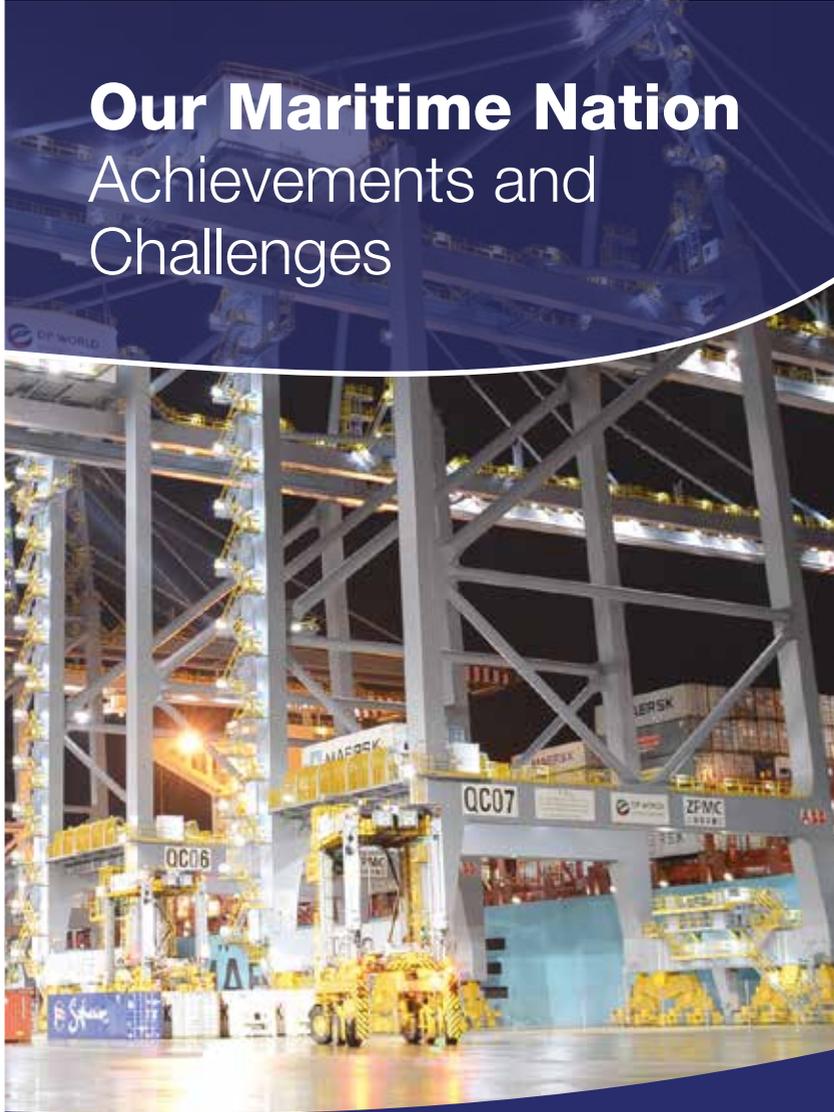




Department  
for Transport

# Our Maritime Nation

## Achievements and Challenges



March 2015



# Foreword: Minister for Shipping & Ports

Britain is a maritime nation. Maritime industries have shaped our past as well as our future, are an engine for growth, and are a vibrant, dynamic element of our economy.



This sector generates up to £14 billion a year, and has demonstrated steady growth despite challenges facing businesses here and abroad. This means its salience is greater than ever. A large percentage – 95 percent – of goods by volume entering and leaving this country is handled by our ports, and the sector provides employment for around a quarter of a million people.

The last five years have been significant for the UK maritime sector, and much of the success we have enjoyed is thanks to the much valued, strong partnerships that exist between Government, industry and trade union partners.

This document describes the ‘state of the maritime nation’: what we have achieved together in the last five years.

To fuel further growth, it is important that we take stock of where we are, from where we have come, what we have done, and what we must do in order to grow our ambition still further. Challenges remain, and in an industry where there is strong global competition, the UK maritime sector must ensure it continues to reflect and enhance all it does. I know there is a determination to evolve and improve.

