



# OPEN FOR MARITIME BUSINESS



HM Government

**Maritime UK**

*One voice for shipping, ports and maritime business*



## MARITIME UK FOREWORD

*Jim Stewart, Chairman, Maritime UK*

**M**any people across the world say the UK is the natural home of shipping and maritime services. They do so for good reason.

The largest shipping companies, most innovative port operators and most comprehensive range of business services – including legal, financial, shipbroking and insurance firms – are all to be found here. They take advantage of some of the most efficient tax regimes and skilled workforces in the world, knowing that the UK's long and proud history as a maritime nation has provided an unrivalled wealth of knowledge and expertise, passed on through the generations, that

few other economies could ever hope to replicate.

The City of London is the beating heart of global shipping. Its world-renowned integrity underpins a commitment to provide the leadership necessary to support a global industry which moves more than 80% of world trade.

Industry and Government in the UK are united in their ambition. We are working together more closely than ever before to develop new ideas and find new ways of improving. So, if you are looking for a new home for your company, or are in search of world-class services, read on – because the United Kingdom is open for business.



## MINISTERIAL FOREWORD

*Stephen Hammond, Parliamentary Under Secretary of State for Transport (DfT)*

**A**s an island nation the UK's commerce with the rest of the world has cultivated our expertise in maritime business. It is an expertise that we are proud to offer on a global scale.

We have a maritime services sector which is already worth up to £14bn per year despite global economic headwinds, and which is attracting maritime businesses from around the world.

Alongside this, our quality flag, attractive tonnage tax regime, strong competitive ports, expert maritime business services and vibrant maritime training programmes, together with a stable regulatory framework, make the UK a great place to do business. And let's not forget, the Greenwich

Meridian – quite literally – makes us the centre of the shipping world. Our central time zone means you can do business with both sides of the world in the same working day.

To ensure this sector maximises its full potential, I have established – and personally chair – a body of Ministers and leaders from across Government and industry with a clear focus on maximising growth and opportunities, while maintaining a stable fiscal and regulatory environment. This partnership is already bearing fruit, fostering a closer and more co-ordinated approach with both shipping and the wider maritime industry – continuing to propel forward the UK's leading position in maritime business.



# DOING BUSINESS IN THE UK – AN INTRODUCTION

**T**he World Bank ranks the UK as the easiest major European economy in which to set up and run a business. The UK's labour market is highly flexible. This factor, combined with the strong skills base, is reflected in our ability to attract foreign investors.

Key attractions to investors are the open nature of the economy, a stable regulatory framework, political stability, a respected judicial system, world-class infrastructure and a pro-business culture. Recent survey findings by Ernst and Young and the *Financial Times* highlight investor confidence in the UK and recognition that it continues to be a world-leading business destination.

Tax credits are available for small, medium and large enterprises. Large companies can attract 130% tax deductions and SMEs 225% tax deductions for qualifying R&D expenditure. In addition, the UK has 24 Enterprise Zones offering businesses simplified planning processes and discounts on business rates.

The UK's successive reductions in corporation tax have made the UK tax system globally competitive. The standard rate of corporation tax is 23% and is due to reduce to 21% in April 2014 and to 20% in April 2015. This will be the lowest in the G7 and joint lowest in the G20.

In 2013, the UK Government

reduced the top rate of income tax from 50% to 45%, providing international investors with an affordable home-from-home. UK-resident non-domiciled persons may otherwise annually elect to pay a tax charge of up to £50,000, so that income and capital gains from non-UK sources attract UK taxation only when remitted to the UK for reasons other than business investment.

Shipping, ports and maritime business services are global by nature and have long extended a welcome to overseas investors. Coming up, we shall see how mature incentives, such as tonnage tax, attract shipping to the UK and its flag. We shall also see how an

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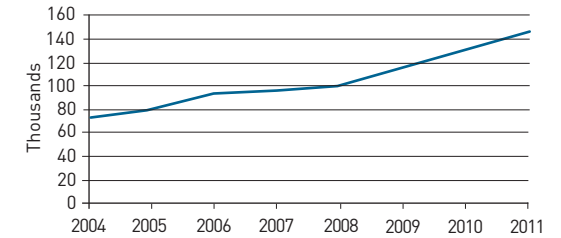
open, market-led ports sector, with a clear and favourable planning climate for new development, has helped sustain investment throughout difficult global economic conditions.

