past to remain relevant in a modern, global industry against increasing international competition is unlikely to achieve the full growth potential of UK maritime. The UK's position as the world's maritime centre and many historical achievements offer no guarantee that this will be maintained into the 21st century.

6.2 It is the potential for complacency and a lack of ambition when it comes to promoting the advantages of the UK as a maritime centre and the breadth and depth of expertise embodied in UK companies, organisations and institutions that has been one of the clearest messages received during the course of this Study.

6.3 While there are areas for improvement, as discussed elsewhere in the report, it is important to recognise that the UK has the assets, talent and advantages to not only maintain its influence but to expand it. The UK does not lack the potential. It is the failure to make the most of these assets and to promote the UK in an effective, consistent and coordinated way that has resulted in the charge that the UK is out performed by some of its international competitors in this regard.

6.4 The importance of the maritime sector to the UK economy and the range of innovative, world-leading companies based here is not in question. But the sector's profile and visibility both amongst the public and within government does not match its scale and is not equivalent to comparably sized sectors. This has led to a lack of awareness of the growth opportunities to be found in maritime and a potential for the UK's position to become vulnerable to international competition.

Promoting the UK Ship Register

6.5 A significant part of the current promotional activity focuses on the ship register which is led by the MCA. The 'Red Ensign' is a powerful marketing tool for the UK. Whether or not shipowners choose to register with the UKSR, the benefit of a well-respected and well-promoted Flag is that it can be used as a vehicle for raising the profile of UK maritime as a whole. Conversely, if the register has a poor image that perception will colour the opinion of the whole UK offering.

6.6 The MCA attends international trade shows and events to market the UKSR and attract business to the UK and also holds more targeted meetings with potential customers. This function is currently undertaken by a small team in the agency who also have broader responsibilities for managing the register. There is ongoing work to plan the UKSR's marketing activity in a more strategic and coordinated fashion, with a particular focus on planning marketing spend in advance and seeking approval for a long-term, coordinated programme rather than on an event specific basis. Work has also been initiated to update and improve the material used to promote the register.

Government's role in promoting the UK and UK businesses

6.7 Government also has a role in promoting the UK abroad by assisting UK companies to compete in international markets. UKTI runs schemes such as their Tradeshow Access Programme which provides grants to enable UK SMEs to attend overseas tradeshows and advice on entering these markets, particularly those identified as emerging or high growth.

GREAT Campaign

The GREAT campaign was launched in 2011 to maximise the economic benefits to the UK from the unprecedented levels of attention associated with the London Olympics and Paralympics in 2012. Drawing the national promotion efforts of UKTI, VisitBritain, the British Council and the FCO into a single campaign, it aims to deliver significant and long-term increases in trade, tourism and investment in support of the UK government's prosperity agenda. The campaign has made an impact in ten priority markets and is currently being targeted at new emerging markets such as South Korea, Mexico, Indonesia, Turkey and those emerging in Europe, including Poland.

The UK government committed £30 million to continue GREAT in 2014/15. This has driven the campaign forward in key markets where GREAT is performing well, particularly China, India, the US and Brazil. Trade and investment-focused activity will also target new emerging markets where GREAT can help the UK gain a competitive advantage, including Russia, South Korea, Mexico, Turkey, Indonesia, Poland, Hungary, the Czech Republic, Slovakia and Romania.

Promoting maritime

6.8 Promotion of maritime more generally is advanced by various different bodies and organisations. While UK based companies will conduct their own activities based on their specific commercial needs, industry also acts through bodies such as the Chamber of Shipping and Maritime UK, as well as organisations like the Baltic Exchange and Lloyds Register. Maritime UK brings together the shipping, ports and business services industries to represent their common interests and conduct some joint promotional activity, but as an organisation is limited in its capability by the small number of dedicated staff, funding availability and its focus as a lobbying organisation. The Chamber of Shipping has been increasingly active in regards to its promotional activity over the last year and plans further work throughout 2015.

6.9 Industry and government does work together on specific promotional projects, notably the booklets 'Open for Maritime Skills' and 'Open for Maritime Business' produced jointly by government and Maritime UK. There is also close cooperation on the planning for London International Shipping Week.

London International Shipping Week

6.10 Arguably the single largest promotional opportunity for the UK maritime sector is presented by London International Shipping Week (LISW). Held for the first time in 2013 where representatives from over 50 countries attended more than 60 events, LISW 2015 promises to be even larger. The inaugural event was well received by participants and as a biennial event shipping week will provide a regular showcase for the whole of the UK's maritime sector to an international audience, while also demonstrating government's commitment to maritime.

London International Shipping Week 2015

Following the success of the inaugural event in 2013 the second London International Shipping Week takes place from 7th-11th September 2015. It will be the premier global maritime event of 2015, promising to attract the top 200 maritime global business leaders and international decision makers to London to network and do business. While hosted in London, LISW showcases the whole of the UK's maritime sector to an international audience.

LISW is jointly steered by industry and government. DfT leads the significant cross-government contribution, working to ensure strong attendance by key maritime countries and organising the main welcome reception at Lancaster House. There will be over 100 events including receptions and seminars, leading to a flagship conference day and gala dinner.

6.11 Other UK events also offer the opportunity to target specific markets within the maritime sector with existing exhibitions amongst the largest in the world. Seawork is the largest international commercial marine and workboat exhibition and Oceanology International provides access to the marine science and ocean technology communities. In addition, the London and Southampton Boat Shows demonstrate the full scope of the UK's marine manufacturing and boat building industries.

Case for change

6.12 The evidence submitted to the Study is clear that action will need to be taken across a range of areas by both industry and government, who must show leadership and demonstrate commitment to the sector with a joined up approach to its promotion.

Use and sell the UK's existing advantages

6.13 The evidence highlights that the UK has many advantages over our competitors, but that there needs to be greater effort to publicise UK skills and the benefit of the maritime cluster found in the UK. There is consensus across the evidence that more should be done to promote the high quality and diverse services offered in the UK and the expertise found within these professions.

Demonstrate maritime is a priority

6.14 Many respondents also share the view that government needs to prioritise maritime and make better use of existing networks of embassies, politicians and officials to promote the sector and attract investment to the UK and UK businesses. Submissions praise the inaugural London International Shipping Week, but suggest additional, similar events should be organised to promote the UK and maritime sector. A common view is that LISW should not be the extent of the promotional activity undertaken, but rather lead a programme that would continue throughout the intervening two years. It is also suggested that an increase in global promotion of the sector by strategically targeting more UKTI resources to maritime is required.

Have a more strategic and coordinated approach

6.15 A consistent theme in the evidence submitted to the Study is the need for industry and government to present a coordinated front to potential customers and the same is true when considering promotion of the sector. Many echo the view that a 'Team UK' approach is needed to present a co-ordinated offering from government, industry and services to attract and retain maritime business and persuade companies to locate in the UK. Respondents suggest that a strategic campaign with a focus on both international and domestic markets should be developed to present a strong, and consistent, maritime brand.

Change perception of maritime

6.16 Submissions to the Study also reflect the view that a positive and open image of shipping needed to be developed. Respondents recognise that the UK's maritime history was an asset but that the public perception of the sector is too often rooted in the past. There is a clear desire for the sector to be seen as modern and innovative with cleaner, cheaper and better shipping solutions pioneering new technology frontiers for the 21st century. An area that the UK is particularly well placed to exploit. The Study also received submissions which suggest that the perception that the sector is focused entirely on London should be challenged and that maritime activity outside of the capital offers the potential for significant growth.

Recommendations

6.17 The extent of the sector is broad, spread across transport, infrastructure, training, business services and equipment manufacturing, making it invisible to many. As a result, the level of government promotion dedicated to UK maritime business has not matched its economic importance. The range and diversity of the UK maritime offer is, however, a key strength and more should be done to promote it.

6.18 The UK already has a wide range of assets and promotional opportunities that could be more effectively exploited. By working more closely together government departments could combine their respective strengths and drive growth in the sector. The 'Great' campaign has been used effectively to provide a consistent branding to other sectors when marketed abroad and would help to bring the sector together under a common, recognisable, brand.

6.19 The UK is a major centre for maritime business services, management and chartering services, technical services, engineering and design. There is also scope to increase exports in these areas. The UK's maritime equipment designers and manufacturers are behind some of the world's most advanced and ambitious global maritime projects, delivering market-leading products across the entire lifecycle, from classic ship and boat mechanical systems to leading edge electronic, optical and IT equipment. Underpinned by a highly advanced product research base and innovative designers, UK companies supply the tools, plant and equipment used for boat manufacturing and shipbuilding, alongside the essential equipment used for maintenance and repairs.

6.20 More effective use of UKTI resources and trade delegations to include maritime businesses when appropriate would support greater exports from this sector.

Recommendation 16 – Marketing Opportunities

For the government to take full advantage of new and existing opportunities and campaigns to support the maritime sector and market UK maritime abroad, including by:

- Incorporating the **maritime sector in the GREAT Britain campaign**;
- Placing **maritime on the agenda of UKTI foreign trade delegations** and, where appropriate, including representatives from maritime industry on such delegations;
- Making **greater use of our foreign embassies** to promote the UK maritime offer.

6.21 The UK maritime industry needs to take the lead in raising the sector's domestic profile and to sell its services internationally as a package.

6.22 While activity to market the sector is undertaken by a range of organisations the effectiveness of these efforts have been hampered by a lack of coordination across both industry and government. There is a need for greater co-ordination of promotional activity to effectively and efficiently market UK businesses internationally and promote the maritime sector.

6.23 An adequately resourced industry body that can act on behalf of the whole sector would be in a position to take forward the development of a sector marketing strategy that tackles these issues. This strategy would need to be developed in collaboration with government, a process that will be facilitated by improvements to government leadership of the sector following implementation of the other recommendations identified in the Study.

6.24 Establishing the single organisation and strategy will provide the necessary structure and leadership to bring a more inclusive and effective approach to marketing the sector.

Recommendation 17 – Industry Marketing Strategy

For the promotional body recommended in this report to include roles and funding dedicated to raising the profile of and promoting the UK maritime sector. A **marketing strategy should be developed in collaboration with government**, including advertising campaigns, and a single overarching maritime careers portal covering the many career paths in the sector.

6.25 The UK maritime sector is ripe with opportunities for increasing economic activity through the support of SMEs, including in niche and innovative markets where the UK is world-leading. The sector would benefit from awareness raising activity to increase access to finance in order to support and grow the UK cluster.

6.26 Although access to finance does not necessarily appear to be a problem in itself, highlighting more effectively the investment opportunities in the maritime sector could encourage the increased provision of finance by UK institutions. This is likely to increase the attractiveness of the UK maritime cluster and provide support for SMEs, shipownership and enterprise more generally.

Recommendation 18 – Investment Opportunities

For the government to initiate work with industry **to raise the awareness of financial institutions about investment opportunities across the maritime sector** and encourage schemes and other solutions that could improve the availability of UK finance and offer real support to the sector, including for ship ownership.

7. Innovation, clustering and stability

7.1 In addition to the four main themes that emerged from the Study evidence, there are three areas that can be considered to be of underpinning importance to the UK maritime sector; innovation, clustering and stability. Given the strong foundation that these factors provide UK maritime, their role is described in more detail below. However, there are no specific recommendations attached to these themes, as the implementation of the package of recommendations as a whole would reinforce and strengthen these three areas in any case. For example, the structures recommended under the industry and government leadership themes would allow issues that impact upon the stability of the maritime business environment to be addressed better and the more effective marketing of maritime would bring greater attention to innovation across the sector.

Innovation

7.2 The Study found that innovation is critical to maintaining and strengthening the UK's position as an internationally competitive maritime centre. Marine technology and engineering is a growing area where the UK already has world-leading companies and by supporting these existing strengths in innovation and technology the UK can establish itself as a prominent player in this globally expanding market.

7.3 The evidence suggests that the maritime sector is likely to see rapid change across a number of different areas over the coming years. Shipping is seeing a continuing drive towards greater efficiency and further automation of vessels, with increased opportunities for the UK in the manufacture of marine equipment, ship design and classification.

7.4 There is increasing deep sea exploration and operation which presents another opportunity for UK research and technology and our expertise in these areas can attract more business to the UK.

7.5 By working closely with industry, the government can provide the support and regulatory environment necessary to encourage continued growth in the UK marine technology sector over the long term.

Working in partnership

7.6 Close collaboration between government, industry and research institutions has allowed the UK to develop an innovative marine technology sector. Bringing together these organisations promotes further growth in the sector and benefits the UK as a whole.

7.7 The MILC has brought together government, companies and trade associations to enable dialogue and develop a successful strategy for growth in the marine industries. It oversees the delivery of a number of themes across the sector, taken forward by working groups focusing on specific issues.

7.8 Since January 2013, the government has sought to encourage greater investment in marine technology development, with £24.5 million of industry funding matched by government for collaborative research.

7.9 The industry has deployed significant resource through a MILC working group into developing codes of practice to enable greater development and use of autonomy at sea.

7.10 Government has also supported Sir Ben Ainslie's America's Cup team. This will provide a good platform to demonstrate the UK's technologies and skills to a wider audience at home and abroad, replicating the success achieved by UK based Formula 1 teams. Over £4m was invested in a Centre for Maritime Intelligent Systems. Industry is diversifying out of defence to provide offerings into the commercial sector (e.g. energy, marine science, safety and security) internationally. Both of these initiatives are based in the Portsmouth area to ensure the area's shipbuilding skills are retained in new areas of technology.

7.11 Maritime has an exciting science, technology and innovation base. As part of the workstreams stemming from the MILC the sector has produced a UK Marine Technology Roadmap that will be published in September 2015. The priority technologies identified in this roadmap that provide the greatest opportunity for exploitation by the UK are:

- Integration of on-board systems including propulsion and electrical systems to deliver optimised operation with reduced through-life costs
- Design and manufacture of autonomous surface and underwater vehicles and the associated intelligent systems
- Design and manufacture of superyachts, high-end powerboats and sailing yachts
- Extended use of composites materials
- Voyage optimisation systems to deliver just in time arrival at port at lowest cost

7.12 The MILC has also established a Marine Autonomous Systems Regulatory Working Group to identify the issues related to the operation of Maritime Autonomous Systems in all of the global designated maritime zones, from the high seas into internal waters. The Group will also work to formulate a regulatory framework that could be adopted by the UK and other states as well as the international bodies given the responsibility to regulate the maritime world. The Group currently has over 30 members from a broad section of government, industry and academia.

Marine Export Strategy

The UK Marine Industries Alliance, Department for Business, Innovation and Skills and UK Trade & Investment have been working together since 2011 to develop a coherent approach to underpin growth in the maritime engineering sector.

This has led to the production of the UK Marine Export Strategy that looks at the global market opportunity for the UK.