The Maritime Growth Study, launched by the Government last year in partnership with the industry, will both examine the UK’s strengths as a maritime nation and identify those areas where the UK needs to improve and up its game in order to compete and lead globally.

We could scarcely have a more glorious maritime history. Our future need be no less impressive: for our maritime industry is poised on the brink of greatness once again.

We should be rightly proud, industry and Government, of where the maritime sector is today. Together, we can ensure it remains one of our nation’s crowning successes.

**Rt Hon John Hayes MP.**

# 1 Delivering a vibrant, thriving and competitive maritime sector

“Once, all knew that Britain ruled the waves. Today, the UK remains home to a flourishing, dynamic and innovative maritime sector, successfully supporting UK trade and the wider economy. Seafaring, and the skills that support it, will be at the heart of our island nation’s life for all time.”

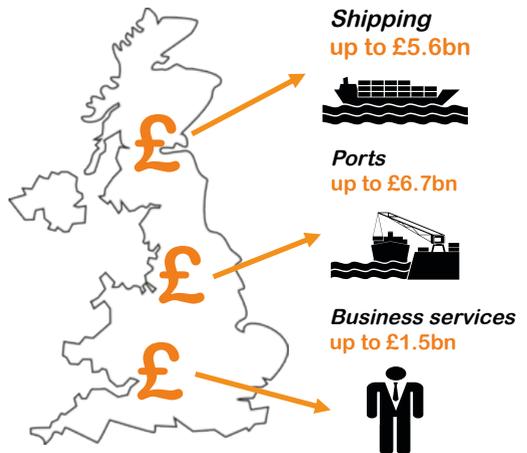
Rt Hon John Hayes MP, March 2015



The Battle of Trafalgar, JMW Turner (oil on canvas, 1822–1824)

The UK has a glorious maritime and naval history. As an island nation, we have long relied on the waters around us for transport, as a defence, for trade, and for exploration. Today, it is a flourishing, modern, dynamic and innovative sector, successfully supporting UK trade and the wider economy. Trade via ships passing through our ports, and the contribution the sector makes to the UK economy have both steadily increased.

- The maritime sector’s direct contribution to the economy is currently estimated at between £8 billion and £13.8 billion, on a par with the aviation sector.
- The gross value added to our economy by the UK shipping sector trebled between 2002 and 2008.



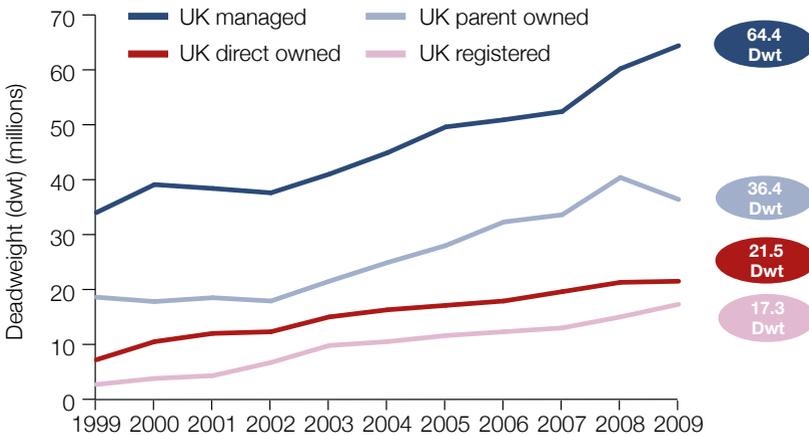
- The volume of freight travelling through UK ports has increased by 19 per cent since 1980, growing from 424 million tonnes to 503 million tonnes in 2013.
- The gross tonnage of trading vessels registered to the UK flag increased five-fold between 1999 and the peak in 2009, growing from 3.2 million gross tonnes to 16.4 million gross tonnes.



Red Ensign

- The maritime sector is estimated to employ directly up to 263,000 people, of which 146,000 are in the shipping sector, 107,000 are employed in the ports sector and 10,000 in maritime business services.
- Many people still travel by sea with 22.4 million domestic and 43.3 million international passengers in 2013.
- Cruises have been growing in popularity over the last 30 years, with a total of 1.9 million taken in 2013; this was 15 times the amount in 1983.