UK Trade & Investment is the Government department which helps overseas companies bring their high-quality investment to the UK's dynamic economy – acknowledged as Europe's best place from which to succeed in global business.

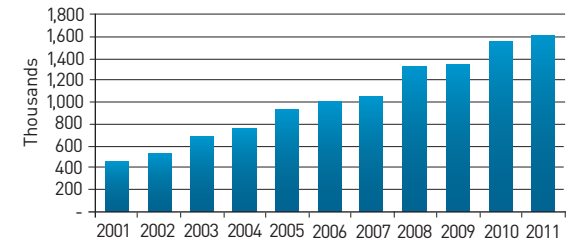


“ The UK maritime services sector is worth up to £14bn per year to the UK economy

Shipping employment, 2004-2011



Cruise passengers, 2001-2011



# MARITIME IN THE UK

The UK has a proud maritime history and our sector remains of key importance today, not only through shipping, ports and marine industries, but also the maritime professional and business services sector on which the industry relies. The City of London is rightly recognised around the world as a vital hub for these services.

The contribution of the maritime sector to the life and economy of the UK is fully appreciated at the highest levels of Government.

## A RESILIENT SECTOR

The UK maritime services sector is worth up to £14bn per year to the UK economy and, most importantly, it is a sector that is steadily growing, despite the challenges facing businesses at home and abroad. UK jobs have grown to 165,000, an increase of 6% since 2009.

London remains the largest maritime centre in the world for professional, business and financial services. The UK is keen to hold its leading position and recognises the importance of investing in the maritime workforce of the future



### Directly:

Up to £13.8bn gross value

260,000 people

£2.7bn of tax

### Wider contribution:

Up to £31.7bn gross value

630,000 people

£8.5bn of tax

with a £12m budget to support maritime training.

The UK's cruise market is also growing, with passenger numbers increasing threefold over the past 10 years.

Investing in the UK maritime services sector provides access to some of the most skilled, highly-trained and committed workforces in the world – on ships, in port and in the City of London.

Productivity is on average 10% higher than the national average, proving that your investment will be in safe hands.

# LONDON

London and the UK are home to significant numbers of international shipowners, operators and managers as a result of the range of shipping expertise available, a business-friendly tax regime and the advantage of doing business in an international city which is at the heart of the global financial system – London is Europe’s largest economic zone. However, other factors are at play which make London attractive. These include transport links; the ease with which companies can find suitable office locations; the ability to hire highly skilled and expert staff, including experienced ex-seafaring officers working in a range of shipping sectors; and the ability to exploit London as a cosmopolitan capital with world-class schools, universities, hotels, restaurants, theatres, conference venues... the list goes on.

London has become the natural home for shipping and maritime

“ Greenwich Mean Time provides investors with the perfect opportunity to manage their global business

business services. Greenwich Mean Time provides investors with the perfect opportunity to manage their global business, and the UK’s geographic location, as a bridge between European, American and Asian markets, makes it the perfect location to run complex worldwide operations.

For centuries, the UK has led the way in developing commercial law, and providing the framework for global trade in goods and services and for maritime activity. That legacy continues today, and is stronger than ever.

Benefiting from a highly competitive corporation tax regime, London is the recognised

and most comprehensive base for world-leading maritime law, arbitration, insurance, classification, shipbroking and financial services. It also hosts the International Maritime Organization – the UN’s regulator of the international industry.

The maritime services sector has seen higher productivity than many other sectors. 9,500 extra jobs were created in the period 2009-2011 (an increase of 6% – while the national average fell by 0.4%). In 2011, the combined maritime services sector was almost 10% more productive than the economy-wide average, with ports and business services especially high; the economic cycle has had a particular impact here – in 2009, the sector was 30% more productive.