A pragmatic approach has been adopted cognisant of: the global marine new build and large retrofit order book; likely technology developments over a 20 year time horizon and scope and ambition of the UK industrial and academic base. This means it has been possible to focus attention on a handful of technology developments, in a small number of high value vessel types that are built largely in Brazil, South Korea and China.

This focused and market-led approach has enabled resources to be concentrated on these vessel types and the resulting equipment export opportunities into these three markets. This has been achieved through two interrelated 'High Value Opportunities' manned by dedicated sector experts in region, who have developed close relationships with yards and owners and the supply chain in the UK. This approach has already led to successes in Brazil and is beginning to uncover intriguing opportunities in the South Korean and Chinese markets.

Blue Growth

7.13 The evidence suggests that there are other initiatives that could have a significant impact on innovation in the UK maritime sector and Europe more widely. *'Blue Growth*[85] is the EU Commission's long term strategy to support sustainable growth in the marine and maritime sectors as a whole. Seas and oceans are drivers for the European economy and have significant potential for innovation and growth. Blue Growth is the maritime contribution to achieving the goals of the Europe 2020 strategy for smart, sustainable and inclusive growth.

7.14 The strategy consists of three components:

- Developing sectors that have a high potential for sustainable jobs and growth
- Essential components to provide knowledge, legal certainty and security in the blue economy

85 http://ec.europa.eu/maritimeaffairs/policy/blue_growth/index_en.htm

- Sea basin strategies (e.g. Baltic, Atlantic Action Plan etc.) to ensure tailor-made measures and to foster cooperation between countries

7.15 The Atlantic Action Strategy is an EU Commission driven macro-regional initiative for boosting growth and creating jobs in those Member States with an Atlantic coastline.

7.16 BIS leads on the overall Atlantic Strategy policy coordinating input from across Whitehall and the Devolved Administrations. The Atlantic Action Plan to implement the Strategy was published in May 2013, the priorities of the plan are to:

- promote entrepreneurship and innovation
- protect, secure and develop the potential of the Atlantic marine and coastal environment
- improve accessibility and connectivity
- create a socially inclusive and sustainable model of regional development

7.17 The Blue Growth initiative provides scope to work together with other Member States leading to the sharing of information, costs, results and best practices, as well as generating ideas for further areas of co-operation on maritime activities.

7.18 This is a developing area that industry and government should continue to monitor closely in order to identify and exploit opportunities for the longer term growth of the UK maritime sector.

Access to finance

7.19 With regard to the support of innovation and entrepreneurism in the UK maritime sector, the evidence revealed that shipowners and small boat builders commonly cite a lack of access to finance to mortgage their ships or to build them as the main barrier to productivity growth. Small boat builders and start-up companies are particularly vulnerable and often struggle to secure finance from banks to start projects.

7.20 Raising the quantity and diversity of external finance available to start-ups and high growth potential firms boosts productivity. This is especially true in the maritime engineering sector where workboat builders may wish to build boats speculatively rather than solely to order. It is important to be able to offer a financial package alongside the offer of a boat given that this is the model overseas competitors use.

7.21 Potential issues with productivity can be addressed if the provision of finance allows businesses to grow and invest in infrastructure, whilst maintaining the reputation of the UK for maritime expertise and quality.

7.22 Awareness of the unique nature of maritime market potential and the health and strength of the industry could be raised among financial institutions as part of wider maritime marketing activity, as recommended in Chapter 7.

Productivity

7.23 The Government's Productivity Plan supports many of the objectives considered by the Study:

- Fostering Long Term Investment – Skills, Infrastructure, Innovation, Business Investment
- Creating Dynamic Markets – Competition, Deregulation, Enterprise, Trade
- Resurgent Cities – Rebalancing the economy, City Devolution

7.24 There are areas within the sector in which the UK's long standing productivity gap with its major competitors can be addressed. Business advice, coaching and management skills training improves the capabilities of business leaders and when coupled with smarter, streamlined regulation practices reduces the burdens on managers and allows them to focus on what matters.

7.25 Research, innovation and creativity are key inputs that contribute to productivity. The UK Marine Technology Roadmap presents the technology priorities of the industry in a single document and identifies the key opportunities which can provide export growth through to 2020 and onwards to 2030. The Roadmap also maps the key technical capabilities that need to be developed for the successful exploitation of those opportunities and should act as the focus for engagement across the maritime industry community. The Roadmap provides a tool that could be utilised by industry and government more broadly to identify and exploit growth opportunities and priority maritime markets.

Conclusion

7.26 The growth of the UK maritime sector has been, and will continue to be, reliant on the innovative nature of its industries. This drive to innovate and evolve has helped the UK to remain a world-leading force in maritime despite the loss of large scale commercial shipbuilding to the East and a steady decline in UK shipping interests. The programme of action recommended in this report will serve to highlight the UK maritime sector's innovations more strongly.

7.27 In terms of the recommendations from the Study, placing maritime innovation at the forefront of the marketing campaign for the sector would heighten the profile of the industry. This would also generate interest in and increase the appeal of maritime careers, which in turn could help to supply our pool of skilled workers. Additionally, improvements in government and industry leadership of maritime activity through a more joined-up approach would support knowledge transfer and increase exposure of mechanisms, including funding, that support innovation and enterprise.

Clustering

7.28 According to cluster theorist Michael Porter a cluster is defined as "a geographically proximate group of interconnected companies and associated institutions in a particular field, linked by commonalities and complementarities"[86]. This means that businesses with similar or related interests often locate within comparatively close proximity of each other. The evidence submitted to the Study suggests that maritime clusters are an important component in driving growth in a particular geographical area and indicative of success in the sector as a whole. Geographical proximity, on its own and when related to cost, were given as factors having an impact on potential growth. Being close to policymakers, potential clients and the opportunity to network and meet new contacts were all cited as benefits.

The Solent

The Solent's coastal location, business base, skills, traditions, research and educational strengths place it at the forefront of the national marine and maritime economy. Locally, the marine and maritime sectors contribute 20.5% of Solent's GVA and account for 5% of all private sector jobs[87]. Southampton hosts a range of national marine and maritime centres of excellence, including, Lloyds Register, Southampton Marine and Maritime Institute and the National Oceanography Centre. Alongside its commercial port, Portsmouth remains home to the Royal Navy and, building on this heritage and the opportunity presented by the QE Class Carrier's base porting at the dockyard from 2017, the city has emerged as a global leader in cutting edge development and innovation in the defence and wider marine and maritime sector.

The port of Southampton provides a strategic hub and gateway to global markets for enterprises across southern and central England. Southampton port is a critical stopping point on the world's busiest trade route from Shanghai to Rotterdam, a gateway to global markets for the automotive industry as the UK's leading port for car exports, the second largest and most efficient container port in the UK and the nation's busiest cruise port. Southampton port plays a critical role in enabling export-led growth in the UK and the Solent LEP and DfT are prioritising transport investment in critical national and local networks linked to the port.

7.29 Ports are a potential location for the formation of clusters due to reduced transport costs and availability of skilled labour. This has a particular advantage in a sector where sub-contracting and outsourcing is widespread and there is a demand for highly specialised skills. As a result, there are a number of cities and regions where significant clusters have developed as a result of the local port infrastructure. However, this has not meant that maritime-related industries have not developed in landlocked areas. In fact, analysis by BIS suggests there are no constituencies in the UK without some form of marine-related company in operation.

86 Porter, M. (1998) On Competition. Harvard Business School Press
87 Transforming Solent (2014) https://www.gov.uk/government/publications/transforming-solent

Belfast Harbour

Established in 1847, Belfast Harbour is Belfast's port authority and operates the principal maritime gateway on the island of Ireland. The harbour estate covers an area of 2,000 acres representing 20% of Belfast City area and is also Northern Ireland's logistics and distribution hub.

The development of Belfast's Titanic Quarter is a joint venture between the Belfast Harbour Commissioners and Titanic Quarter Ltd. It is one of the world's largest urban-waterfront regeneration projects, transforming ex-shipping land into a new mixed-use maritime quarter providing jobs, homes and investment opportunities.

The Harbour Estate and Titanic Quarter are home to wide range of business specialising in renewable energy, manufacturing and engineering amongst others. It is also the location for the Northern Ireland Advanced Engineering Competence Centre specialising in advanced composite materials research.

International and regional clusters

7.30 While all successful clusters generate economic growth there are two different ways in which this growth is manifested:

- **International maritime clusters** are those based around major hub cities such as London, Singapore and Hong Kong and successful growth in these is usually measured in terms of the amount of investment they attract
- In contrast, **regional clusters** emerge out of local commercial necessity or perceived commercial advantage. This is because most local planning is devolved to local authorities and the UK ports involved are private enterprises. Any growth here is likely to be indigenous and will primarily benefit the local economy

7.31 While London is still by far the largest cluster within the UK, regional clusters such as Liverpool, Plymouth, Glasgow and Southampton have developed around specific aspects of the sector and are particularly important to generating local growth.

Aberdeen

From its early days, with records dating back to 1136, a maritime cluster has existed in the port city of Aberdeen.

At the core of the current maritime cluster is the offshore oil and gas industry, with total activity amounting to around 8000 vessel arrivals per annum supporting both domestic and international operations. Disciplines within the cluster include vessel traffic services, pilotage and port administration. In addition to this is the diverse range of services provided by ship agents, stevedores, vessel owners/operators, ship's chandlers, vessel repairers, fuel supplies, freight forwarders, vessel chartering brokers, insurance and legal advisors.

In common with the maritime cluster, the port has also had to continuously evolve. At Aberdeen, this currently involves a detailed feasibility study investigating the expansion of the port into a bay to the south of the existing harbour. Assuming this nationally significant project, included in Scotland's National Planning Framework 3, is deemed viable by the Trust Port's Board, and all appropriate consents are achieved, this much needed next stage of the harbour's life will provide berthing for larger vessels and a diversification of traffic ensuring the ongoing success of the North East of Scotland.

London

7.32 The UK is home to one of the most important maritime clusters globally in the shape of London. The capital has an extensively developed maritime business services infrastructure with good support and professional services availability. Access to key maritime services, which are of a high quality and offer good customer service, was a factor consistently raised in the evidence with regard to where businesses choose to locate. Access to services such as P&I Clubs, brokers and insurers and a trustworthy legal framework were recurring themes and this has helped to develop London's dominance in maritime business services, both within the UK and globally. The wider appeal of London as an attractive place to live (e.g. availability of good schools, accommodation, medical facilities and attractive cultural offer etc.) is also an important factor.

7.33 In addition, London remains a major port. The Port of London is the UK's second biggest by tonnage and has seen significant new investment in the form of London Gateway.

7.34 However, there are some factors that make London a less attractive option for investors. For example, high staff and operating costs. This is also reflected in a higher cost of living in the capital and escalating property prices.

7.35 The success of events like LISW have gone a long way to focus attention on London and the wider UK maritime sector. However, the leading role of London should not detract from the very real development of smaller but still important clusters around the UK such as Liverpool, Glasgow and Newcastle-upon-Tyne.

Port development

7.36 The evidence also suggests that there are opportunities arising from encouraging strategic development around ports and that this helps economic development, particularly in areas of higher than average unemployment and perceived social challenge. Port owned land is attractive to business and it was indicated by respondents that every effort should be made to ensure that this prime land around port operators is marketed and advertised effectively. It was also seen as essential to facilitate communication between ports and those authorities with an interest in rail and road infrastructure in order to maximise opportunities to improve acceptability to ports.

7.37 There may also be opportunities to improve vertical integration (consolidating the supply chain) by exploiting areas of potential growth such as transhipment and short-sea shipping. The fact that Southampton, Liverpool and Felixstowe are all engaged in expansion programmes tends to support this.

Conclusion

7.38 The UK maritime cluster comprises a number of smaller clusters spread across the nation. Ports are often central to the development of these clusters, which can vary in scope and specialism depending on their location and the types of business, institution or bodies that comprise them. Encouraging the growth of the numerous regional clusters across the UK aligns with the government's wider aim of rebalancing the economy, regeneration and productivity. Such clusters support local workforces and businesses, particularly SMEs.

7.39 The recommendations relating to industry and government leadership could help to facilitate and encourage the development of these clusters, particularly around ports. Making better use of and growing the existing pools of skilled workforce around ports and in different regional maritime clusters could also be important. The marketing of the UK maritime cluster and sub-clusters would support the increased export of maritime services, both business and technical, encourage inward investment and support domestic start-ups. Achieving outcomes such as these would grow the UK maritime cluster as a whole and encourage continued evolution in response to changing market conditions.

Stability

7.40 The importance of stability is widely recognised across the commercial world as it eliminates uncertainty and produces a beneficial climate for doing business and growth. This is particularly important in the maritime sector given the long-term nature of decision making, shipping investments and large infrastructure projects in the sector. The sector is therefore less resilient to change and any instability can have unforeseen consequences. Conversely, given that ships are mobile assets, the impact of creating a business environment that is too unstable could be for businesses to register and locate their assets elsewhere.

7.41 The evidence received by the Study indicates that the UK benefits from its long maritime heritage and a stable democracy, which allows industry to operate effectively and confidently. This historic advantage stands the UK in good stead but concerns were raised by respondents about this stability being eroded. It was suggested that some competitors are not experiencing the same changes to the fiscal, regulatory, political or legal environment as the UK, which creates instability for businesses that complete in a global market.

Historic and current stability

7.42 The industry is clear that the UK still benefits from a strong and stable business environment. The presence of established and reliable economic, political, fiscal, legal and regulatory systems as well as a good safety and security regime creates an overall environment which the UK has used to its advantage to maintain and grow its maritime sector for several hundred years. Evidence of this is borne out by the UK's strong stance in IMO negotiations, its attention to maintaining a high quality Flag that is consistently included in the upper levels of the White List of the Paris MoU and its approach to the security of its shipping. The UK National Strategy for Maritime Security highlights the importance given to maritime security matters and sets out how the UK delivers effective governance of such issues. The UK's interest and concern in such matters works to support the maritime sector and in turn generates confidence and trust from the industry as evidenced in submissions to the Study.

Maritime security and resilience

Maritime Security

In 2014, the UK shipping industry gave its full support to the new UK National Strategy for Maritime Security and the comprehensive cross government approach it introduced. This approach includes a close partnership between government and the shipping industry with a newly formed National Maritime Security Committee (Industry) chaired by the UK Chamber of Shipping. In addition, the DfT chairs a cross-government group of officials, the National Maritime Security Committee (Officials), who take an overview of maritime security risks and identify potential gaps where further action may be needed.

The National Maritime Information Centre (NMIC) created in 2010 is a notable success and continues to grow in importance. NMIC provides a unique focus for sharing maritime information between government and industry, improving awareness and responding to concerns.