### UK shipping interest: Trading vessels, 1999 – 2009



Source: DfT analysis of IHS Global data. Data covers trading vessels of 100 gross tons (gt) and above.

## 2 Maritime skills: opportunities and strengths

“A successful and sustainable industry needs the right people, with the right skills, and rewarding career paths to attract new entrants. We can all be stronger through opportunities grasped by those whose competencies reinforce our competitiveness.”

Rt Hon John Hayes MP, March 2015

Investing in the next generation of seafarers, port workers, engineers, naval architects, shipbrokers, financiers, accountants, consultants, insurers and lawyers is essential. Sea trade is expected to double in the next 20 years, so we are determined to continue building capacity in our maritime workforce in order to capitalise on every opportunity the market provides.

- The £15 million a year Support for Maritime Training (SMarT) scheme continues to support the cost of training Merchant Navy ratings and officer cadets, as well as supporting existing seafarers who undertake further professional training.



Shipping & Ports Minister, Rt Hon John Hayes MP, visiting the London Nautical School.

- Thanks to the Government support for maritime training, the number of officer cadets in training peaked in 2012/13, at 1,990, and numbers in training have nearly doubled over the last decade.



*“I am proud to say that I am a British seafarer and have been trained by a well-established, British company, and a highly reputable British college.”*

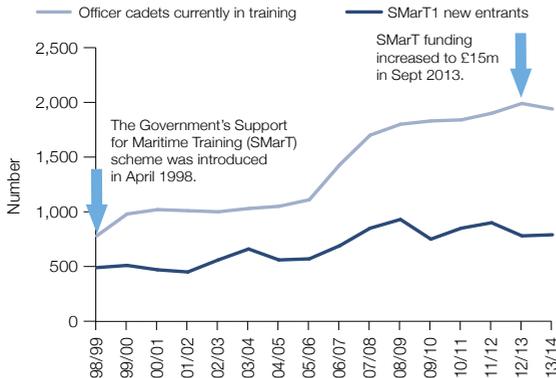
**Elizabeth Dykes, Second Officer**

- In 2013/14 there were 790 new officer trainee entrants benefiting from the Government's SMaT training fund, which is 20 per cent more than 10 years ago.
- In 2014, the total number of UK seafarers active at sea was 22,910, a slight increase compared to 2013.
- The inaugural Maritime Skills Week, held in November 2014, promoted the UK's highly skilled workforce, excellent training institutions, breadth of career opportunities, and wide selection of training courses available for both domestic and international students and companies.
- Ministerial visits took place at a range of maritime training institutions across the country during Maritime Skills Week, including:
  - Southampton Solent University, Warsash Maritime Academy and Mersey Maritime College. It's through the efforts of our universities and colleges that our growing maritime services sector enjoys an excellent source of highly educated and qualified people.
  - The London Nautical School, which is a secondary school with a long history of providing unique maritime education opportunities for its students.
  - Industry champions voiced their thoughts on maritime training at a meeting hosted by the UK Chamber of Shipping.
- During the week we also published the joint Government and industry booklet, *Open for Maritime Skills* which sets out how the UK is helping ensure a talented, dedicated and professional workforce for this global industry.
- Following a roundtable with Government Ministers, industry and trade unions in March 2014, the Government agreed to pilot an extension to the tonnage tax scheme which will allow the option of training three able seafarer ratings each year in place of one officer cadet. The pilot, which commences in October 2015, will support opportunities for young people at every level of the industry.
- A number of apprenticeship frameworks for maritime occupations were announced in 2011. Frameworks covering stevedoring, sea fishing, inland waterways, able seafarer deck and engine have helped create more defined pathways for careers both at sea and ashore.



- Apprenticeships are at the heart of this Government's skills drive and through the review of apprenticeships, the Departments for Business, Innovation and Skills (BIS) and Education are delivering radical changes to existing schemes to ensure they become more rigorous and more responsive to the needs of employers.