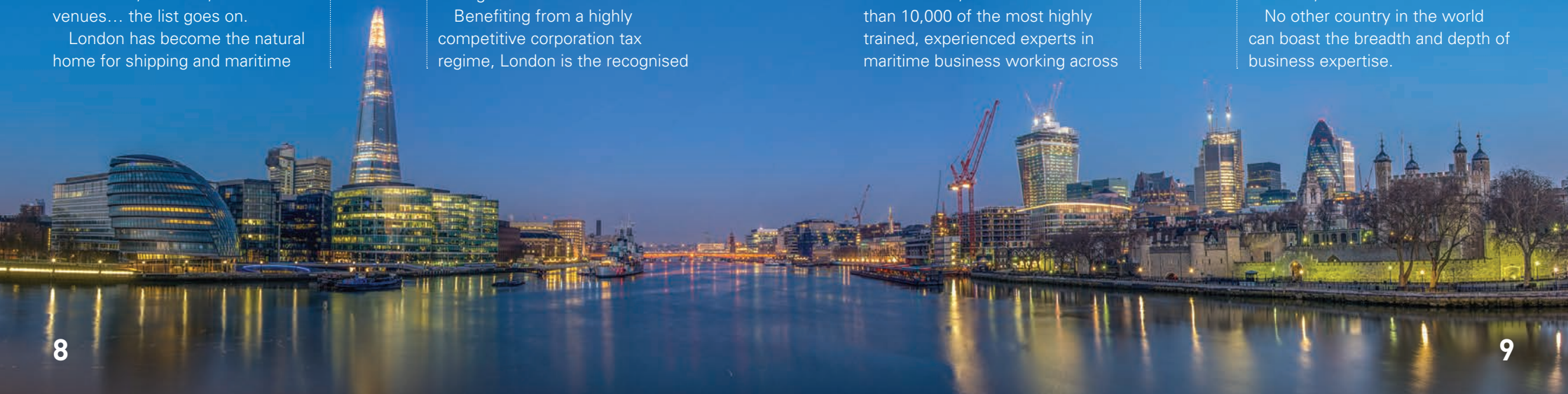
As a result, London sees more than 10,000 of the most highly trained, experienced experts in maritime business working across

all disciplines, providing world-class services to every corner of the globe. Businesses invest in London because they respect its history and trust its knowledge, expertise and thought-leadership. They invest here because they know, in doing so, they will be working with the very best.

## LONDON – ONE-STOP SHOP

London is often called a ‘one-stop shop’ for maritime business services. The City is home to dozens of companies providing expertise in maritime law, arbitration, classification, shipbroking, insurance, ship management and financial services. Companies feed off one another, striving to improve in a competitive market, creating a ‘race to the top’ culture that demands, and achieves, excellence.

No other country in the world can boast the breadth and depth of business expertise.





## HOME OF THE INTERNATIONAL MARITIME ORGANIZATION (IMO)

### LONDON VALUES IMO'S PRESENCE

The UK is proud and honoured to host the IMO and takes this responsibility very seriously. Its location in London means there is access to key decision-makers and experts through the strong presence of maritime attachés in London embassies and the headquarters of many international non-Governmental organisations.

### LONDON ENGAGEMENT

The IMO provides a focus for international maritime regulatory issues. The UK remains resolutely committed to its full and positive support and promotion of the IMO as a key place for the development of international maritime regulation and direction. The UK maintains an active role in key aspects of the

IMO's work through its Assembly, Council, the Committees and their subsidiary bodies.

### KEY OBJECTIVE AT THE IMO

The work of the IMO is essential in establishing standards to ensure safety of seafarers and passengers and cleaner seas. The IMO also contributes to economic growth by promoting better regulation principles and reducing unnecessary administrative burdens on the shipping industry.

It is the goal of the UK to ensure regulations approved by the IMO are both effective and proportionate. The UK seeks to strike the right balance between protecting the safety of seafarers and passengers and freeing businesses from unnecessary burdens.

# SHIPPING IN THE UK – AN ISLAND NATION

The UK is the quintessential island nation. With its seafaring tradition rooted in thousands of years of history, unrivalled knowledge and expertise has been passed down through the generations to provide a highly-competitive environment for the world's shipping community.

As you will see in this section, UK-based shipping companies enjoy one of the most efficient tonnage tax regimes of anywhere in the world, which is one of the primary reasons major companies – from containers to cruise lines and every other sector – have flocked to the UK.