The UK National Strategy for Maritime Security strongly supports an international approach that seeks to protect not only the UK's national seas and resources but also the value of international trade, the increasing reliance on energy supplies and the international obligations to UK territories overseas.

Port resilience

DfT is working to strengthen the resilience of ports to disruption of all kinds to safeguard these vital logistical hubs which feed critical supply chains crucial to the growth of the UK economy and our overall quality of life. This contributes to increased confidence for inward investment and continued economic growth. Increased user confidence in the resilience of UK ports will also serve to strengthen the UK's international position in competing with other European ports to become the terminal of choice for onward distribution of imports throughout the European markets.

DfT is working in collaboration with the University of Nottingham and UCL on a package of innovative and cutting edge projects with the aim of strengthening port resilience to disruption thereby protecting critical supply chains

Political stability

7.43 The evidence highlighted good practice in other countries, particularly where they concentrated on involving ministers or senior officials at key strategic points to demonstrate maritime commitment and secure business. Some countries place great importance on this aspect of trade promotion, which can more easily attract business. In comparison, the high turnover of shipping ministers in the UK and perceived lack of engagement by both UK ministers and officials are regarded as disadvantages. It was suggested that industry finds it difficult to highlight the importance of issues to policymakers when they have to repeatedly rebuild relationships in order to effectively put across industry concerns.

Policy stability

7.44 Some in industry feel policymaking could be made more coherent and consistent through better liaison between government and industry. It is acknowledged that there have been better relations in more recent years as both have worked to maintain a partnership with a "no surprises" approach. However, as with other themes, it is recognised that there could be better connectivity across and between both industry and government to improve communication.

Fiscal stability

7.45 An example of unexpected change cited by the maritime industry was the non-domicile rule change in late 2014 and subsequent developments on the issue. Despite government consultations, the industry believe this issue has had a disproportionate impact on maritime businesses, particularly shipowners, and do not feel they have had the opportunity to present the effects on maritime to government in advance of final decisions being taken. This has meant that industry has either had to accommodate the change or adjust their business model, including through relocation.

Regulatory stability

7.46 As a global industry, safety and standards are regulated primarily through the IMO to promote compliance across the world. Additionally, the EU regulates maritime for its Member States (and EEA members). In both cases, government takes the lead in negotiating outcomes and in more recent years has generally taken industry views and interests into account in forming its negotiating position.

7.47 Recent administrations have also taken the view that any 'gold plating' of domestic regulation should be avoided where possible, which has been welcomed by industry. Nevertheless, although there is evidence that industry is broadly content, the evidence also highlighted that some respondents feel improvements could still be made with regard to UK regulatory practice in maritime.

7.48 Respondents sometimes felt that the EU 'gold plated' IMO regulation. In their view, this gave an unfair advantage to non-EU competitors. It was suggested that a more structured engagement between government and industry on regulatory issues would be useful in keeping abreast of new regulation or initiatives coming from the IMO or EU. This would enable early intervention so that more advantageous outcomes could be negotiated.

Conclusion

7.49 As is the case with other industries, a stable, secure and resilient business environment is seen as key to growing the UK maritime sector and attracting foreign investment and companies. Although the UK ranks highly as a business destination across a number of economic indicators, it can fall behind some of our international competitors in maritime, most notably non-EU destinations.

7.50 The actions falling out of the government leadership, industry leadership and marketing themes would help to promote the best of what the UK has to offer as an attractive location for maritime business while creating structures that could address the issues that create instability in the maritime domain.

8. Conclusions

8.1 The consideration of the evidence and views presented to the Study revealed a number of recurring issues and concerns that it has been possible to group under seven themes. Each of these themes has been considered in detail by the Chair, who has concluded that four themes warrant further action – industry leadership, government leadership, marketing and skilled workforce. The three remaining themes (innovation, clustering and stability) already provide a strong foundation to the UK maritime sector and the UK's existing strength across these areas is supported by the evidence and analysis from the Study. Given their underpinning importance to the maritime sector, these themes would benefit from the implementation of the package of recommendations as a whole.

Industry leadership

8.2 The evidence gathered during the Study suggests that, although the UK benefits from a diverse, wide-ranging and competitive maritime sector, its extensive nature and wide range of priorities can make it difficult for its constituent parts to co-ordinate their interests. This lack of collaboration has limited the ability of the sector to interest and influence policymakers compared with other areas, raise its domestic profile and sell what the UK has to offer abroad. Some of this can be attributed to the historic separation of related industries into two sectors – maritime (shipping, business services and ports) and marine (manufacturing and engineering). However, even within these markets, individual industries have sought to represent their own interests as opposed to the whole maritime sector.

8.3 There are already strong representative bodies for specific industries such as shipping, ports and marine industries. In addition, there has been an attempt to bring together the interests of shipping, business services and ports through the umbrella organisation Maritime UK with some success. However, this mobilisation has, until recently, largely been separate from the marine manufacturing and engineering industries, which are represented by the MILC and MIA. Maritime UK has also not had access to the necessary funding, resource or staff to match its potential and, being conceived primarily as a lobbying organisation, has not undertaken the level of promotional activity required by the sector. The successful promotion of the sector as a whole has also been limited by the lack of an overarching vision for the sector, strategic objectives, marketing strategy and targets.

8.4 The UK is reliant on maritime with its integral role in supporting the supply chain for the food, energy and manufacturing markets and the network of professional services that have developed around these businesses. A more coordinated approach across these industries on common issues, while developing a structure that still recognises their individual concerns, will strengthen the voice and influence of the sector both within the UK and abroad.

Government leadership

8.5 Evidence from the Study suggests four areas of focus under government leadership where successful action would improve the UK's ability to compete with other maritime centres.

Higher priority for maritime

8.6 Much of maritime works well. Goods flow in and out of UK ports efficiently and without hindrance the vast majority of the time. International shipping continues to meet the country's needs with few problems. As a result maritime does not always receive the profile appropriate for a sector which provides a direct contribution to the UK economy of at least £11 billion per year (GVA)[88]. There is a persistent risk that attention is diverted to the more domestic headline-grabbing transport sectors of road, rail and aviation.

8.7 A greater government focus and priority on the maritime sector would help put the UK on a more level-footing with its competitors. Comparisons are often drawn with countries with fast-growing maritime sectors such as Singapore and Hong Kong whose governments have in recent years ploughed huge amounts of resource and investment into their maritime sectors. This is particularly relevant to the UK as an island trading nation that is reliant on shipping. A higher profile for maritime could have wider benefits such as ensuring it has a higher priority in national policymaking and improving the appeal of the sector as a potential career option.

Better customer service

8.8 A recurring complaint from industry is that the UK's maritime administration does not provide an adequate level of customer service to its stakeholders (the UK maritime industry, potential inward investors and foreign parties seeking maritime expertise). The government could be serving the industry better in terms of responding promptly and comprehensively to concerns and queries and involving stakeholders more in the policy-making process.

8.9 This perceived lack of customer focus and a service-oriented approach is seen to be a particular problem in the MCA and its administration of the UKSR. When compared to other Flags, the MCA is designed to act as more of a regulator than a body looking to attract and retain business.

88 2012, DfT analysis of ONS Supply and Use Table GVA and ABS aGVA for selected SICs This includes the marine industries.

More commercial focus

8.10 The MCA has many more regulatory functions and responsibilities than just attracting business to the UKSR and concerns have been raised from many different parts of the sector that the UK's maritime administration does not have sufficient commercial focus. In particular, there are specific concerns relating to the decline of the UK Flag with recent statistics showing the UK trading fleet falling by 17% from 16th place in 2013 to 19th place in 2014 in the world rankings according to deadweight tonnage[89].

8.11 This lack of commerciality manifests itself in a number of ways including the fact that the UKSR is not currently recovering its costs and the inability of the MCA, in its current form, to retain and attract surveyors. The only way it appears the UKSR can compete with its international competitors, and both retain its current customers and attract new business, is to adopt the more customer-focused and service-oriented (or 'commercial') attitude of its competitor Flags.

A more joined-up approach

8.12 The UK's maritime administration is seen by many as being disjointed. Responsibility for maritime policies is spread across a number of different government bodies and there is the risk that policy development is not adequately co-ordinated. There are also calls for stronger and more visible leadership from government that can provide the maritime industry with more effective representation and advocacy.

8.13 The UK's maritime administration needs a more coherent and joined-up approach in order to provide the industry with a single point of contact and a unified cross-departmental approach. This will reduce complexity for industry, including potential inward investors.

Skilled workforce

8.14 The Study evidence highlights the strong skills base within the UK and the high quality training that the UK offers. UK seafarers were seen as being among the best and most sought after for their skills in the maritime world. Attention was drawn to the number and quality of the nautical colleges, providing high level training and qualifications, with more than 10,000 people studying for maritime qualifications in the UK every year. Also evident was the regard with which UK universities and research establishments are held, including the education and research they provide.

8.15 While some parts of the sector do not report difficulties with recruitment and retention of staff, many others highlight a growing shortage of skilled individuals particularly when recruiting for areas such as engineering. This was attributed to an ageing workforce, a lack of diversity in those considering maritime careers, UK personnel being drawn to more lucrative jobs and a lack of interest from young people in pursuing a career in maritime. Action will be required to prevent a widening skills gap, as without an

89 Shipping Fleet Statistics 2014. Result excludes vessels registered to 'unknown' country,which previously held 16th place, reallocating the UK from 20th to 19th place.

appropriately skilled workforce underpinning the UK maritime sector it will fail to achieve its growth potential.

Education and awareness

8.16 There is a lack of awareness in the UK of the importance of the maritime sector to everyday living and many young people have little idea of the breadth of career opportunities that exist across the maritime sector. This could be improved by maritime featuring more prominently in primary and secondary school teaching and the promotion of maritime careers at schools and universities to raise awareness of the variety of career pathways. This could include formal education courses, but also more general recognition in core subjects such as geography, the sciences, maths and business studies. This would help to bring maritime issues to the attention of more young people and raise their understanding of world trade.

8.17 As well as work with schools, there is an opportunity to promote maritime careers more widely through groups such as the Sea Cadets and other youth groups. There are many existing projects and efforts across the maritime sector, but it is currently lacking coordination and would benefit from a more coherent cross-sectoral package.

Training and apprenticeships

8.18 Continued activity to develop skilled personnel to underpin a strong UK maritime sector is important. Government's support through the SMarT scheme helps to demonstrate the UK's commitment to maritime and showcase the UK's strength in delivering appropriate training for seafarers. However, it is important to ensure that SMarT funding continues to meet the needs of the sector by reviewing its effectiveness and potentially revising the scheme if improvements are identified.

8.19 There is general agreement that the UK Tonnage Tax scheme, including its training requirement, is beneficial to UK maritime, although it is recognised that the revision of schemes by other countries means the UK regime may now be less competitive than others.

8.20 Although the UK is only one of two countries with such a training commitment, the general consensus is that the training provision is key in supporting a skilled maritime workforce in the UK.

8.21 The rise in the number of apprenticeships and similar schemes is positive. They are generally seen as beneficial and respondents to the Study would welcome any extension of the opportunities on offer.

Increase in skilled personnel from other maritime areas

8.22 There is an opportunity in the form of personnel who already have maritime skills from other fields, but who may be thinking of a career change. The Royal Navy could be a rich source of additional, experienced entrants into commercial shipping and any barriers deterring individuals from entering should be identified and removed.

Central skills investment

8.23 It is evident that additional education and training is necessary to deliver suitably skilled and experienced personnel who can enable the UK to exploit the projected growth in global maritime trade. Traditionally, shipowners have supported trainees who have then remained with that company for life. Although shipowners have retained their commitment to provide funding for training, and personnel tend to stay within the sector as a whole, the culture has changed dramatically. There is now far more movement of workforce around the sector (at sea and on shore), both within the UK and beyond. Training must therefore be supported by all parts of the industry. Although several industry funds already exist, a central funding mechanism that complements SMarT and the government's proposed Apprenticeship Levy could allow the industry to better meet its training requirements.

Marketing

8.24 The evidence submitted to the Study is clear that action will need to be taken across a range of areas by both industry and government, who must show leadership and demonstrate commitment to the sector with a joined-up approach to its promotion.

Use and sell the UK's existing advantages

8.25 The evidence highlights that the UK has many advantages over our competitors, but that there needs to be greater effort to publicise UK skills and the benefit of the maritime cluster found in the UK. There was consensus across the evidence that more should be done to promote the high quality and diverse services offered in the UK and the expertise found within these professions.

Demonstrate maritime is a priority

8.26 Many respondents also shared the view that government needs to prioritise maritime and make better use of existing networks of embassies, politicians and officials to promote the sector and attract investment to the UK and in UK businesses. Submissions praised the inaugural LISW, but suggested additional, similar events should be organised to promote the UK and maritime sector. A common view was that LISW should not be the extent of the promotional activity undertaken, but rather lead a programme that could continue throughout the intervening two years. It was also suggested that an increase in global promotion of the sector by strategically targeting more UKTI resources to maritime was required.

Have a more strategic and coordinated approach

8.27 A consistent theme in the evidence submitted to the Study has been the need for industry and government to present a co-ordinated front to potential customers and the same is true when considering promotion of the sector. Many echoed the view that a 'Team UK' approach is needed to present a co-ordinated offering from government, industry and services to attract and retain maritime business and persuade companies to locate in the UK. Respondents have suggested that a strategic campaign with a focus on both international and domestic markets should be developed to present a strong, and consistent, maritime brand.

Change perception of maritime

8.28 Submissions to the Study also reflected the view that a positive and open image of shipping needed to be developed. Respondents recognised that the UK's maritime history was an asset, but that the public perception of the sector was too often rooted in the past. There is a clear desire for the sector to be seen as modern and innovative with cleaner, cheaper and better shipping solutions pioneering new technology frontiers for the 21st century. An area that the UK is particularly well placed to exploit. The Study also received submissions which suggested that the perception the sector is focused entirely on London should be challenged and that maritime activity present outside of the capital offers the potential for significant growth.

Innovation, clustering and stability

Innovation

8.29 The evidence suggests that the growth of the UK maritime sector has been, and will continue to be, reliant on the innovative nature of its industries. This drive to innovate and evolve has helped the UK to remain a world-leading force in this field despite the loss of large scale commercial shipbuilding to the East and a steady decline in UK shipping interests. The programme of action recommended in this report will serve to highlight the UK maritime sector's innovations.

8.30 In the context of the four overarching themes from the Study, placing maritime innovation at the forefront of the marketing campaign for the sector would heighten the profile of the industry. This would also generate interest in and the appeal of maritime careers, which in turn could help to supply our pool of skilled workers. Additionally, improvements in government and industry leadership of maritime activity through a more joined-up approach would support knowledge transfer and provide greater exposure of mechanisms that support innovation and enterprise, such as government and industry funding.