### Officer trainees, 1999–2014



Source: Maritime & Coastguard Agency data.

- Implementation of these reforms are being facilitated by “trailblazers” and the maritime sector will be one of the first sectors to have newly designed apprenticeship schemes. Good progress is being made by the employer-led maritime trailblazer group, with the able seafarer deck apprenticeship standards approved by BIS in August 2014, and two further

apprenticeship standards being developed for able seafarer engine room and cooking at sea. The review of apprenticeships will conclude in 2017.

- We have celebrated the successes of our young seafarers through the Maritime and Coastguard Agency (MCA)'s Officer Cadet of the Year Award.



Shipping & Ports Minister, Rt Hon John Hayes MP presenting the Officer Cadet of the Year Award 2014

*“SMarT funding is crucial to the future development of the UK’s emerging maritime talent. It has allowed me to be trained as a deck officer by providing the basis for shipping companies to recruit and train cadets, consequently enabling the UK to maintain its enviable global reputation as having some of the best officers and ratings afloat.”*

### Jonty Turnbull, Officer Cadet of the Year 2014

### 3 Ensuring an attractive business and financial environment

“ Building the best financial environment will encourage a bold, sustainable and home-grown maritime industry, and attract and support international business and inward investment to the UK. ”

Rt Hon John Hayes MP, March 2015

We are determined to create the right conditions within the UK to attract international business to continue to trade here, and access the array of maritime business services the UK offers.

- The Government has continued to support the tonnage tax regime, which brings clarity and certainty on future tax liabilities to the shipping companies within it.
- The Government has published joint Strategic Partnership Plans for Shipping and Ports with industry and trade unions. Together, these set out our aims and ambitions for the maritime sector and what we need to do to ensure a vibrant, quality and sustainable shipping sector, and a thriving ports industry.



Rattray Head Lighthouse, Scotland

Photography: Ian Cowie

- The Government has cut the light dues rate for two successive years, saving the industry around £4 million annually. In real terms, light dues have fallen by nearly 20 per cent since 2010.
- The Government has addressed factors that have long impacted on light dues: the general lighthouse authorities' pension liabilities and the funding of the Commissioners of Irish Lights' work in Ireland.

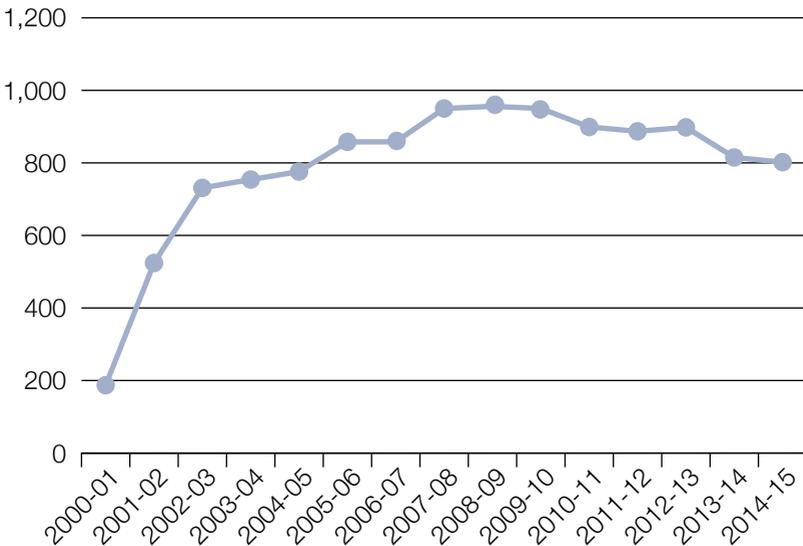
- The Government is also reducing burdens on business by cutting red tape. This includes progressing the ambulatory reference clause in the Deregulation Bill, which will transform the way we implement international conventions and make it easier and simpler for ships to trade internationally.

