



Department
for Transport

Maritime 2050: Trade Route Map

Moving Britain Ahead

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1. Introduction

- 1.1 Maritime 2050 is a long-term strategy for the UK maritime sector and sets out a high level vision for its future. Since March 2018, we have gathered evidence from an extensive literature review, through a call for evidence exercise, targeted interviews with key industry stakeholders and thematic workshops (including workshops in the North of England and each of the devolved administrations) covering the different themes within the strategy: technology, environment, trade, infrastructure, people and security/resilience.
- 1.2 We carefully considered the different sources of evidence to inform the Maritime 2050 strategy and subsequently used those to inform our conclusions and develop recommendations for both the government as a whole and the maritime industry.
- 1.3 This document outlines the key recommendations from the Trade chapter and aims to serve as an action plan, outlining the steps to be taken by both government and industry to ensure that the recommendations drawn from the 2050 strategy are actively managed and delivered. We plan to maintain this route map as a live document and aim to provide updates in five year iterations.

2. Maritime 2050 trade chapter

- 2.1 Trade is a key theme of the Maritime 2050 strategy due to the maritime industry's vital role in facilitating global trade. Shipping is the main mode of transport for moving goods due to its ability to carry large quantities of cargo over long distances, and as a result, over 80% of global trade (by volume) is moved by ships¹.
- 2.2 Being an island nation, the maritime industry is at the heart of the UK economy as 95% of goods imported to or exported from the UK (by weight) are moved by ships. It is estimated that the industry directly contributed to just over £40 billion in business turnover, £14.5 billion in Gross Value Added (GVA) and 185,700 jobs in 2015². The maritime industry helps raise billions of pounds for the UK Exchequer each year and makes a sizable contribution of its own to UK trade.
- 2.3 Whilst the maritime industry is a key facilitator of trade, it should be noted that when we think of maritime trade, we need to fully consider the breadth of activities covered within the maritime industry including the transportation of goods and people, trade in maritime goods such as vessels and marine equipment and trade in maritime professional services such as financial and legal support. As a result, the Maritime 2050 Trade chapter covers each of these sub-sectors and includes recommendations for how they may grow.
- 2.4 The Maritime 2050 Trade chapter explored the UK's maritime offer and found that the UK is a global leader in maritime trade, both in terms of manufacturing and exporting maritime goods and providing maritime services (Figure 1).

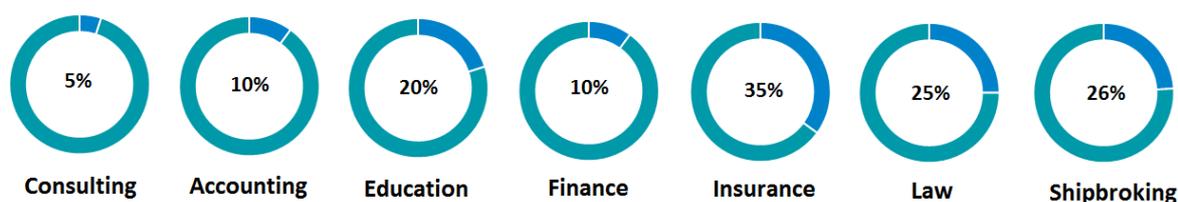


Figure 1. UK global market share in major maritime services sector³.

- 2.5 The UK's marine manufacturing sector is recognised globally for its skills and expertise in marine systems, equipment, design, manufacturing, engineering and architecture. The UK also has expertise in building naval vessels and submarines, high end leisure ships, marine equipment systems for international shipping and autonomous systems.
- 2.6 We recognise the growing competition from other nations and therefore have developed recommendations to support the UK maritime sector and its respective

¹ ITF Transport Outlook, 2017.

² The economic contribution of the UK Maritime sector, a report for Maritime UK. CEBR, September 2017.