Clustering

8.31 The Study evidence highlights that the UK maritime cluster comprises a number of smaller clusters spread across the nation. Ports are often central to the development of these clusters, which can vary in scope and specialism depending on their location and the types of business, institution or bodies that comprise them. Encouraging the growth of the numerous regional clusters across the UK aligns with the government's wider aim of rebalancing the economy, regeneration and productivity. Such clusters support local workforces and businesses, particularly SMEs.

8.32 In terms of the four overarching themes, enhanced industry and government leadership could help to facilitate and encourage the development of these clusters, particularly around ports. Making better use of and growing the existing pools of skilled workforce around ports and in different regional maritime clusters would also be important. Effective marketing of the UK maritime cluster and sub-clusters would support the increased export of maritime services, both business and technical, encourage inward investment and support domestic start-ups. Achieving these outcomes would grow the UK maritime cluster as a whole and encourage it to evolve in response to change.

Stability

8.33 As is the case with other industries, the evidence submitted into the Study confirms that a stable, secure and resilient business environment is seen as critical to growing the UK maritime sector and attracting foreign investment and companies. Although the UK ranks highly as a business destination across a number of economic indicators, it can fall behind some of its competitors in maritime, most notably non-EU destinations.

8.34 Any improvements in government leadership, industry leadership and marketing would help to promote the best of what the UK has to offer as an attractive location for maritime business while creating structures that could address the issues that create instability in the maritime domain.

Vision

8.35 The findings from the Study have helped to inform a vision for the UK maritime sector where its future competitiveness is reliant on industry and government working together. This is ensure that the UK is the world's foremost maritime centre and a maritime nation that:

- exploits the full range and depth of its maritime cluster to promote the UK's position as the world's leading maritime centre.
- attracts inward investment in ports and other maritime business, contributing to both the national and regional economies.

- sells its marine engineering and manufacturing expertise and innovation to shipowners and other maritime businesses around the world, including emerging economies.
- ensures that the world's shipping industry chooses UK-based maritime business services, including maritime training, to support their global trading fleets.
- draws the world's shipowners to the UK, with more shipping operations being managed from here, creating UK jobs and with owners paying UK Tonnage Tax.
- provides shipowners with a high quality, commercially-oriented UK Ship Register that promotes the UK brand, reinforces our maritime centre status and generates income for the UK taxpayer – the flag of choice for quality owners.
- replenishes and builds its vital maritime skills base, including through shore-based apprenticeships and by attracting more shipowners into UK Tonnage Tax with the associated commitment to train seafarers through government funded maritime training schemes.

8.36 To achieve this vision and the associated outcomes, the key areas where action is needed are:

- **leadership** by both government and industry, including a more commercial and responsive UK maritime administration within government and an industry-led promotion body
- **effective marketing** by industry and government of what the UK maritime sector has to offer both domestically and internationally
- More proactive action to replenish and develop the **skills** needed to maintain our position as a world-leading maritime centre.

9. Recommendations

Industry leadership

Recommendation 1 – Single Promotional Body

For the key industry bodies within the sector, including the Baltic Exchange, British Ports Association (BPA), Marine Industries Alliance (MIA), Maritime London, UK Chamber of Shipping and UK Major Ports Group (UKMPG) to take action to create a stronger unified industry voice by:

- Forming a **single, industry-wide promotional body that can market the UK maritime sector** as a whole and partner with government, while ensuring that individual industries can continue to engage with government on their specific concerns.
- Developing a **vision and set of strategic objectives** that the sector can support by identifying and prioritising the major common concerns across the shipping, ports, business services, manufacturing, engineering and science industries.
- Introducing **quantifiable targets and goals** to deliver the sector's vision and strategic objectives.

Recommendation 2 – Capability of Promotional Body

For the promotional body recommended in this report to be designed to be self-sufficient and operate effectively by:

- Constructing a **fee, subscription or other regime** that enables the body to be self-funded and resourced.
- Appointing a **CEO to manage the day-to-day matters** of the organisation and engage with inward investors, customers and government on a 'business as usual' basis.

Recommendation 3 – Chair of Promotional Body

For the promotional body recommended in this report to **appoint a high profile Chair empowered to act as the industry champion for the sector** and to work closely with both the chair of the Ministerial Working Group for Maritime Growth (see recommendation 4) and chair of the MCA (see recommendation 6) suggested in this report to raise the domestic profile of the UK maritime sector and sell what it has to offer abroad.

Government leadership

Recommendation 4 – Ministerial Working Group

For the government to drive continuing success and growth across the maritime sector by:

- Establishing a **Ministerial Working Group for Maritime Growth** that seeks to coordinate interest in maritime activities across government. Its initial work should be to drive forward the recommendations for government from this Study in parallel to the recommendations being taken forward by industry. The Group should initially operate for a twelve month period and then be subject to review. The group would be separate to the existing Ministerial Working Group for Maritime Security.
- Nominating a relevant transport minister as chair and **'ministerial sector champion'** to take an overview of government activity affecting the sector and working with other departments to support maritime growth.
- The Ministerial Working Group should oversee the development of a **national strategy for maritime growth** developed in collaboration with industry.

Recommendation 5 – Cross-Whitehall Delivery

For the government to provide the Ministerial Working Group with effective cross-government delivery mechanisms by:

- Expanding the remit of the Department for Transport's **Maritime Administration Board to act as the senior official body for the Ministerial Working Group**, but with a wider standing membership that includes other government departments and industry attendees.
- Creating a **cross-Whitehall maritime team** that acts as the delivery arm of the Board and creates a single point of contact for industry, potential inward investors and international businesses interested in using UK-based maritime services.

Recommendation 6 – Maritime & Coastguard Agency Reform

For the Department for Transport to reform the Maritime & Coastguard Agency (MCA) so it can operate more effectively, efficiently and commercially by:

- Initially **separating the UK Ship Register from the MCA's regulatory functions and appointing a commercial director** with industry experience to lead the Register, and the Agency's other commercial functions, as a new, more commercial internal directorate.
- Implementing the MCA's conclusions from its **Survey & Inspection (S&I) Transformation Programme** to create a more highly skilled, flexible and better rewarded surveyor workforce and improve MCA systems in order to better support industry customers while driving high standards.
- Taking timely action to **fully recover the cost of the services being provided** and facilitate continuous improvement in service delivery, while remaining competitive with other international shipping registries.
- Appointing a **Non-executive Chair for the MCA Board** with relevant industry experience to drive change, champion the UK Ship Register and promote the government's wider maritime offer as the 'government sector champion', while working with the Ministerial Working Group to deliver reform and oversee the development of the business case for a change in status.
- Developing, in line with the recommendation of the UK Ship Register Advisory Panel, the business case for **changing the status of the MCA** (beyond its current status as an executive agency of the Department of Transport), or parts of it, to provide greater flexibility, boost customer service, increase commercial responsiveness and, where appropriate, generate a reasonable profit on discretionary commercial services, thereby reducing government costs and replicating the financial success of other international ship registers. The focus for change should be the operation of that part of the ship register covering larger internationally trading ships whose owners are free to choose where they register in a highly competitive market.

Skilled workforce

Recommendation 7 – Seafarer Projections Review

For government to work with industry to better understand the UK maritime sector's seafaring skills requirement with the aim of developing targets for growing the skills base by **refreshing its assessment of the requirement for seafarers in the UK maritime sector** to ensure industry and government have the most up-to-date picture of supply and demand.

Recommendation 8 – Future Skills

For the promotional body recommended in this report **to identify and prioritise the key skills issues facing the UK maritime sector** by assessing the current and future need for wider skills and qualifications across the UK maritime sector as a whole and **developing a 'skills strategy'** with focused objectives for addressing these concerns.

Recommendation 9 – SMarT Review

For government to initiate a **review of its Support for Maritime Training (SMarT) scheme** for sea-going trainees undertaking HNC, HND, Foundation or Honours Degrees to ensure it is fit for purpose – including **how funding can best complement the industry's contribution into the Maritime Skills Investment Fund recommended in this report (for example through match funding).**

Recommendation 10 – Maritime Skills Investment Fund

For the promotional body recommended in this report to establish a **'Maritime Skills Investment Fund'** to address the decline in seafaring and other skills sector-wide by a) working with existing industry providers to coordinate, rebrand and act as the 'shop front' for the various funds that support maritime skills, training and qualifications; and b) design and establish a voluntary scheme to secure contributions into the Fund from those maritime businesses that are not already engaged in maritime training or apprenticeships.

Recommendation 11 – Maritime Apprenticeships

For government to initiate work with industry **on extending its programme of apprenticeships** to include more roles in the maritime sector, including, for example, shore-based business service roles, in order to increase the intake into the sector.

Recommendation 12 – Ship to Shore Mentoring

For the promotional body recommended in this report to develop an industry-wide **'ship to shore' mentoring scheme** that identifies career structures and develops the sector's future business leaders from the seafaring community. This scheme should identify or define career paths that ensure participants gain the relevant experience at sea before supporting a move into a relevant shore-based role in the UK.

Recommendation 13 – Education

For government to explore the scope for **introducing maritime examples into primary and secondary school teaching** in order to raise youth awareness and, where possible, to support bodies seeking the formal accreditation of maritime studies.

Recommendation 14 – Maritime Awareness

For the promotional body recommended in this report to coordinate, including with the MNTB, Maritime Skills Alliance, Seavision and others, a **year-round programme of awareness raising activities to encourage interest in, and entry into, maritime careers**. This should include plans and publicity targeting school and university career fairs, as well as Sea Cadets and other youth groups.

Recommendation 15 – Royal Navy Links

For government to initiate work on creating **better links between the Royal Navy and wider UK maritime sector** in order to ensure that staff with relevant experience who are leaving the Royal Navy can more easily take-up service on commercial vessels and are made aware of jobs in the wider UK maritime sector.

Marketing

Recommendation 16 – Marketing Opportunities

For the government to take full advantage of new and existing opportunities and campaigns to support the maritime sector and market UK maritime abroad, including by:

- Incorporating the **maritime sector in the GREAT Britain campaign**;
- Placing **maritime on the agenda of UKTI foreign trade delegations** and, where appropriate, including representatives from maritime industry on such delegations;
- Making **greater use of our foreign embassies** to promote the UK maritime offer.

Recommendation 17 – Industry Marketing Strategy

For the promotional body recommended in this report to include roles and funding dedicated to raising the profile of and promoting the UK maritime sector. A **marketing strategy should be developed in collaboration with government**, including advertising campaigns, and a single overarching maritime careers portal covering the many career paths in the sector.

Recommendation 18 – Investment Opportunities

For the government to initiate work with industry **to raise the awareness of financial institutions about investment opportunities across the maritime sector** and encourage schemes and other solutions that could improve the availability of UK finance and offer real support to the sector, including for ship ownership.

Implementation

9.1 In view of the administration's ongoing Spending Review, the decision has been taken not to attribute specific timescales to the recommendations for government. In the interests of equity, the same approach has been adopted for the industry recommendations. It is expected that the government will formally respond on next steps and progress following completion of the Spending Review, when there is clearer idea of the affordability constraints to which implementation plans could be subject. Nonetheless, real progress could be made on the package of recommendations within six months of the report being published and it is expected that very little would be outstanding by way of action 12 months on from London International Shipping Week 2015.

9.2 It is anticipated that an inclusive approach would be adopted in taking forward the recommendations to ensure all parties are engaged as 'one sector'. This will be critical to ensuring success from the outset.

Glossary

A

Apprenticeship: A means by which a person can learn a trade while working alongside experienced practitioners.

B

Business Services: A term usually used to describe those services that enable businesses to function such as finance, insurance and law. In the context of this study the term is used to describe those services as they relate to the maritime sector only.

C

Certificate of Competency: A certificate issued by a flag administration confirming that the holder has attained the level of competence required by national and international legislation for service in a certificated capacity on board a merchant or fishing vessel.

Charter: A rental agreement in which a charterer agrees to hire a ship from its owner in order to move cargo to some other part of the world. There are many varieties of charter which fall into three main categories each with its own terms and conditions. 'Voyage charters' are where a ship is hired for one specific voyage from A to B. 'Time charters' are where a ship is hired for a specific period during which time it may make several voyages. 'Bareboat charters' are where the hirer hires the boat only and takes all the responsibility for crewing, maintenance and other expenses for the duration of the charter.

Classification Societies: Independent organisations, staffed by marine surveyors, which develop and monitor standards for the design, construction and maintenance of ships for the assistance of shipowners and underwriters.

Cluster: A cluster is a geographical area (usually an urban development) that has attracted a number of businesses and other organisations with related interests to locate within close proximity of one another.

Coastal Shipping: A term referring to vessels operating between two or more points of the same country.

Crown Dependencies (CD): A term encompassing the Bailiwick of Jersey, the Bailiwick of Guernsey and the Isle of Man. Jersey, Guernsey and the Isle of Man are not part of the UK but self-governing dependencies of the Crown. They have their own directly elected legislative assemblies, administrative, fiscal and legal systems and courts of law.

D

Deadweight (dwt): A measurement of the size of a ship based on the weight of cargo, stores, fuel, passengers and crew carried by the ship when loaded to her maximum summer loadline.

F

Flag of Convenience: A colloquial term sometimes applied to an 'Open Register'.

Flag Panel: A term used within this study to describe the industry group that carried out a review of the UK Ship Registry (UKSR Advisory Group) and whose report has been used as part of the evidence base for this study.

Flag State: A term used to describe the country in which a particular ship is registered.

Flag State Control: Flag State Control is the authority an administration has over vessels with their own registration (flag) regardless of where they are operating. It is the responsibility of each flag state to ensure that ships on its register comply with the international convention standards to which it has signed up.

G

Gross Registered Tonnage (grt): A measurement of the size of a ship based on the total volume of all the enclosed spaces in the ship.

Gross Value Added (GVA): A measure in economics of the value of goods and services produced in an area, industry or sector of an economy.

M

Master: The Person having command of a ship.

Merchant Navy (MN): A country's commercial shipping as opposed to that which engages in military activity.

N

Non-domicile tax concessions (non-doms): Individuals who are resident and domiciled in the UK are taxed on their worldwide income and gains. Non-doms are able to claim the remittance basis of taxation, which does not tax foreign income and gains as long as they are not brought ('remitted') to the UK. To access the remittance basis, longer term UK resident non-doms need to pay an annual remittance basis charge.

O

Officer: Members of crew, other than the Master, holding a Certificate of Competency including both Deck and Engineering Officers.

P

Port State Control (PSC): The inspection of foreign ships in other national ports by PSC officers (inspectors) for the purpose of verifying that the competency of the master and officers on board and the condition of its equipment comply with the requirements of international conventions.