*“The UK shipping industry was very pleased to contribute to the Government’s recent Red Tape Challenge initiative and proposed a number of basic principles which might help ensure ‘better regulation’ into the future.*

*One of these involved the direct read-across through ‘ambulatory references’ of international conventions which have been accepted by Government into UK law without their provisions having to be rewritten in the national context. This would in particular help with keeping the national law up to date when amendments were agreed, of course again subject to their acceptance by Government.”*

**UK Chamber of Shipping**

**Number of Ships in Tonnage Tax**



## 4 Shaping international outcomes

“Shipping is an international business by definition and world trade that works for us requires international regulation and a level playing field for the whole industry.”

Rt Hon John Hayes MP, March 2015

Where international shipping is concerned, the Government's top priority is to work within the International Maritime Organization (IMO).

With 170 Member States, and a wide range of observer delegations which have their own specialist knowledge and expertise, the IMO is the body

which is best fitted to develop legislation applicable to the international shipping industry. Shipping is a global industry and the application and implementation of IMO standards promotes a level playing field, provides clarity of regulatory approach and removes regional obstacles to fair trade.



IMO building, London

- The Government has worked tirelessly with industry to support it in the transition to the new sulphur limits regime introduced in January 2015. The maritime administration has been successful in pressing for a consistent and pragmatic approach to enforcement across the EU.
- The Government has played a leading role in the IMO's adoption of the amendments which added the Energy Efficiency Design Index which, for the first time in history, established a global mandatory greenhouse gas emission reduction regime for an entire economic sector.
- The UK ratified the Maritime Labour Convention in 2013, and it came into force in 2014. The Convention is considered as the 'fourth pillar' of the most important maritime regulations covering international shipping and helping to raise standards for seafarers.

- The UK took a leading role in negotiating a way forward at the IMO on nitrogen oxides emissions that protected both the environment and the investment of the marine equipment sector. The compromise accommodated the UK's large yacht sector's significant technical concerns and protected UK jobs.
- The Government took a lead role in agreeing a prohibition on future discharges of the chemical involved in the distressing loss of seabirds in two chemical incidents in 2013, as well as securing a wide-ranging review within the IMO of the rules relating to the discharge of similar chemicals.
- Following industry concerns about the loss of containers at sea, the UK played a key role in ensuring an amendment to the International Convention on the Safety of Life at Sea (SOLAS) would deliver real improvements to safety without entailing significant additional costs for UK ports.
- The UK has played a prominent role in ensuring that EU legislation, which will require ships calling at EU Member States' ports to monitor and report their carbon dioxide emissions, is practicable, proportionate in terms of the burden it imposes on industry, and compatible with the ongoing work in the IMO on a global measure.
- The Government achieved substantial improvements in 2014 to the Port Services Regulation, proposed by the European Commission.
- The Government has been heavily involved in the development of the International Standard for Private Maritime Security Companies, providing armed guards on board ships, and has actively encouraged organisations to use it.



Royal Marines from *HMS Kent* board a dhow in the Indian Ocean

## 5 Safe and secure shipping and ports

“The sea is brutal and unpredictable so maritime operations are often inherently hazardous. This is why we need a culture that ensures those using and working on the seas are as safe as they can be, and have the means and mechanisms to respond effectively should an incident occur.”

Rt Hon John Hayes MP, March 2015

The Government works hard to ensure safer lives, safer shipping and cleaner seas. We continue to take decisions quickly and appropriately in order to protect seafarers and others working at sea and our coasts from the threat of pollution from shipping. We also have extensive national capabilities to deliver maritime security at home and internationally.

- The Government maintains the safety of UK and foreign-registered ships through a rigorous programme of surveys and inspections which facilitates international trade.