Our workforce benefits from some of the most rigorous training standards, providing the global fleet with highly skilled, dedicated seafarers, many of whom eventually

return to shore to use their expertise for the benefit of maritime services companies in the shipping and ports sector, as well as those based in the City of London.

The industry also benefits from excellent relationships with Government, which provides significant support and encourages a holistic approach to providing some of the most competitive, stable and certain trading conditions to be seen anywhere in the world.

Shipping is embedded in the very heart of the nation – it moves 95% of the UK's international trade. The country's passion and respect for the sea is matched only by its skill and ingenuity in making use of it. Read on to find out why the UK is the natural home for your shipping business.





# MARITIME SKILLS

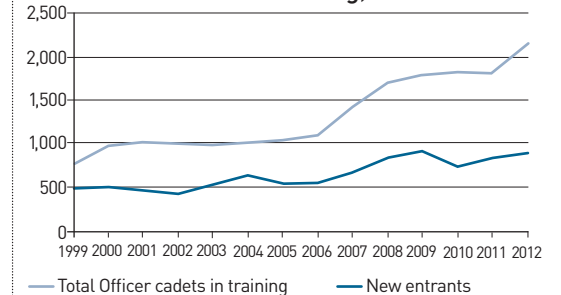
*UK excellence in training the maritime workforce of tomorrow*

The UK is globally recognised as a world-class centre for maritime education and training. With internationally-recognised educational provision and professional skills development in well-renowned universities and colleges, it meets the varied needs of the global shipping industry.

Underpinned by a strong, innovative and highly-regarded research capability across a range of disciplines, the specialist maritime departments in a number of universities offer first-class facilities and teaching to UK students and those from overseas.

Twenty-six UK universities and colleges offer marine and maritime courses to varying levels, including higher level education, as well as numerous private education centres and professional organisations. There

Officer cadets in training, 1999-2011



are well over 10,000 students.

For school and college leavers, a full range of MCA-approved maritime training is offered. A number of career paths are available, covering training for cadets and ratings, as well as courses tailored for specific needs.

Other encouragement for employers includes the 'Support for Maritime Training' budget, Maritime Apprenticeships and the Tonnage Tax Training Commitment.

# TONNAGE TAX

A generously preferential tax treatment of shipping profits is a feature of any fiscal regime that wants to attract maritime business, and the UK's offer is very competitive.

The UK's tonnage tax regime has been in operation since 2000 and is backed by a renewed commitment to predictable and stable operation.

The UK's tonnage tax regime has played an important role in doubling officer cadets in training over the past decade to 2012 and continues to ensure that talented individuals, trained to the highest standards, continue to enter the industry. A key feature of the UK's regime is a

UK tonnage tax payable per ship, per day*	
Each 100 tons, up to 1,000	£0.60
Each 100 tons, between 1,000 and 10,000	£0.45
Each 100 tons, between 10,000 and 25,000	£0.35
Each 100 tons thereafter	£0.15

\*On net tonnage, for ships under strategic management of a UK office

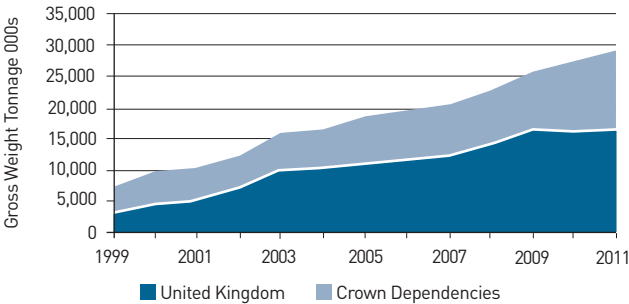
minimum training obligation, which requires each shipping company to recruit and train one officer trainee each year for every 15 officer posts in its fleet, and to give consideration to employment and training opportunities for ratings.

Currently there are 80 companies in the UK's regime, accounting for 900 ships.





UK and Crown Dependency-registered merchant vessels (over 100gt), 1999-2011



# UK SHIP REGISTER

The UK Ship Register is the ‘flag of choice’ for its customers because of its commitment to service and its reputation for quality.