Protection & Indemnity Insurance (P&I): A form of mutual maritime insurance provided by a P&I Club. Whereas a marine insurance company provides "hull and machinery" cover for shipowners, and cargo cover for cargo owners, a P&I Club provides cover for open-ended risks e.g. a carrier's third-party risks for damage caused to cargo during carriage; war risks; and risks of environmental damage such as oil spills and pollution. A P&I Club is a mutual insurance association providing risk pooling, information and representation for its members. Unlike a marine insurance company, which reports to its shareholders, a P&I club reports only to its members.

R

Rating: Non-officer crew members, including deck, engineering and catering crew.

Red Ensign Group: A group comprised of the UK shipping register together with those of the UK Overseas Territories (OT) and the Crown Dependencies (CD). As the contracting government, the UK represents the OT/CD at the International Maritime Organisation (IMO) and the UK Secretary of State for Transport has ultimate responsibility for ensuring that they comply with required international conventions.

Royal Fleet Auxiliary (RFA): The Ministry of Defence's in-house merchant fleet which supports UK defence objectives.

Royal Navy (RN): Part of the armed services within the Ministry of Defence that aims to provide security at sea by being prepared to engage in military activity if required in support of UK defence objectives.

S

Sea Cadets: An organisation established in 1856 by local communities wanting to provide young people with instruction and training on a naval theme. Traditionally the instruction was provided by experienced seafarers with local businesses funding the unit building. The principle purpose of the Sea Cadets remains the same today.

Seafarer: A person who navigates waterborne vessels or assists as a crewmember in their operation and maintenance.

Ship Register: A record of all merchant ships that sail under the flag of a particular country. International law requires that every ship be registered in a recognised country. This country is then referred to as the ship's 'flag state'. A ship's flag state exercises regulatory control over the vessel. It is responsible for inspecting the ship regularly and issuing documentation and

certification in respect of the ship's safety, its crew and equipment and its adherence to existing pollution prevention legislation.

Short Sea Shipping: A term applied for the purpose of this study to vessels operating between the United Kingdom and the Continent or the Republic of Ireland.

STCW 95 (Standards of Training Certification & Watchkeeping Convention): The principal international treaty on the matters specified in its title. The 1995 revision (STCW 95) established uniform international standards of competence in particular maritime skills, and placed specific responsibilities on shipping companies for ensuring that the seafarers they employ meet those standards and are made familiar with the ships they sail on. It also placed a requirement on governments to report to the IMO on compliance with the revised Convention.

Support for Maritime Training (SMarT): The Government financial support scheme for Merchant Navy training to facilitate an adequate supply of UK maritime expertise to meet the UK's economic and strategic requirements.

T

Tonnage Tax: An alternative means of calculating Corporation Tax (or its local equivalent) offered by many countries as an incentive to ship-owners. It is based on the size and number of ships they operate instead of on the profits and gains set out in the company's accounts. Its exact implementation is dependent upon the taxation policies of the particular country concerned.

Training Berth: A training placement on board a suitable vessel to accommodate the sea phases of an approved training programme.

Transhipping: The process by which cargo is transferred from one conveyance to another for reshipment or re-export. The term applies whether the cargo is loaded from a ship on to a train or lorry to continue a journey by land or is transferred to another ship for onward carriage by sea.

U

UK Overseas Territories (OT): A term referring to the territories under the jurisdiction and sovereignty of the United Kingdom. They do not however form part of it. There are 14 British overseas territories: British Indian Ocean Territory, Gibraltar, Bermuda, the Falkland Islands, South Georgia and the South Sandwich Islands, British Antarctic Territory, St Helena and its dependencies (Ascension and Tristan da Cunha), Montserrat, the British Virgin Islands, the Cayman Islands, Turks and Caicos Islands, Anguilla, the Pitcairn Group of Islands, and the Sovereign Base Areas on Cyprus.

United Kingdom Ship Register (UKSR): the ship register that holds the records of all merchant ships sailing under the UK flag. It is currently administered by the Maritime & Coastguard Agency.

Annex A: Estimating the size of the sector

Defining the sector

A.1 The maritime and marine sector were initially determined using the following Standard Industrial Classifications (SIC 2008):

Maritime – Shipping

50	Water transport
77.34	Renting and leasing of water transport equipment

Maritime – Ports

52.22	Service activities incidental to water transportation
52.24/1	Cargo handling for water transport activities
52.10/1	Operation of warehousing and unloading of goods or passengers' luggage travelling via water transport and stevedoring

Marine

30.1, 33.15	Shipbuilding and repair
42.91	Construction of ports and marinas

A.2 It is not possible to identify Maritime Business Services using SICs, so for this sector we referenced the estimates within Oxford Economics reports *The economic impact of the UK Maritime Services Sector: Business Services* (2013 and 2015)

A.3 Following cross departmental discussions of how well these definitions covered the marine sector, we also added selected marine leisure activities from the *UK Leisure, Superyacht and Small Commercial Marine Industry: Key Performance Indicators 2012/13* (British Marine Federation). This included:

- The manufacture of electronics, deck gear, rigging, engines, systems, and other equipment for boats
- The distribution of boats and electronics, deck gear, rigging, engines, systems, and other equipment for boats
- Dealers and brokers of new and second hand crafts
- The charter and hire of small passenger boats (this is not addressed by the leasing and renting of commercial vessels included in SIC 77.34)

- Water sports rental and chandleries
- Marinas and moorings (these are not included by the cargo and passenger transport of SIC 50)

A.4 We did not include boat manufacture, repair, servicing or installation as this is addressed by SIC 30.1 and 33.15. 'Other customer services' were not included as it was not clear what these entailed. Business services were excluded as they are likely to be covered by the Oxford Economics definition of this sector. Sailing schools and training were not included as it is not possible to identify the equivalent categories for maritime training.

Economic contribution to the economy (2012)

A.5 For shipping, ports and marine we used detailed SIC data on approximate GVA from the Office for National Statistics' Annual Business Survey to apportion actual GVA from the ONS Input-Output Supply and Use tables for the sectors listed above. This method is recommended by ONS in *A Comparison between Annual Business Survey and National Accounts Measures of Value Added*[90].

A.6 To this we added the mid-point of the 2011 and 2013 estimates for maritime business services taken from the Oxford Economics reports.

A.7 Turnover for the selected marine leisure activities was summed and the proportion of total turnover calculated. This proportion was then applied to the total value of GVA presented within the BMF report to estimate the economic contribution of marine leisure.

90 A Comparison between Annual Business Survey and National Accounts Measures of Value Added

Summary of GVA estimates for the UK maritime and marine sector (2012)

SICs for inclusion in GVA estimate	Description	£ millions
Shipping		**5,618**
50	Water transport	5,501
77.34	Renting and leasing of water transport equipment	117
Ports		**1,380**
52.22	Service activities incidental to water transportation	1,288
52.24/1	Cargo handling for water transport activities	55
52.10/1	Operation of warehousing and unloading of goods or passengers' luggage travelling via water transport and stevedoring	37
Maritime Business Services[1]		**1,550**
Total Maritime		**8,548**
Total Marine		**2,543**
30.1,33.15	Shipbuilding and repair	1,793
42.91	Construction of ports and marinas	254
–	Marine Leisure[2]	495
Total maritime (including marine)		11,091

Source: DfT analysis of ONS GVA from the Input-Output Supply and Use Tables
1. The economic impact of the UK Maritime Services Sector, Oxford Economics, 2013 and 2015
2. DfT estimate of selected sectors from UK Leisure, Superyacht and Small Commercial Marine Industry: Key Performance Indicators 2012/13 (British Marine Federation)

Employment (2012)

A.8 Employment data for Great Britain was compiled using data from the ONS Business Register and Employment Survey for the selected SICs. To this we added the midpoint of the 2011 and 2013 estimates for UK maritime business services taken from the Oxford Economics report. Finally, the number of FTEs for selected sectors from the UK marine leisure sector was summed from the BMF report and added to this total.

Summary of jobs estimates for the UK maritime and marine sector (2012)

Industry (SIC)	Employment
Shipping	17,300
Ports	26,500
Business Services[1]	10,200
Maritime	54,000
Marine	43,600
Marine Leisure[2]	15,200
Maritime and Marine	112,800

Source: Business Register and Employment Survey (Office for National Statistics)
1. The economic impact of the UK Maritime Services Sector, Oxford Economics, 2013 and 2015
2. DfT estimate of selected sectors from UK Leisure, Superyacht and Small Commercial Marine Industry: Key Performance Indicators 2012/13 (British Marine Federation) FTEs

Businesses (2012)

A.9 The number of businesses (6,600) was compiled using ONS business count data downloaded from NOMIS for the selected SICs. Oxford Economics do not estimate the number of businesses in the maritime business services sector so are excluded from this estimate. We acknowledge that this is estimate is therefore likely to underestimate the total number of marine and maritime businesses. The proportion of GVA compiled from the marine leisure sector was applied to the BMF business estimates and added to the ports, shipping and marine estimates.

Limitations

A.10 There may be some element of double counting between the Leisure Marine estimates and those for ports, shipping, maritime business services and marine, however, we have endeavoured to reduce this wherever possible. BRES employment figures are based on GB rather than UK estimates so may underestimate the economic contribution to the sector.

Annex B: Study terms of reference

Purpose

B.1 A comprehensive study of the UK maritime sector that:

a. assesses the current competitive positioning of individual subsectors in the global market

b. reviews the challenges and opportunities going forward, and where appropriate, identifies drivers and barriers to further growth

c. makes recommendations for both Government and industry to improve the sector's international competitiveness.

Scope

B.2 The study will:

- Take an overview of a wide range of activities associated with the UK maritime sector, with the primary focus being on, but not necessarily limited to:
  - ship financing, ownership and operation
  - the provision of maritime business services
  - maritime education, skills, research and technology
  - government administration of maritime activities, including ship registration
  - government regulatory and policy activities affecting the maritime sector
  - marine manufacturing and engineering
- Other elements of the sector will also be considered, including for example, opportunities for the ports sector to contribute to growth.
- Identify, on the basis of a wide consideration of evidence:
  - lessons to be learned from cases where the UK is already highly competitive
  - drivers of potential further growth and any barriers holding back growth
  - ways in which Government and industry can together better promote the UK as a place to do maritime business and as a leading world maritime centre

- Take full account of the position of the UK maritime sector in the global market compared with that of other countries deemed successful at attracting international maritime business and that have seen growth in this area
- Have regard for the role played by the maritime sector in supporting the broader economy and ways in which the sector increases the competitiveness of other UK industries
- Consider a UK wide perspective, inviting the Devolved Administrations to contribute, and working closely with them
- Take appropriate account of existing work within the Maritime and Coastguard Agency (MCA) to modernise the UK Ship Register to avoid duplication and ensure alignment
- Engage openly with and seek views from interested parties from across the maritime and business spectrum to obtain a fully informed and balanced view
- Ensure that any recommendations are fiscally neutral in line with the Government's wider economic strategy
- Ensure that, in making any recommendations, explicit consideration is given to steps that the UK could take, either domestically or internationally, to address greenhouse gas emissions from the maritime sector, but always with due regard to our international competitiveness.

Timing and Final Report

B.3 The final report will be presented to Government during summer 2015 and should include:

- An assessment of the UK's competitive position across the subsectors within the maritime sector
- A review of the challenges and opportunities for the sector going forward
- An explanation of the most relevant and major drivers of and barriers to growth
- Recommendations to improve the future performance of the UK's maritime sector
- Recommendations on how Government and industry might, jointly, better promote the UK as place that is open for maritime business
- Recommendations to allow ongoing assessment of the sector's performance into the future
- Consideration of how the maritime sector can improve its role in supporting the competitiveness of other parts of the UK economy.

Process

B.4 The study will include the following stages:

- Stage 1: evidence collection stage. This will include a call for evidence to industry, research, literature review and engaging directly with stakeholders.
- Stage 2: consideration and prioritisation of key issues and barriers.
- Stage 3: identification and development of policy recommendations and/or solutions.

Governance and Resourcing

B.5 The Minister of State for Transport, the Rt Honourable John Hayes MP, has appointed Jeffrey Evans to chair the study. The chair will be supported by a DfT secretariat. A challenge function will be delivered through an industry advisory group led by Michael Parker, with members drawn from across the maritime sector. The group will agree its terms of reference at its first meeting.

Annex C: Division of maritime responsibilities within the UK government

Government function	Responsible department/agency
Security policy and compliance	DfT
Policy development	DfT
Environmental standards and regulations	DfT and MCA
Administration of UK Ship Register	MCA
Coastguard	MCA
Search and Rescue	MCA
Port State Control (PSC)	MCA
Survey and inspection	MCA
Training and SMarT funding administration	MCA
Safety regulation (including port marine safety code)	MCA
Seafarer certification	MCA
EU/IMO and ILO negotiation	MCA
Policy development of technical standards	MCA
SoSRep and counter pollution	MCA
Security compliance	MCA
Receiver of Wreck functions	MCA
Investigation and prosecution of breaches of maritime legislation	MCA
Outreach and education campaigns	MCA
Seafarer health and safety and medical certification	MCA
Civil hydrography (including mapping and surveying)	MCA
Accident investigation	MAIB