Photography: Robert Davies

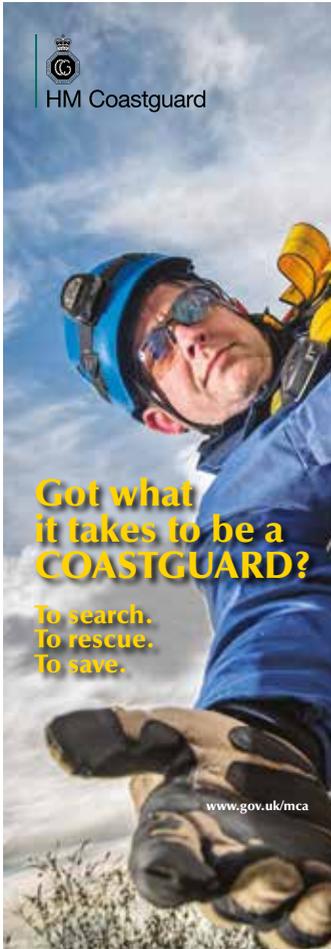
Buoys lined up at Felixstowe

- We continue to promote volunteering through the Coastguard Rescue Service which is supporting safe coastal communities with its cadre of 3,500 volunteers.

- We are delivering a £1.6 billion contract for state of the art search and rescue helicopter services, which will see improved response times and better coverage of high-risk areas.



Sikorsky S-92 search and rescue helicopter



- We have successfully managed changes to Her Majesty's Coastguard, including the opening of the new National Maritime Operations Centre and the steady evolution of a national network of Coastguard Operations Centres, all without impacting on our search and rescue effectiveness.
- We have supported our small ports, and 21 communities benefited from £1.7 million funding to help repair damage caused by the winter storms in 2013 and 2014.

- The Government published the inaugural UK National Strategy for Maritime Security in 2014, which highlighted the extensive ways we safeguard this vital sector of the UK economy.
- The UK has taken the lead internationally on our approach to piracy, including publishing guidance on armed guards in 2011. The work of naval forces in the high risk area off the East Coast of Africa, the adherence to best management practices, and the use of high quality armed guards have all been used to good effect to reduce attacks.



*HMS Kent* and her Lynx helicopter circle a dhow in the Indian Ocean

## 6 Keeping Britain supplied and connected

“ Ports have grown, improved and thrived in recent times despite challenging conditions. Accepting the world’s largest and most specialised ships means we can ensure that UK ports are in pole position to generate growth. We will ensure ports continue to grow, and port infrastructure continues to attract inward investment. ”

Rt Hon John Hayes MP, March 2015

Ports have invested vigorously to ensure that Britain is ready for the largest new ships coming into the world fleets. This highly privatised and competitive sector continues with new investments, small and large, throughout the country enabling imports and exports of raw materials, goods and products.



Port of Felixstowe

- Phase one of a major expansion at Hutchison

Ports at Felixstowe is underway, and the first two berths are already in operation. The *CSCL Globe*, at that time the world’s largest container vessel, visited in January 2015. A further £200 million investment is planned in developing berth 10 as the next stage of the Felixstowe South consented project.

- The first stage of the container terminal and logistics park at DP World at London Gateway is now operating, which is the first new major port developed in the UK for 25 years. When fully completed, the port capacity is estimated at 3.5 million teu<sup>1</sup> a year and the total cost in the order of £1.5 billion.

<sup>1</sup> teu is twenty-foot equivalent unit (container).



The CSCL *Globe*

- A £150 million investment by Associated British Ports (ABP) at the port's container terminal at Southampton, is expanding its capacity by nearly 1 million teu a year.
- A major new container terminal at Liverpool (Peel Ports) is being developed at a cost estimated at over £300 million, and is part of a huge Atlantic Gateway development programme. The terminal will primarily serve the transatlantic market, taking the port's capacity above 2 million teu a year, enabling larger vessels in a wider tidal window.
- Further container terminal developments are consented at Bristol, Teesport and Bathside Bay in Harwich.
- ABP with Siemens at Green Port Hull are taking forward a £310 million project for manufacturing, assembling and servicing offshore wind turbines.
- A large development serving the offshore sector has been consented for Able UK at Immingham, as well as major investments in biomass facilities at ports, including a £75 million investment at Immingham, and substantial development plans at the Port of Tyne.
- Dover Harbour Board has committed to invest up to £120 million in its Western Docks Revival Project including the creation of a new cargo terminal and port centric distribution facility.