Customers can contact experts 24 hours a day, seven days a week. Those experts know and understand the shipping industry and make sure ships can trade internationally with the right certification.

Our registration and survey fees are among the lowest available, but deliver services that keep the

UK among the very top performers for the Paris and Tokyo Port State Control regimes. They also meet the demanding Qualship21 standard in the USA. Ships can get support from knowledgeable, expert marine surveyors if they encounter difficulties with other Port State Authorities.

Customers like our one-stop shop service, which means we can audit ships and companies against all the relevant ISO standards – plus

“ Customers can contact experts 24 hours a day, seven days a week

the Safety Management and Ship Security requirements – at the same time as carrying out our surveys. One auditor for so many audits is good news.

In summary, the UK Ship Register works with owners and operators to meet their needs, while also providing expert advice on safety and meeting international standards. That is why so many companies choose to register their ships with us.



# PROVIDING A SECURE MARITIME ENVIRONMENT

**T**he Royal Navy delivers the stability necessary for economic prosperity by being forward deployed around the globe to protect trade routes and guard the world-wide flow of energy and resources. Men and women are at sea every day, working with international partners to provide global maritime security where it is needed.

The Royal Navy prevents conflict by operating across

the world to deter threats by reassuring regional allies and stabilising potential hotspots. It promotes stable and co-operative relationships with friendly and neutral nations around the world through training and working together, and determining common understanding.

The Royal Navy works with international allies and coalitions to deter, detect and disrupt criminal activity at sea.

“ The Royal Navy delivers the stability necessary for economic prosperity



# PORTS

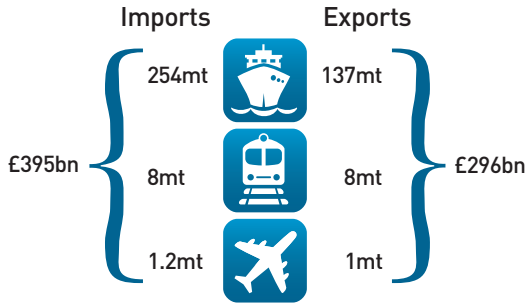
The UK has the largest port industry in Europe, handling more than 500m tonnes of cargo and over 22m-plus international passengers every year. With 110 commercially active ports and harbours, the movement of goods and people is embedded in communities throughout the United Kingdom.

The UK ports industry is unique within Europe for its largely private sector market-led structure, which gives it the flexibility to respond to new trends at competitive prices, and accommodate users from all sectors of global shipping.