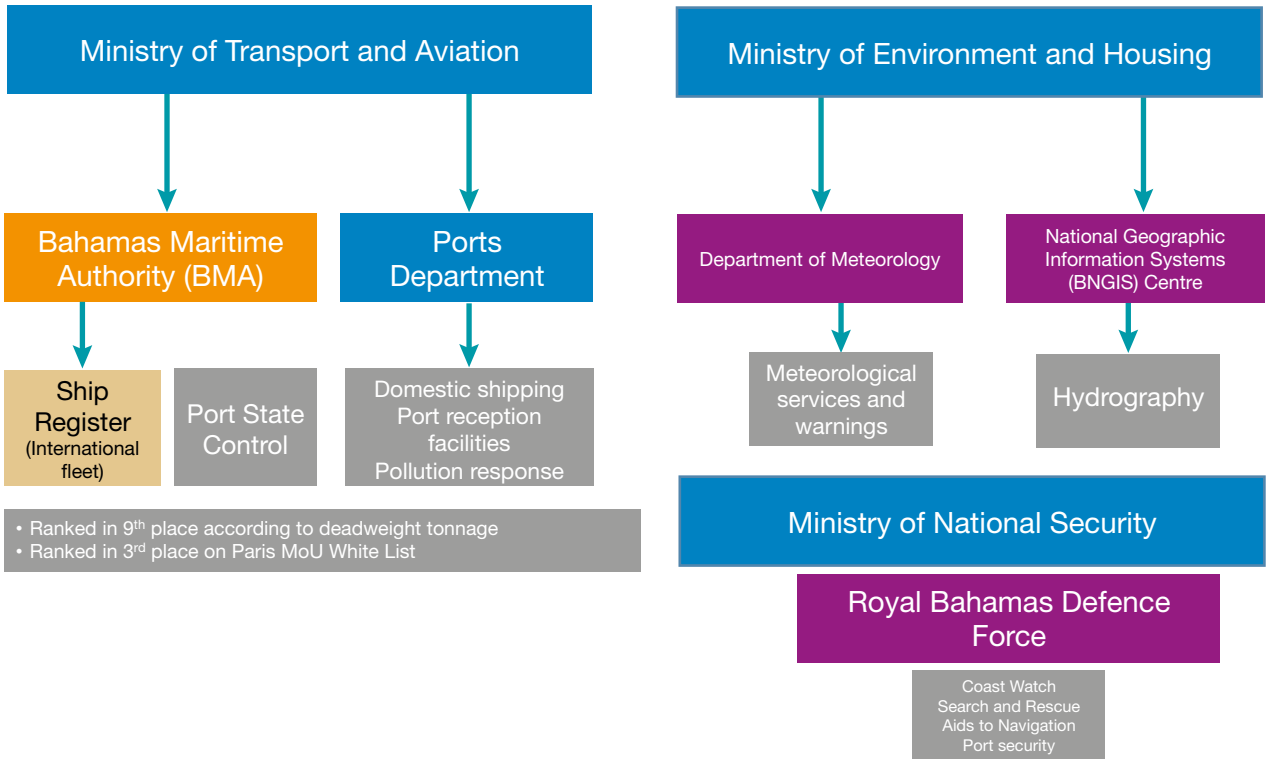
Government function	Responsible department/agency
Provision of Aids to Navigation	GLA
Defence hydrographic mapping and surveying	Hydrographic Agency
Education and skills (apprentices)	BIS
Marine technology	BIS
Marine manufacturing and engineering	BIS
Maritime Business Services	BIS
Health and safety policy	HSE
H&S in ship design and ports	HSE
Tonnage tax	HMRC
Offshore sector	DECC
Fisheries policy	Defra
Regulation and licensing of fishing in England	MMO
Immigration policy	Home Office
Issues maritime security companies with Section 5 firearms licenses	Home Office
Constitutional relationship with the Crown Dependencies	MoJ
Sanctions	Cabinet Office
Sanctions	HMT
Cyber security	NCA
Protection of shipwreck sites	DCMS
Provision of marine funding	Natural Environment Research Council

- Maritime Directorate (MD), Department for Transport (DfT) – government department
- Maritime and Coastguard Agency (MCA) – executive agency of the DfT
- Marine Accident Investigation Branch (MAIB) – independent unit within the DfT
- General Lighthouse Authorities (GLAs) – executive non-departmental public body of DfT
- Hydrographic Office (HO) – trading fund of the MoD
- Health and Safety Executive (HSE) – executive non-departmental public body of DWP

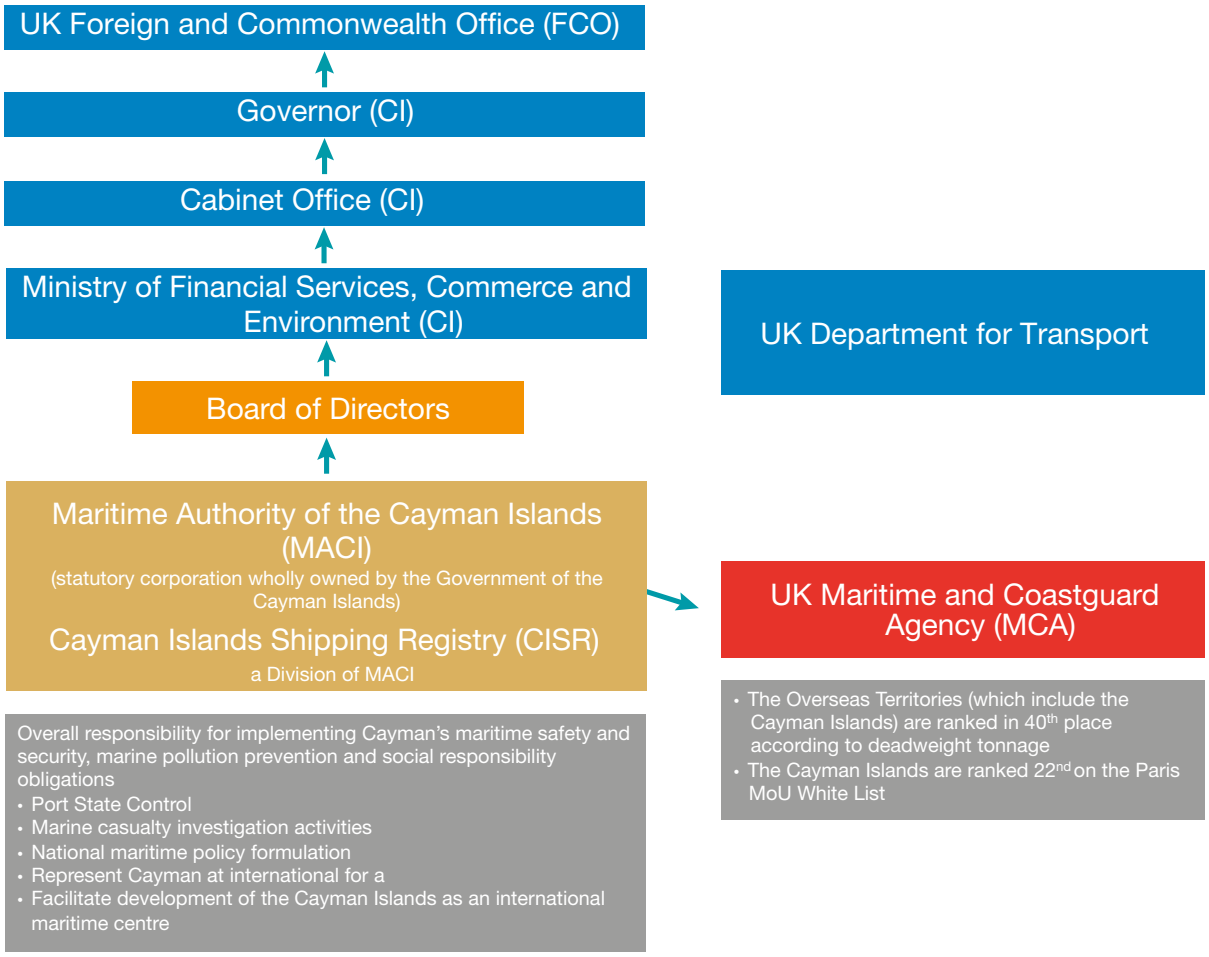
- Department of Business, Innovation and Skills (BIS) – government department
- Department of Energy and Climate Change (DECC) – government department
- Home Office (HO) – government department
- Department of Environment, Fisheries and Rural Affairs (DEFRA) – government department
- HM Revenue and Customs (HMRC) – non-Ministerial department of HMT
- Marine Management Organisation (MMO) – executive non-departmental public body of DEFRA
- National Crime Agency (NCA) – non-Ministerial department of the Home Office