³ PWC report: The UK's Global Maritime Professional Services: Contribution and Trends, 2016.

sub-sectors (Table 1). We believe that the UK is well placed to capitalise on its current position as a major provider of maritime goods and services, particularly given its strengths in marine engineering, technology and innovation, marine science and maritime professional services.

- 2.7 Global trade is underpinned by a global regulatory framework set and governed by institutions such as the World Trade Organisation (WTO) and bilateral/plurilateral arrangements such as Free Trade Agreements (FTAs). As we depart from the European Union (EU), the UK will now retake its independent seat at the WTO and will be free to sign FTAs with like-minded nations while ensuring that our international economic commitments align with our domestic interests.
- 2.8 The government recently held a public consultation seeking views on our intention to establish FTAs with the United States, New Zealand and Australia and to potentially accede to the Comprehensive Progressive Trans-Pacific Partnership (CPTPP). This consultation was the start of the conversation and we intend to continue engaging with the maritime industry to ensure that its views, interests and concerns are taken on-board throughout the development of any new FTAs.
- 2.9 The UK is a key player at the International Maritime Organisation (IMO) and the International Labour Organisation (ILO). Both organisations are instrumental in shaping global regulations and thus, have a significant impact on maritime trade and transport. We aspire to strengthen our position within these organisations and help develop a transparent and fair regulatory playing field.
- 2.10 Throughout the evidence gathering stage, stakeholders highlighted that the UK needs to keep pace with competing nations and should offer a competitive package of fiscal measures to attract inward investment. The government and industry must work together to better understand how the UK compares to its competitors and what future policies could look like to ensure that the UK remains an attractive and competitive place to do business.

3. Risks and opportunities

- 3.1 The Maritime 2050 Trade chapter identified several risks that could impede the growth of the UK maritime industry, including:
- The gaps in the UK's maritime offer such as ship financing, which has seen a significant decline since the 2008 financial crisis.
 - The rise of competing nations.
 - Technological, economic, and environmental developments leading to changes in the operation of global maritime trade.
- 3.2 However, despite these risks, we recognise that the UK maritime industry is well placed to take advantage of the opportunities which will present themselves between now and 2050. This document outlines the steps to be taken by both the government and the industry to ensure that the UK maritime sector continues to grow and maintain its position among the global leaders. We will stay alert to external forces and plan to publish an updated route map every five years.
- 3.3 The recommendations are split into three timeframes and we aim to provide a detailed explanation on how we will deliver the recommendations in the short term (0 – 5 years). We will have less detail for the medium term recommendations (5 – 15 years), but will still identify the key issues and actions that we are working towards for this period. For recommendations in the long term (15 years and beyond), we will outline our high level aspirations.
- 3.4 The work-streams arising from some of the recommendations fall exclusively under the Department for International Trade's (DIT) area of responsibility or crosses over with DfT's responsibilities. As a result, this route map identifies the department that leads on the respective work-streams and highlights the interlinkages between the government departments.

Figure 2. Maritime 2050 trade recommendations delivery timeframe.