Alongside this investment by the ports industry, the Government has:

- continued to ensure a favourable and stable policy setting for ports and shipping, through the National Policy Statement (NPS) for Ports, designated in 2012. This provides a strong presumption in favour of port development while protecting the environment.
- worked to improve the inland connectivity that ports have told us they need through the Strategic Rail Freight Network, which complements the ports' own investment in new and improved rail terminals.
- launched the Roads Investment Strategy (RIS) in December 2014, which brings together a number of schemes that will directly address pinch-points affecting English ports.
- promoted marine planning to reconcile competing demands for sea resources: safeguarding the marine environment without damaging the vital economic interests of ports and shipping.
- worked with the main regulatory and advisory bodies to agree a coastal concordat which is improving the coordination of coastal project consenting.



Port of Southampton

# 7 Meeting the challenges, scaling new heights

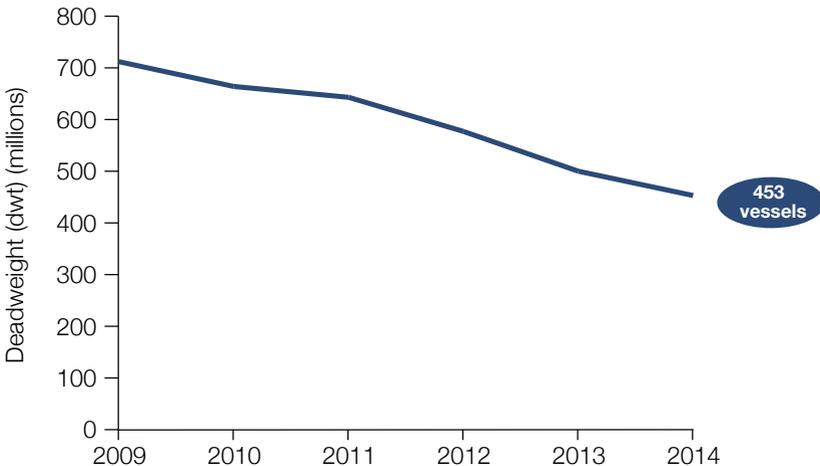
“ Our position as a global maritime centre will face increasing competition particularly from the Far East. To secure our future and grow our sector we must be imaginative, innovative and inspire the next generation of entrepreneurs; embrace the world-beating new developments; and grow tomorrow’s maritime leaders. ”

Rt Hon John Hayes MP, March 2015

We know that world trade is expected to double over the next 20 years or so, but we also know that much of that increase will be outside Europe. Already we are seeing some signs that the UK may be losing ground in the competitive struggle to remain a global maritime centre, and we cannot afford to stand still while our international competitors up their game.

Since its high point in around 2009, the UK ship register has declined by some 17 percent measured in gross tonnage. Estimates of the gross value added (GVA) from shipping – although not necessarily from the maritime sector as a whole – also show signs of decline.

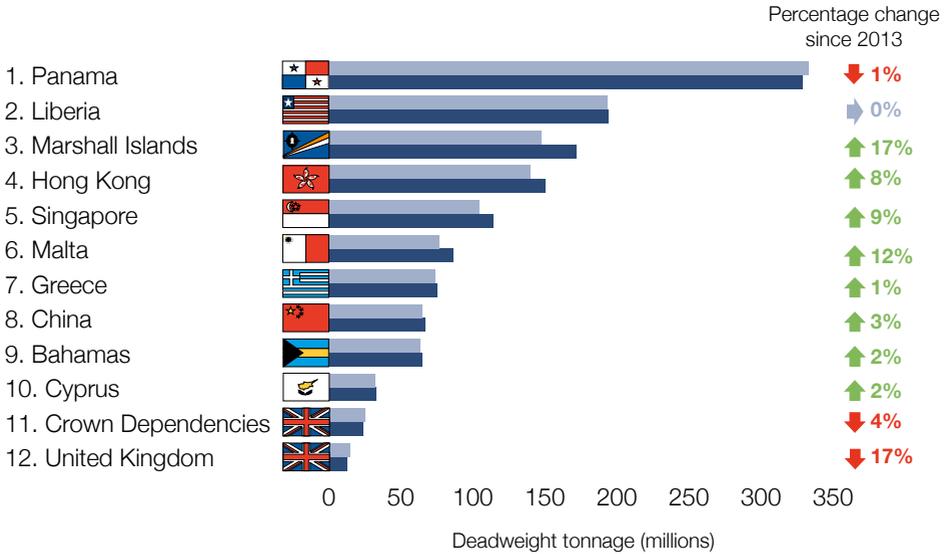
## UK registered trading vessels, 2009–2014



Source: DfT analysis of IHS Global data. Data covers trading vessels of 100 gross tons (gt) and above.