Annex D: Maritime administration maps

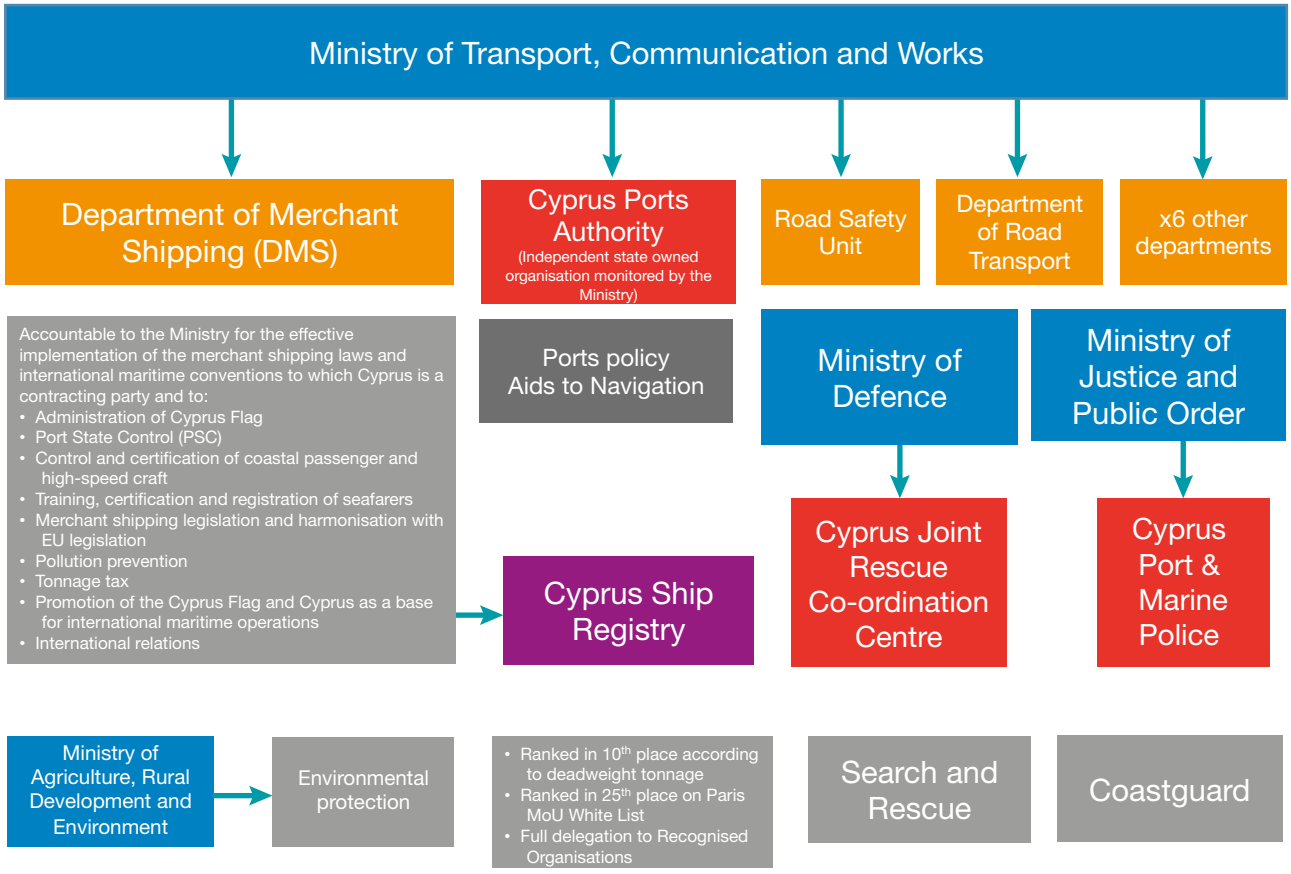
Bahamas



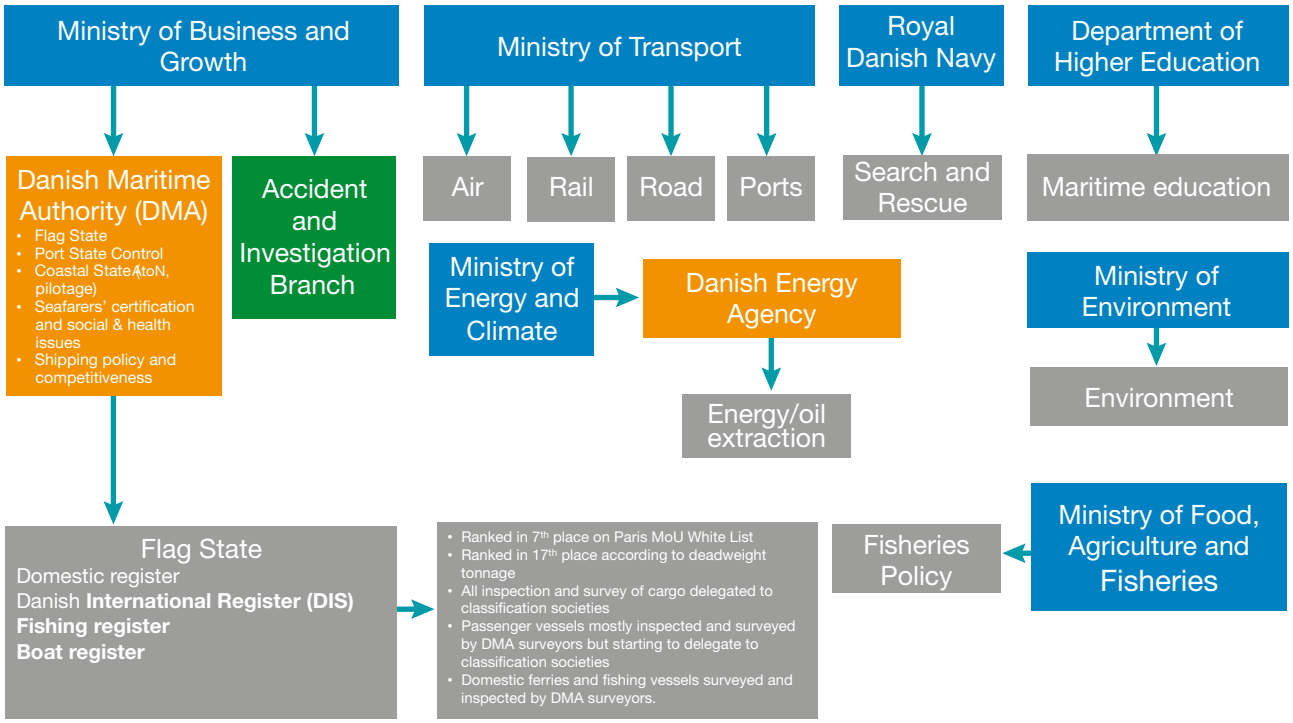
Cayman Islands



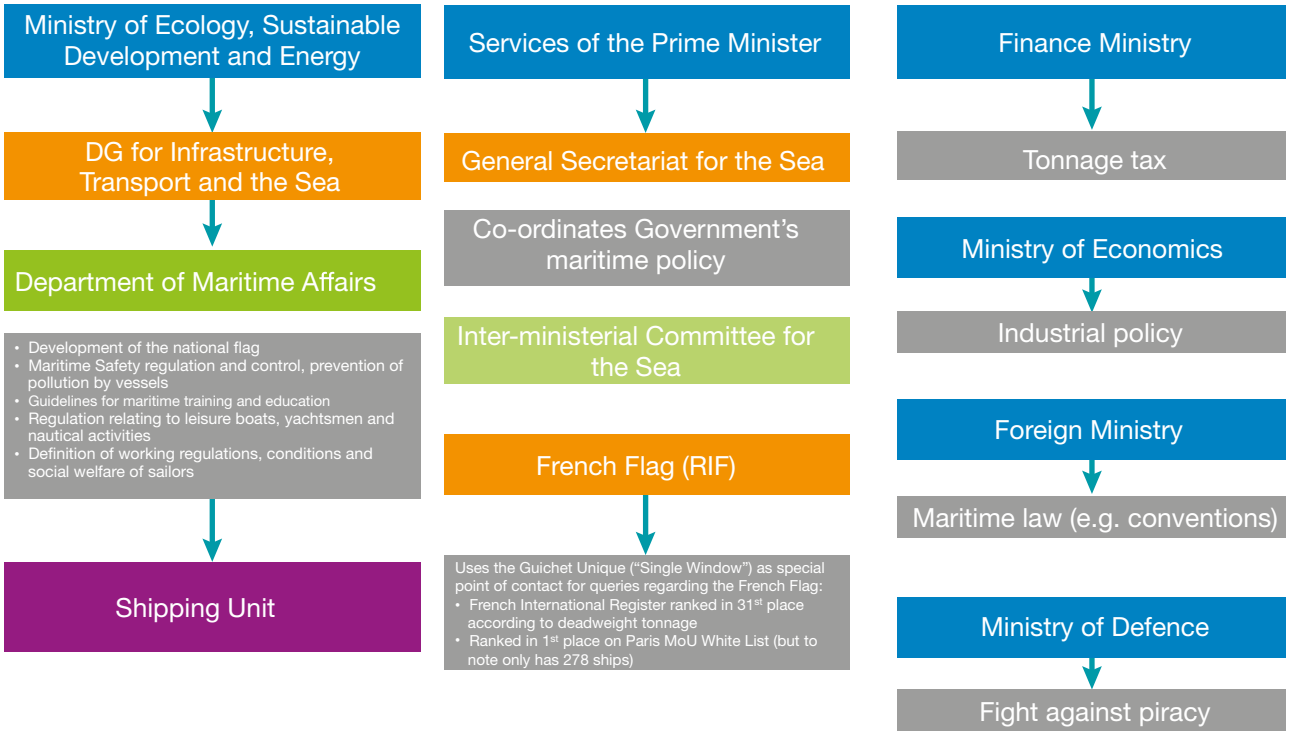
Cyprus


Ministry of Transport, Communication and Works
Department of Merchant Shipping (DMS)
Cyprus Ports Authority
(Independent state owned organisation monitored by the Ministry)
Road Safety Unit
Department of Road Transport
x6 other departments
Accountable to the Ministry for the effective implementation of the merchant shipping laws and international maritime conventions to which Cyprus is a contracting party and to:
• Administration of Cyprus Flag
• Port State Control (PSC)
• Control and certification of coastal passenger and high-speed craft
• Training, certification and registration of seafarers
• Merchant shipping legislation and harmonisation with EU legislation
• Pollution prevention
• Tonnage tax
• Promotion of the Cyprus Flag and Cyprus as a base for international maritime operations
• International relations
Ports policy
Aids to Navigation
Ministry of Defence
Ministry of Justice and Public Order
Cyprus Ship Registry
Cyprus Joint Rescue Co-ordination Centre
Cyprus Port & Marine Police
Ministry of Agriculture, Rural Development and Environment
Environmental protection
• Ranked in 10th place according to deadweight tonnage
• Ranked in 25th place on Paris MoU White List
• Full delegation to Recognised Organisations
Search and Rescue
Coastguard

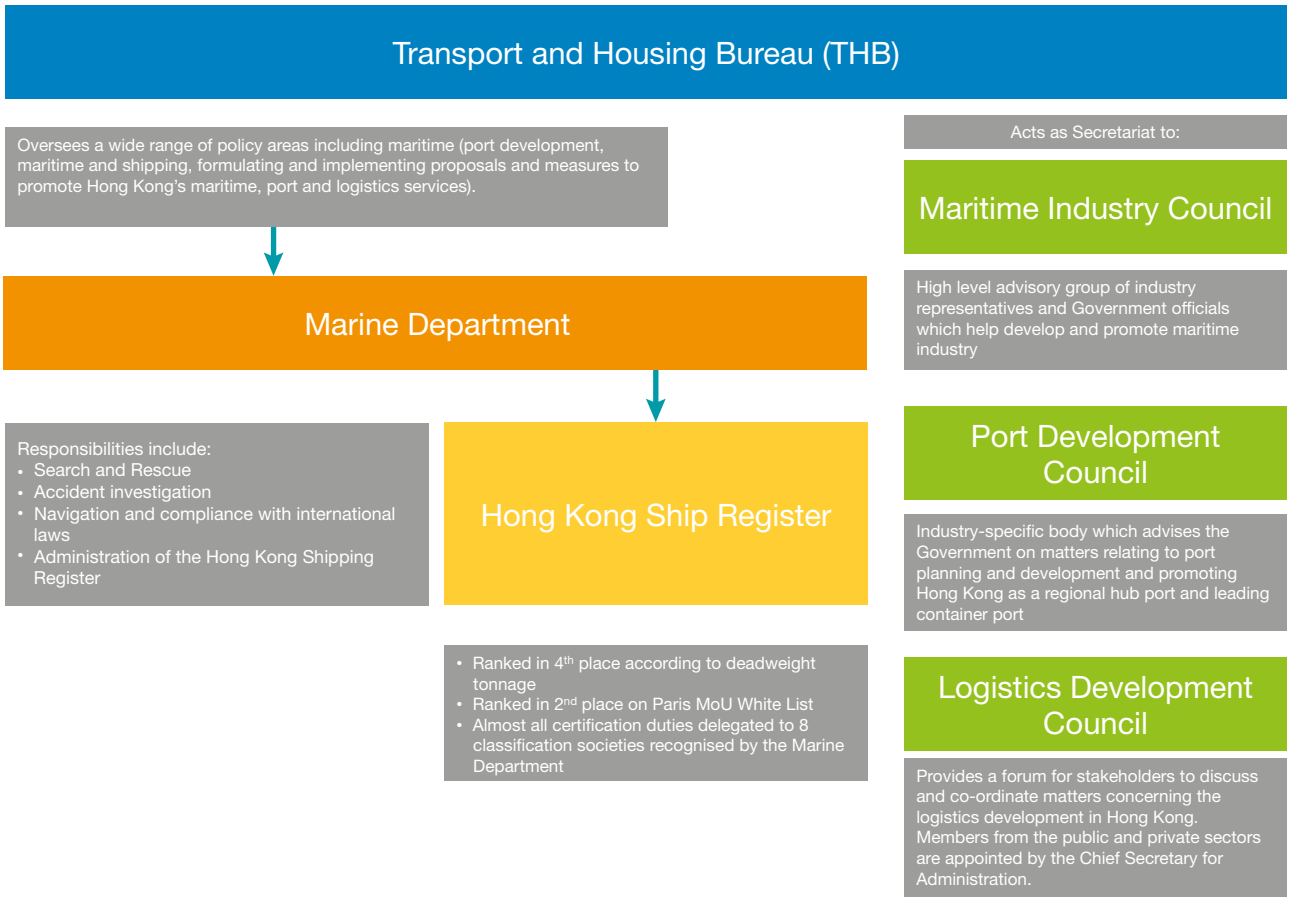
Denmark


Ministry of Business and Growth
Ministry of Transport
Royal Danish Navy
Department of Higher Education
Danish Maritime Authority (DMA)
• Flag State
• Port State Control
• Coastal State (IoN, pilotage)
• Seafarers' certification and social & health issues
• Shipping policy and competitiveness
Accident and Investigation Branch
Air
Rail
Road
Ports
Search and Rescue
Maritime education
Ministry of Energy and Climate
Danish Energy Agency
Energy/oil extraction
Ministry of Environment
Environment
Flag State
Domestic register
Danish **International Register (DIS)**
Fishing register
Boat register
• Ranked in 7th place on Paris MoU White List
• Ranked in 17th place according to deadweight tonnage
• All inspection and survey of cargo delegated to classification societies
• Passenger vessels mostly inspected and surveyed by DMA surveyors but starting to delegate to classification societies
• Domestic ferries and fishing vessels surveyed and inspected by DMA surveyors.
Fisheries Policy
Ministry of Food, Agriculture and Fisheries

France


Ministry of Ecology, Sustainable Development and Energy
DG for Infrastructure, Transport and the Sea
Department of Maritime Affairs
• Development of the national flag
• Maritime Safety regulation and control, prevention of pollution by vessels
• Guidelines for maritime training and education
• Regulation relating to leisure boats, yachtsmen and nautical activities
• Definition of working regulations, conditions and social welfare of sailors
Shipping Unit
Services of the Prime Minister
General Secretariat for the Sea
Co-ordinates Government's maritime policy
Inter-ministerial Committee for the Sea
French Flag (RIF)
Uses the Guichet Unique ("Single Window") as special point of contact for queries regarding the French Flag:
• French International Register ranked in 31st place according to deadweight tonnage
• Ranked in 1st place on Paris MoU White List (but to note only has 278 ships)
Finance Ministry
Tonnage tax
Ministry of Economics
Industrial policy
Foreign Ministry
Maritime law (e.g. conventions)
Ministry of Defence
Fight against piracy

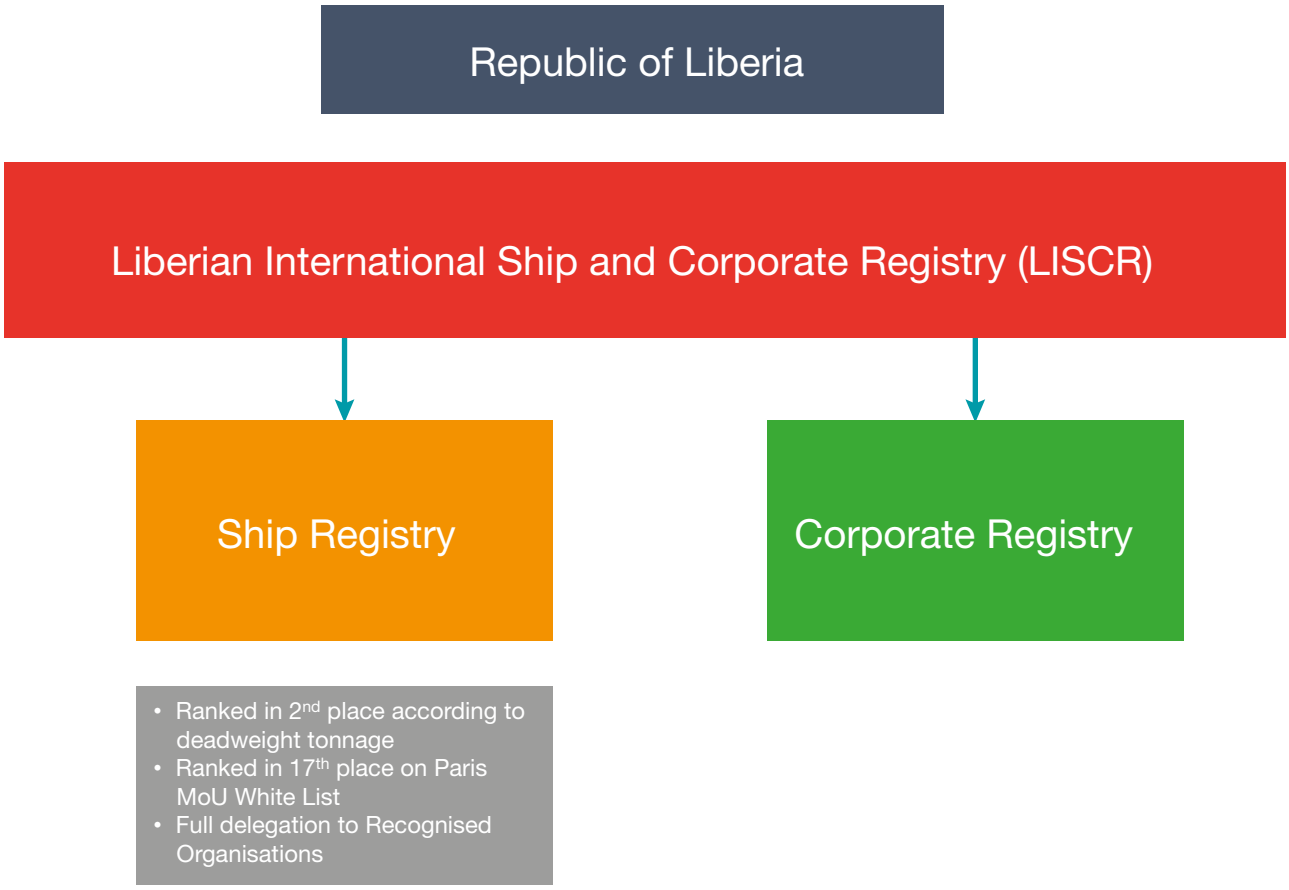
Hong Kong


Transport and Housing Bureau (THB)
Oversees a wide range of policy areas including maritime (port development, maritime and shipping, formulating and implementing proposals and measures to promote Hong Kong's maritime, port and logistics services).
Marine Department
Responsibilities include:
• Search and Rescue
• Accident investigation
• Navigation and compliance with international laws
• Administration of the Hong Kong Shipping Register
Hong Kong Ship Register
• Ranked in 4th place according to deadweight tonnage
• Ranked in 2nd place on Paris MoU White List
• Almost all certification duties delegated to 8 classification societies recognised by the Marine Department
Acts as Secretariat to:
Maritime Industry Council
High level advisory group of industry representatives and Government officials which help develop and promote maritime industry
Port Development Council
Industry-specific body which advises the Government on matters relating to port planning and development and promoting Hong Kong as a regional hub port and leading container port
Logistics Development Council
Provides a forum for stakeholders to discuss and co-ordinate matters concerning the logistics development in Hong Kong. Members from the public and private sectors are appointed by the Chief Secretary for Administration.