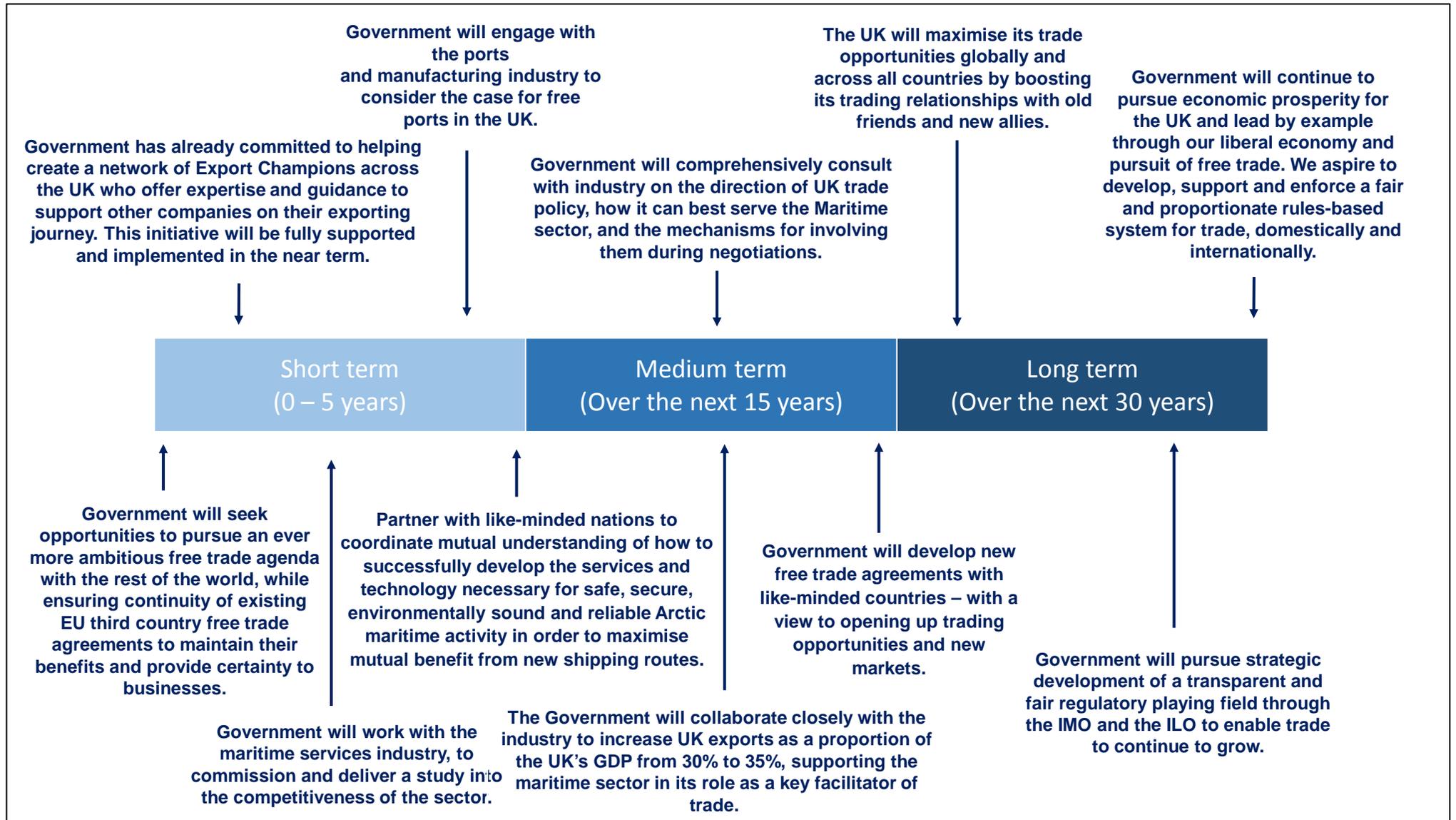


Table 1. Maritime trade driver, recommendations and actions.

| Driver | Recommendation | How? | Owner | Timeframe |
|--|--|--|-------------------------------------|---|
| <p>The UK is a global leader in global maritime services, however, competing nations are developing significant capability and have the potential to undermine the UK's market share. As a result we will need to ensure that the UK maintains its strong competitive position in this sector.</p> | <p>Government will work with the maritime services industry, to commission and deliver a study into the competitiveness of the sector.</p> | <p>The study will highlight the strengths of the UK's (but predominantly London's) Maritime Professional Business Services (MPBS) sector and help identify recommendations to maintain its leading global position. As such, it will provide an evidence base and recommendations for Ministers and other government departments to consider. The study will cover the following key topics:</p> <ul style="list-style-type: none"> • Performance of the UK's MPBS sector in recent years compared to competing centres. • Analysis of the drivers of UK's success as a MPBS centre. • Recent developments affecting UK's competitive position. • Comparison of competitive position relative to key competing centres. • Roadmap for future collaboration between government and industry to preserve and reinforce UK's presence in MPBS. | <p>DfT/ Maritime London</p> | <p>Short-term (0 – 5 years)</p> |