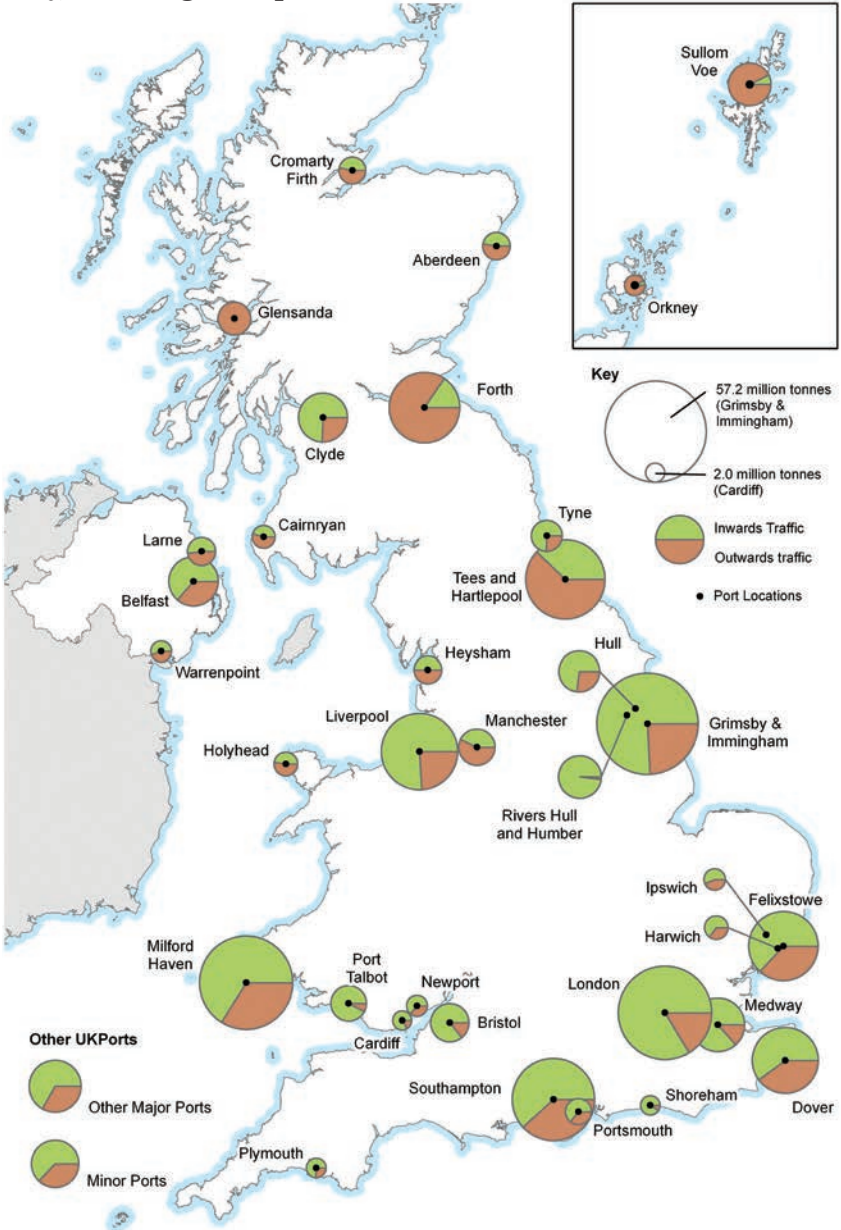
As a sign of the UK's ambition, significant investment has been made in major ports such as Southampton, Felixstowe, Liverpool and the new London Gateway, and ports across the country are responding to innovations in the offshore

renewables sector, creating the infrastructure necessary to make the UK a world leader in green energy. Many core UK businesses including oil and gas, fishing, leisure and tourism, all depend on the services provided by the UK's remarkable network of ports.

The investment is equipping the country for the future. It is creating an environment where we are ready to trade with the world's largest ships – including containers, carriers of liquid and dry bulk, ro-ro and the growing number of cruise services.



Traffic through UK ports



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# MARINE MANUFACTURING AND ENGINEERING

**U**K marine manufacturers design and produce high-quality marine equipment products and services to defence, energy, shipbuilding and boatbuilding customers in the UK and across the world. The three broad business segments, in which UK marine companies sell their capability, are commercial and naval, leisure marine, and energy.

UK marine exports totalled £1.4bn in 2011 – exports to non-EU countries have increased fivefold since 2007.

Commercial and naval sector strengths include: naval architecture; ship maintenance; repair and conversion; systems integration; navigation; electronics; propulsion; data management; water treatment systems; marine science; and classification societies.

Leisure marine encompasses superyacht, powerboat and yacht manufacture, marine equipment, small workboats and clothing. Strengths include: design and bespoke manufacture of leisure boats and rigid inflatables; composite processing; navigation equipment; electronics; deck gear; and rigging equipment.

In terms of energy, the UK oil

**“ Exports to non-EU countries have increased fivefold since 2007**

and gas supply chain has a value of around £19bn, a third of which comes from exports of UK oil and gas. UK companies offer the experience and knowledge of more than 40 years operating in the North Sea.

In relation to offshore wind, the UK is forecast to invest up to £75bn in offshore wind farms by 2020 and the growth of its wave and tidal industry could attract up to £4bn per annum of investment by 2050. UK marine energy capability encompasses fields including: workboats and associated equipment; oceanography services; oil spill detection and environmental services; marine surveying; and financial, legal, and insurance services.

The UK also possesses strong research institutions and universities, including marine R&D centres at the University of Southampton; the University of Strathclyde; Portsmouth University; and Plymouth University.

*The UK has a strong breadth of marine capability delivered through a diverse range of channels*

The UK has a well-established skills base that supports the marine sector across the supply chain, particularly in advanced engineering composites and design.

There are currently more than 150,000 third level students in the UK studying engineering-related degrees. Many universities have specialised R&D marine centres.