- The size of the UK's interest in shipping has decreased over the last 5 years, with the number of UK registered ships falling from 712 in 2009 to 453 in 2014.
- In 2014, the top 10 nations held 77 per cent of total deadweight tonnage, whilst the UK held less than 1 per cent of total deadweight tonnage.

### Top 10 Nations ship registers, including UK and Crown Dependencies, 2014

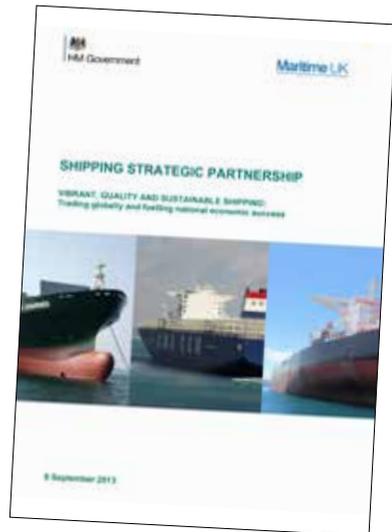


Source: DfT analysis of IHS Global data. Data covers trading vessels of 100 gross tons (gt) and above.

- The main cause of the decrease in the size of the UK fleet has been the net impact of ships transferring their registration to other countries, with fewer ships transferring their registration from elsewhere to the UK.
- Singapore, Barbados, Greece, the Marshall Islands, the Isle of Man and China accounted for 80 per cent of the total deadweight tonnage transferred out of UK.

The Government is committed to creating the right fiscal, regulatory and business environment to ensure the UK maintains its place as a competitive global nation for maritime services. Key to this is:

- the Maritime Growth Study, which was launched in 2014, and is chaired by Alderman Jeffrey Evans, Chairman of Maritime UK and Director at Clarksons, aims to strengthen the UK's position as a world-leading maritime centre.
  - An extensive engagement process with industry and other stakeholders will ensure we consider the most relevant and up to date evidence. A call for evidence was carried out between 16 January and 27 February 2015.
  - We have also held a number of stakeholder workshops to gather detailed evidence on specific parts of the maritime sector, and have conducted interviews with individuals.
  - An industry advisory group, containing leading figures from the maritime industry, has been established to advise on the scope and development of the study. The chair of the advisory group, Michael Parker who is Chairman of CMA CGM Holdings (UK) Ltd, has more than 40 years' experience in the shipping industry.
- working in partnership with industry, trade unions, and across boundaries as a single UK Maritime Administration.



- we must also do more to raise the profile of our maritime sector and the critical role it plays in our day to day lives, not just abroad, but here in the UK. The Government and industry look forward to welcoming UK and international guests to London International Shipping Week 2015. The week will bring leaders from the international community together to discuss the challenges facing the sector, enable networking opportunities, as well as showcase the UK's maritime offering.

7-11 SEPTEMBER 2015  
**LONDON**  
INTERNATIONAL SHIPPING WEEK

The second London International Shipping Week (LISW) will take place from 7 – 11 September 2015. Industry is working in partnership with the UK Government to deliver a week that builds on the success of 2013. Over 100 events are expected to be held, including a welcome reception hosted by the UK Government at Lancaster House, and an industry gala dinner, with participation from the key figures from the global maritime community and senior members from the UK and foreign governments. The LISW 2015 conference, taking place on 10 September, will examine the challenges facing the international maritime sector over the coming decade.



The Prime Minister chairs a Ministerial Round Table during London International Shipping Week 2013