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|---|---|---|--------------------------|---|
| | | <p>For the purposes of this study MPBS includes: shipbroking, maritime insurance, maritime law, ship finance, maritime accounting and consulting, classification, and ship management.</p> <p>This study will be delivered in collaboration with Maritime London and we aim to complete the study, present its findings and make recommendations to Ministers, during 2019.</p> | | |
| <p>The call for evidence response and other stakeholder engagement showed that there is an interest in establishing free ports in the UK.</p> | <p>Government will engage with the ports and manufacturing industries to consider the case for free ports in the UK.</p> | <p>We will engage with the ports and manufacturing sectors to establish what work has taken place thus far to develop an evidence base on the viability of free ports in the UK.</p> <p>We will review the existing evidence base to identify any key gaps and will engage with industry on them.</p> | <p>DfT/ Industry</p> | <p>Short-term (0 – 5 years)</p> |
| <p>DIT have committed to increasing UK exports through supporting UK industry.</p> | <p>Government has already committed to helping create a network of Export Champions across the UK who offer expertise and guidance to support other companies on their exporting journey. This initiative will be fully supported and implemented in the near term.</p> | <p>DIT will continue to offer expertise, guidance and support to help companies access new markets and grow their business in existing markets.</p> <p>DIT will create a network of Export Champions. DIT has already started to identify maritime organisations with high exporting capabilities and will be utilising them to support the wider maritime industry.</p> | <p>DIT</p> | <p>Short-term (0 – 5 years)</p> |

| | | | | |
|--|---|--|---------|---------------------------------|
| | | <p>UK Export Finance will continue to provide a range of financial support to ensure that no viable export fails for lack of finance. DIT will continue to work closely with the industry to identify the best prospects for UK maritime goods and services and to disseminate this information to the UK industry.</p> <p>DIT will continue to promote the UK capability across the globe, supported by the GREAT campaign.</p> | | |
| <p>Engagement with stakeholders highlighted that the UK should seize opportunities arising from the opening of arctic shipping routes.</p> | <p>UK will partner with like-minded nations to coordinate mutual understanding of how to successfully develop the services and technology necessary for safe, secure, environmentally sound and reliable Arctic maritime activity in order to maximise mutual benefit from new shipping routes.</p> | <p>We will start engaging with like-minded nations to establish a regular forum to discuss and explore the opportunities and challenges for shipping through arctic routes.</p> <p>We will engage with industry to understand its desire to trade through these routes and will aim to facilitate policy and regulatory developments to support this.</p> | DfT | <p>Short-term (0 – 5 years)</p> |
| <p>Through membership of the EU, the UK participates in around 40 free trade agreements covering 70 countries. The government is seeking continuity for our existing EU free trade</p> | <p>Government will seek opportunities to pursue an ever more ambitious free trade agenda with the rest of the world, while ensuring continuity of existing EU third country free trade agreements to maintain their benefits and provide certainty to businesses.</p> | <p>The government is preparing for a range of possible scenarios to maintain existing trading relationships, including one in which we do not reach an agreement with the EU on the terms of our agreement and therefore DIT has been in constant dialogue with our trading partners to achieve continuity for our existing EU free trade agreements.</p> | DIT/DfT | <p>Short-term (0 – 5 years)</p> |