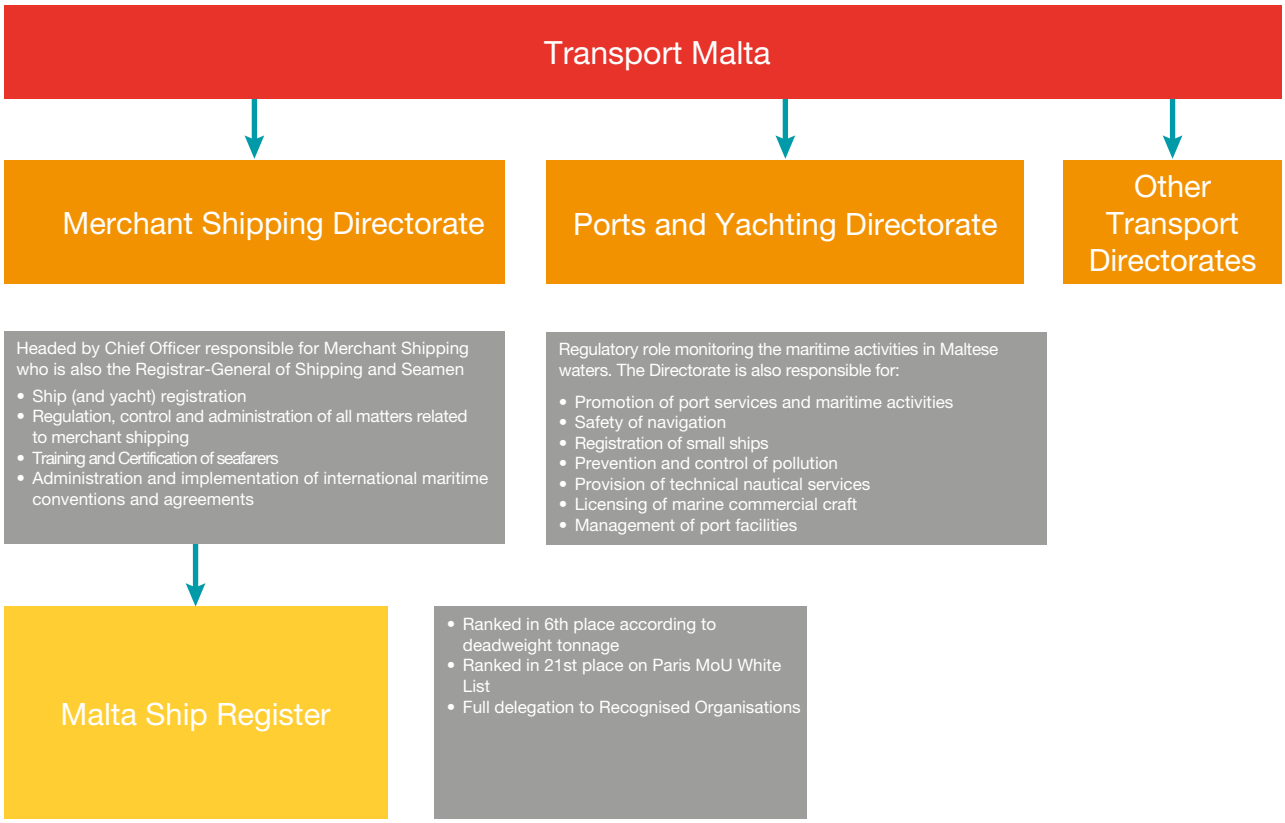
Isle of Man

- The Isle of Man is ranked in 12th place according to deadweight tonnage
- The Isle of Man is ranked 6th on the Paris MoU White List
- Use mostly their own in-house surveyors but also use the services of contract surveyors, working exclusively for REG registers, in key locations across the globe in order to maintain a global presence

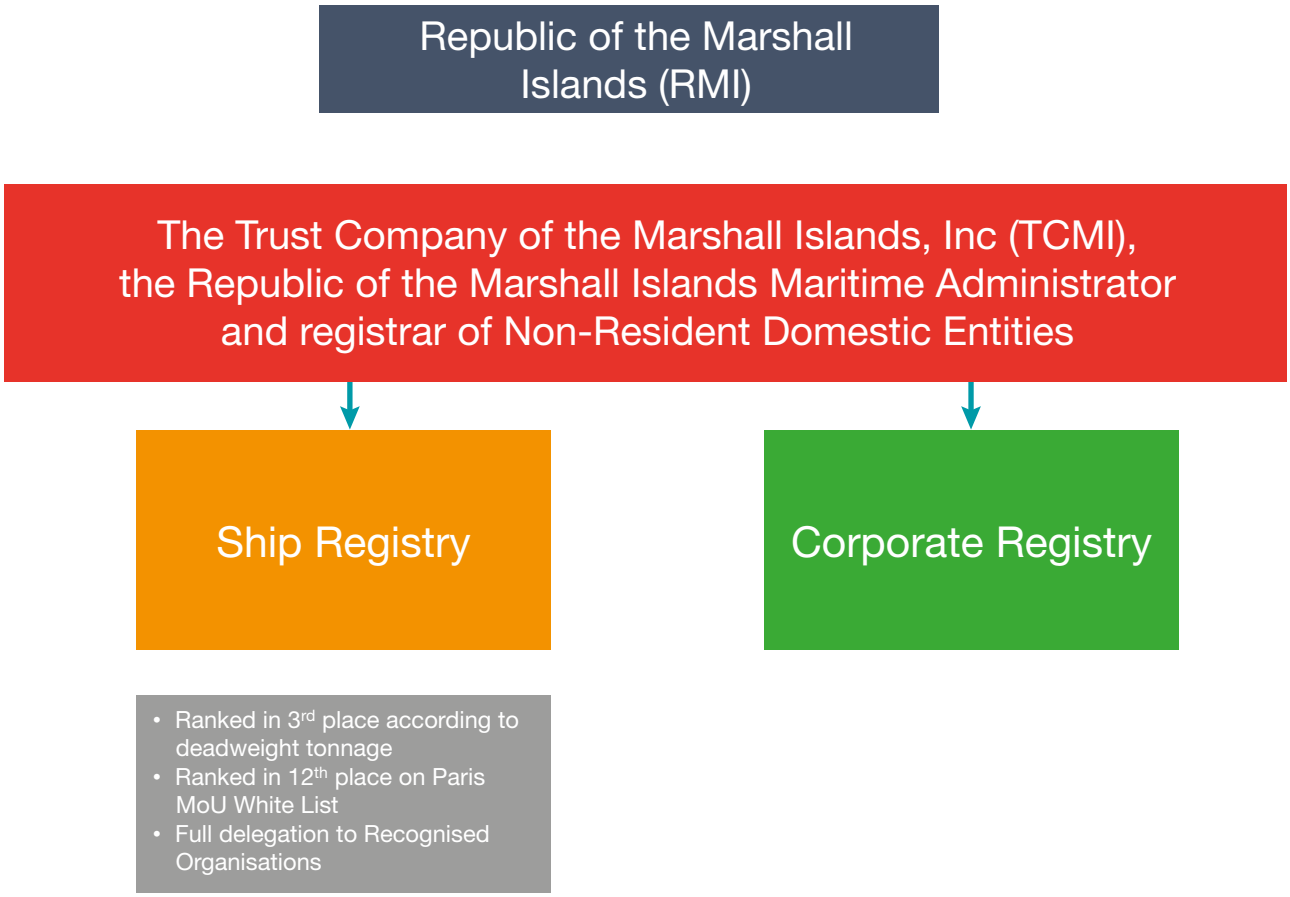
Liberia


Republic of Liberia
Liberian International Ship and Corporate Registry (LISCR)
Ship Registry
Corporate Registry
• Ranked in 2nd place according to deadweight tonnage
• Ranked in 17th place on Paris MoU White List
• Full delegation to Recognised Organisations

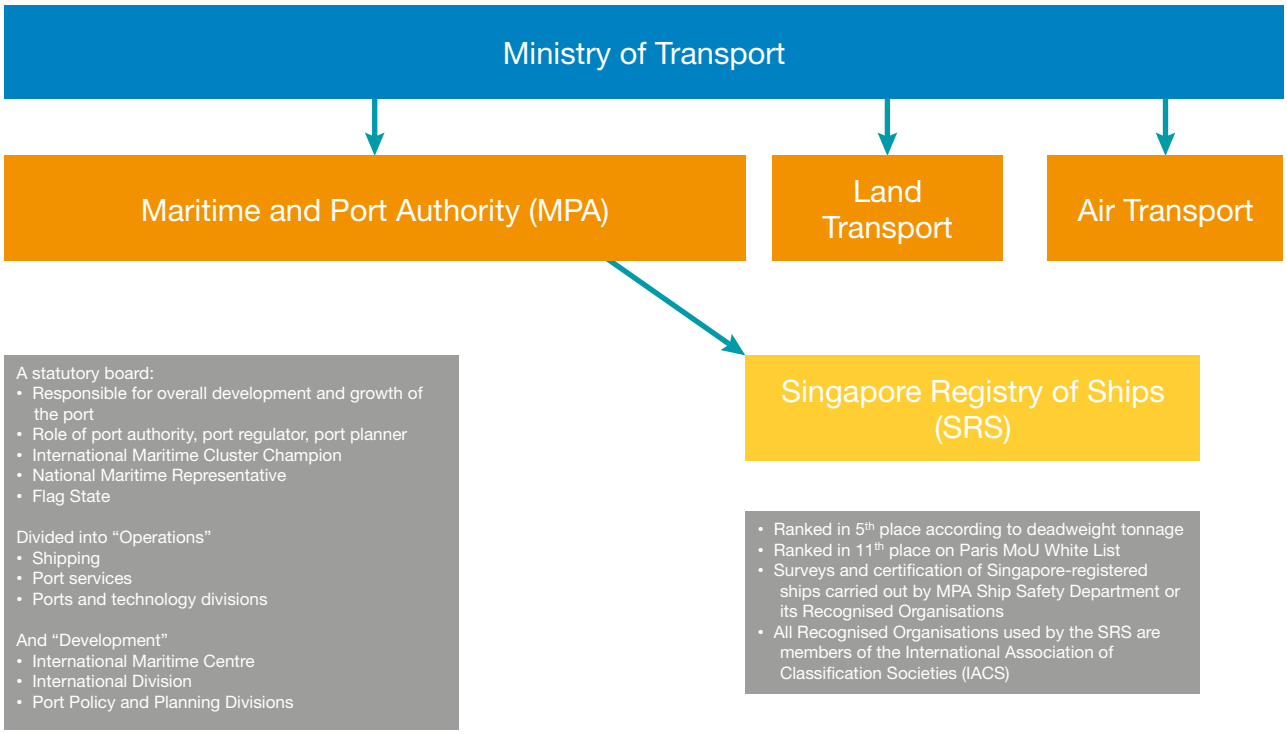
Malta


Transport Malta
Merchant Shipping Directorate
Ports and Yachting Directorate
Other Transport Directorates
Headed by Chief Officer responsible for Merchant Shipping who is also the Registrar-General of Shipping and Seamen
• Ship (and yacht) registration
• Regulation, control and administration of all matters related to merchant shipping
• Training and Certification of seafarers
• Administration and implementation of international maritime conventions and agreements
Regulatory role monitoring the maritime activities in Maltese waters. The Directorate is also responsible for:
• Promotion of port services and maritime activities
• Safety of navigation
• Registration of small ships
• Prevention and control of pollution
• Provision of technical nautical services
• Licensing of marine commercial craft
• Management of port facilities
Malta Ship Register
• Ranked in 6th place according to deadweight tonnage
• Ranked in 21st place on Paris MoU White List
• Full delegation to Recognised Organisations

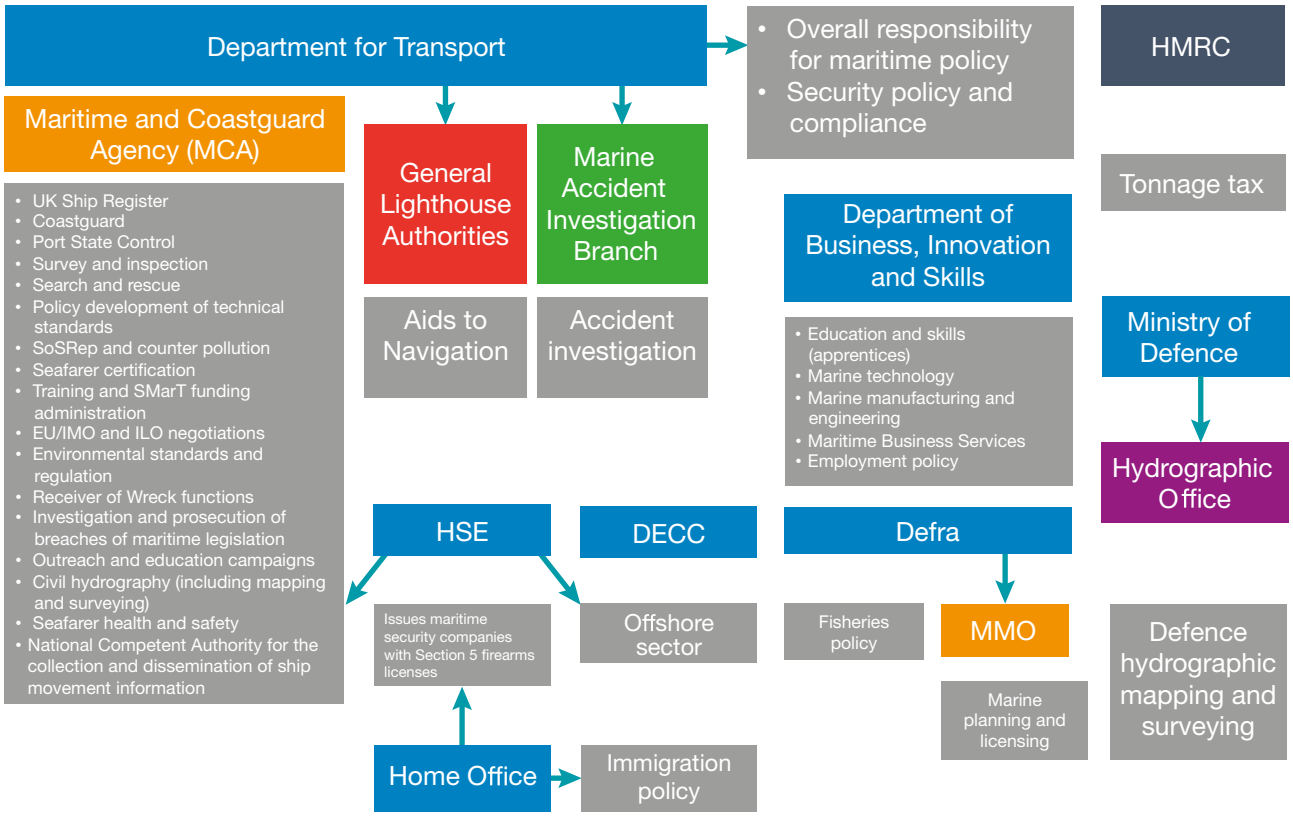
Marshall Islands



Singapore


Ministry of Transport
Maritime and Port Authority (MPA)
Land Transport
Air Transport
A statutory board:
• Responsible for overall development and growth of the port
• Role of port authority, port regulator, port planner
• International Maritime Cluster Champion
• National Maritime Representative
• Flag State
Divided into "Operations"
• Shipping
• Port services
• Ports and technology divisions
And "Development"
• International Maritime Centre
• International Division
• Port Policy and Planning Divisions
Singapore Registry of Ships (SRS)
• Ranked in 5th place according to deadweight tonnage
• Ranked in 11th place on Paris MoU White List
• Surveys and certification of Singapore-registered ships carried out by MPA Ship Safety Department or its Recognised Organisations
• All Recognised Organisations used by the SRS are members of the International Association of Classification Societies (IACS)

United Kingdom



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