The UK has many centres of excellence, focusing on various aspects of the marine sector, including the world's first and only centre of its kind, the EMEC.



In addition to some of the world's leading boat manufacturers and shipbuilders, the UK is home to many companies supplying equipment and other services to the sector.

The industry is well supported by various associations and organisations representing the views of the marine sector.

The marine energy market has, in recent years, grown significantly. Scotland is a world-leading region for developing and commercialising this sector.

# WHERE TO GO FOR MORE INFORMATION

## GOVERNMENT CONTACTS

### Department for Transport (DfT)

The Department for Transport (DfT) works with its agencies and partners to support the transport network that helps the UK's businesses and gets people and goods travelling around the country. The DfT plans and invests in transport infrastructure to keep the UK on the move.

**Call:** + 44 (0)300 330 3000

**Email:** Maritime (including tonnage tax): [maritime@dft.gsi.gov.uk](mailto:maritime@dft.gsi.gov.uk)  
Maritime Security: [maritimesecurity@dft.gsi.gov.uk](mailto:maritimesecurity@dft.gsi.gov.uk)

### Department of Business Innovation and Skills

The Department of Business Innovation and Skills (BIS) is responsible for economic growth. It invests in science, technology and skills, and promotes trade.

**Call:** +44 (0)20 7215 1165

### Maritime and Coastguard Agency (MCA)

The Maritime and Coastguard Agency (MCA) provides 24-hour maritime search and rescue service, enforce ship safety, seafarer health, safety and welfare standards by survey and

inspection and the prevention of pollution. The MCA also processes the registration and certification of ships and seafarers and is responsible for the implementation of maritime conventions and codes.

**Call:** +44 (0)2380 329100

**Email:** [infoline@mcga.gov.uk](mailto:infoline@mcga.gov.uk)

**www.dft.gov.uk/mca**

### UK Ship Register:

For further information or to join:

**Call:** +44 (0)2380 329197

**Email:** [ukshipregister@mcga.gov.uk](mailto:ukshipregister@mcga.gov.uk)

### UK Trade & Investment (UKTI)

UK Trade & Investment (UKTI) works with UK-based businesses to ensure their success in international markets, and encourage the best overseas companies to look to the UK as their global partner of choice.

**Call** 0845 539 0419 or

+44 (0)20 7333 5442

**www.ukti.gov.uk/invest**

## INDUSTRY CONTACTS

### Maritime UK

Maritime UK is the coalition of seven major shipping, ports and business services in the UK. For more information on our work, visit:

**www.maritimeuk.org**

### Baltic Exchange

The Baltic Exchange is a membership organisation at the heart of the global maritime marketplace. It provides independent daily shipping market information; maintains professional shipbroking standards and resolves disputes.

**www.balticexchange.com**

### CLIA UK & Ireland

CLIA UK & Ireland is the leading cruise training body in Europe, delivering award-winning training, seminars and events to the UK and Irish travel trade.

**www.cruiseexperts.org**

### Institute of Chartered Shipbrokers

As a major provider of education and training, the Institute of Chartered Shipbrokers (ICS) provides the shipping industry with highly qualified professionals, and represents shipbrokers, ship managers and agents throughout the world.

**www.ics.org.uk**

### Maritime London

Maritime London is a promotional body for UK-based companies, which provide professional services to the international shipping industry.

It exists to help ensure that the UK remains a world-beating location to base a maritime-related business.

**www.maritimelondon.com**

### Ports

The UK Major Ports Group and the British Ports Association are the trade associations representing UK ports. They provide in-depth knowledge and expertise in support of the UK's vibrant and diverse ports sector.

**www.britishports.org.uk**

**www.ukmajorports.org.uk**

### UK Chamber of Shipping

The UK Chamber of Shipping is the trade association and voice for the UK shipping industry. It works with Government, Parliament, international organisations, and others, to champion and protect the UK shipping industry on behalf of its members.

**www.ukchamberofshipping.com**

### Marine Industries Alliance

The Marine Industries Alliance brings together all aspects of the UK's diverse marine sector with the goal of securing the maximum opportunity for the industry to flourish.

**www.ukmarinealliance.co.uk**