| | | | | |
|---|---|---|----------------|-----------------------------------|
| <p>agreements as we leave the EU.</p> | | <p>DfT has provided input for this programme of work to ensure that the UK maritime industry continues to have the same rights. DfT will continue reviewing the maritime elements of any such agreements and will work collaboratively with DIT to ensure that the maritime sector's interests and rights are preserved.</p> | | |
| <p>Any new trade deal must be right for UK consumers, producers and businesses.</p> | <p>Government will comprehensively consult with industry on the direction of UK trade policy, how it can best serve the Maritime sector, and the mechanisms for involving them during negotiations.</p> | <p>The government will seek input from all stakeholders to ensure we design the most effective mechanisms for engaging with them and build our understanding of the interests, attitudes and concerns about our future trade policy of business from every part of the UK.</p> <p>DIT consulted on potential future free trade agreements with the United States, New Zealand and Australia and on the UK's accession to the Comprehensive Progressive Trans-Pacific Partnership. After reviewing the consultation responses, DfT will further engage with the maritime industry to understand market access barriers and to understand their offensive and defensive interests for future FTAs. DfT will be circulating background information and further questions to stakeholders to gather detailed views.</p> | <p>DIT/DfT</p> | <p>Medium term (5 – 15 years)</p> |
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|--|--|--|----------------|-----------------------------------|
| <p>DIT have committed to increasing UK exports as a proportion of UK GDP.</p> | <p>The Government will collaborate closely with the industry to increase UK exports as a proportion of the UK's GDP from 30% to 35%, supporting the maritime sector in its role as a key facilitator of trade.</p> | <p>The UK maritime sector is already export extensive, however, as part of the maritime sector's contribution to this wider goal, industry and Government will work together to increase UK maritime exports further.</p> <p>DIT is working with the maritime industry to develop a practical and comprehensive five year action plan to grow exports from the sector, setting out the key opportunities where government support can make a difference. The plan will detail how government and industry will work collaboratively to engage companies with the opportunities and to create a compelling export narrative for the industry.</p> | <p>DIT</p> | <p>Medium term (5 – 15 years)</p> |
| <p>Following our departure from the EU, the UK will be free to set its own trade policy and enter into bilateral/plurilateral arrangements with like-minded nations to open new markets and opportunities.</p> | <p>Government will develop new free trade agreements with like-minded countries – with a view to opening up trading opportunities and new markets.</p> | <p>The government's intention is to seek FTAs with the United States, New Zealand and Australia and to seek accession to the Comprehensive Progressive Trans-Pacific Partnership.</p> <p>We will need to identify the maritime industry's capability to help inform our trade policy to ensure that these are aligned with our offensive interests in future FTAs. We will also work with industry to understand the market access barriers with our prospective trading partners to develop our defensive and offensive interests.</p> | <p>DIT/DfT</p> | <p>Medium term (5 – 15 years)</p> |
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|--|--|--|----------------|--|
| <p>Once we leave the EU we aspire to become a global leader in free trade.</p> | <p>Government will continue to pursue economic prosperity for the UK and lead by example through our liberal economy and pursuit of free trade. We aspire to develop, support and enforce a fair and proportionate rules-based system for trade, domestically and internationally.</p> | <p>Following our departure from the EU, we will re-take our independent position at the WTO and will champion liberalised free trade. We will co-operate with like-minded nations to both support and enforce a fair and proportionate rules-based system for trade.</p> | <p>DIT</p> | <p>Long term (15 years and beyond)</p> |
| <p>We will champion the development of a transparent and fair regulatory international framework in our bid to become the global leader in free trade.</p> | <p>Government will pursue the strategic development of a transparent and fair regulatory playing field through the IMO and the ILO to enable trade to continue to grow.</p> | <p>When we leave the EU we will regain our independent seat at the WTO. As an independent member and one of the largest economies in the world, we will be in a position to intensify our support for robust, free and open international trade rules which work for all, and to help to rebuild global momentum for trade liberalisation.</p> | <p>DfT/MCA</p> | <p>Long term (15 years and beyond)</p> |
| <p>Stakeholder engagement showed that stakeholders are keen for us to enter into agreements with fast growing economies.</p> | <p>The UK will maximise its trade opportunities globally and across all countries by boosting its trading relationships with old friends and new allies.</p> | <p>We are working with countries across the world to explore the best ways to develop our current trade and investment relationships and ensure that the UK becomes a global leader in free trade once we leave the EU.</p> | <p>DIT</p> | <p>Long term (15 years and beyond)</p> |

4. Implementation of the route map

Trade policy and international agreements - interlinkages between government departments

- 4.1 Table 1 shows the actions being undertaken by the government as a whole in the area of trade policy for both the continuation of existing agreements and the establishment of new FTAs. This work will largely be delivered through DIT with input from other government departments for their sector specific knowledge and expertise.
- 4.2 It should be noted that DIT are working with countries across the world to explore the best ways to develop our current trade and investment relationships to ensure that the UK becomes a global leader in free trade once we leave the EU. DIT will aim to use these discussions to put in place mechanisms to improve trading relations, remove barriers for UK businesses and bring benefits to UK consumers. DIT are also using other instruments, such as Joint Trade Reviews with countries such as China, India and Brazil. These provide collaborative, in-depth analysis into the mutual trading relationship between the UK and a partner country, to look for areas we can improve our bilateral trading relationships.
- 4.3 The government is committed to an inclusive and transparent trade policy that benefits the whole of the UK. As we continue to develop our future trade policy, we reiterate our commitment to engage with Parliament, the devolved administrations, the devolved legislatures, local governments, business, trade unions, civil society, and the public around the UK. We also recognise the individual needs of different stakeholders.
- 4.4 Following on from the FTA consultations, DfT and DIT will be engaging with the maritime industry to further explore their views and to establish our key interests for the maritime sector, as we prepare to negotiate new trade agreements.

Research projects

- 4.5 Engagement with the stakeholders has shown that we need to carry out two distinct research projects to establish the viability of free ports within the UK and to ensure that the UK maritime services sector continues to be a world leading sector. This work will require us to engage heavily with both industry and the HM Treasury, however, recommendations and outputs will initially be discussed and considered using the existing governance arrangements at DfT.

International engagement

- 4.6 Stakeholders have highlighted that they would like to seize the opportunities that are being presented as a result of the opening of arctic shipping routes. Therefore, we

plan to bring together a group of like-minded nations on a regular basis to discuss and explore the opportunities and challenges for shipping through arctic routes. We will work with the Foreign and Commonwealth Office in the delivery of this work-stream.

Trade promotion and exports

- 4.7 The Maritime team at DIT have been running a range of export campaigns for the past two years working with colleagues in the DIT overseas network. The initial focus was on exporting marine equipment but DIT have now started promoting the export of maritime services. Their current campaigns are focussed on China, Brazil, South Korea, Greece and some of the ASEAN countries (Vietnam, Singapore and Indonesia).
- 4.8 These DIT efforts are key to finding overseas opportunities for the maritime industry and will play a vital role in generating further UK exports by linking UK businesses with overseas opportunities and by providing support and help for potential exporters. We will work with the DIT Maritime team, the DIT Trade Policy team and the industry to understand existing barriers to trade to help inform future trade policy.
- 4.9 London International Shipping Week will continue to be an important showcase for UK maritime, an event which is given more specific focus in the UK's Competitive Advantage chapter of the Maritime 2050 strategy.

Monitoring progress of recommendations

- 4.10 This route map has shown that the delivery of the recommendations stemming from the 2050 Trade chapter will require close collaboration both across government departments and with industry. Therefore we will continue to work closely with all respective parties.
- 4.11 As the short-term recommendations will be delivered in the near future we will ensure significant updates are shared with DfT Ministers and other relevant departments as and when required. We will also aim to provide six monthly updates on the progress of all the recommendations to the Maritime Trade and International Policy Steering Board which includes representatives from DIT and the Department for Exiting the EU.
- 4.12 We will aim to publish this route map every five years, providing further details for the medium and long term recommendations as they develop.