Department for Transport

Maritime Growth Study
Summary of responses

Moving Britain Ahead

July 2015

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Overview

This document provides a summary of the evidence submitted to the Maritime Growth Study through its call for evidence, interviews and workshops. This material will inform the Study's eventual findings and underpin its conclusions.

To allow a systematic analysis of the evidence to take place each response has been considered in detail and summarised to capture the points raised in a consistent format. This process was repeated across all evidence streams and by each question contained in the call for evidence.

The outputs of this process have been checked to ensure that points have been accurately summarised and important detail has not been inadvertently lost in the process.

As part of the final stage of summarising responses by question (for the interviews and call for evidence) any responses, answers or views that were the same or very similar in nature were grouped together to identify the most commonly shared views. This meant that it was possible to assign an element of magnitude and weight to each point being made in order to help focus the conclusions of the Study.

When reporting responses against each question, these weightings were used to identify the most common responses and where possible the "top five" most common responses have been included in this summary. In cases where there was little consensus among the responses to a question, attempts have been made to report on common high-level interest areas. Due to the volume of material analysed it has not been possible to include every comment made, but after reporting the most common responses, effort has been made to report on a selection of other responses to reflect the range of other opinions offered.

This weighting approach was not applied to the workshop summaries as at each session participants were asked to come to a consensus as a group.

There has been no attempt to report on or quantify the number of respondents giving specific views on a subject. This is because respondents contributing to the Study were not limited to those selected via a statistical sample. This means it is not possible to weight responses to ensure they are representative of the wider population.

Introduction

1 The Maritime Growth Study: keeping the UK competitive in a global market (MGS) chaired by Lord Mountevans and supported by a Department for Transport (DfT) secretariat was launched on 27 November 2014 as a joint initiative between government and industry with the purpose of recommending a way forward for the UK maritime sector to both maintain and, if possible, enhance its position in the face of increasing international competition. The Terms of Reference (ToR) required the Study 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; and
- make recommendations for both government and industry to improve the sector's international competitiveness.

2 The Study secretariat, with assistance from industry, has compiled an extensive stakeholder list from across the maritime sector in order to obtain as wide a range of evidence as possible in accordance with the ToR. The evidence gathering process consisted of three main strands:

- A 'Call for Evidence' (CfE) – a published set of 17 questions covering such topics as the reasons why businesses locate in the UK, the effect of a strong ship registry in determining this and the opportunities and challenges facing the sector. This was launched on 16 January 2015 and closed on 27 February 2015. Evidence obtained from this method came in two forms, direct responses to the questions via an online survey and more general written submissions via email and post that did not directly address the questions.
- A series of interviews with key industry stakeholders – who answered questions aligned with the subjects from the CfE and explored some of the key issues and areas of interest in greater depth.

- A series of stakeholder workshops, each looking at a specific subsector within the maritime and marine sector and inviting participants to engage in a structured but comparatively informal discussion about the specific issues facing that subsector. Workshops were held focusing on:
  - Business services;
  - Shipping;
  - Ports; and
  - Marine industries.

3 In addition, a final workshop was held to bring stakeholders from across all the subsectors together for an overarching discussion.

4 The same four questions (with slight variation where appropriate to the specific subsector) were asked of the groups in each workshop and a note taken of their subsequent discussion.

5 We are grateful to all who took the time to contribute their views to this Study including the 153 who responded to the CfE, the 24 interviewees and everyone who attended one or more of the workshops.

6 All the evidence has been collated and a summary of the responses received for each question has been compiled. This document sets out those summaries for each question.

7 A list of those respondents who agreed that we could publish their names is included at Annex A. As anonymous responses to the call for evidence were welcomed, this list does not represent the totality of organisations and individuals who submitted evidence.

1. Call for Evidence

Overview of call for evidence

1.1 The Call for Evidence was launched on 16 January 2015 and closed on 27 February 2015. There were 153 responses to the 17 questions through the online survey, written correspondence or a combination of the two.

1.2 The evidence was summarised across all the questions and combined to produce a summary of responses. The text below outlines the most commonly raised points and views for each question.

The attractiveness of the UK as a place for maritime businesses to locate

Question 1: What are the key factors that determine which country you locate your activities?

1.3 The responses to this question gave rise to several prominent subjects. One of the dominant factors given was the supply of a skilled workforce with a strong knowledge and understanding of the maritime sector. Although respondents tended to refer more generally to strong skills and a highly trained workforce, more specific responses included skills in science, technology, research, ship management and law.

1.4 Respondents also cited the proximity to clients as a key factor in determining where maritime businesses locate. Responses referenced the presence of shipping companies and port services as a deciding factor while others mentioned the presence of clients relevant to their business.

1.5 Access to support services was a recurring reason for where businesses located. Respondents stressed the importance of access to support services such as legal, financial and insurance necessary for operating a business.

1.6 Respondents also felt that tax considerations and attractive tax regimes are important when deciding on a location. Respondents also referred to issues such as tonnage tax, non-domicile tax and tax incentives for research and investment.

1.7 Respondents stressed the value of good transport infrastructure for their operations, with international connectivity being one of the key issues when choosing a business location. The port sector, in particular, cited the importance of strong infrastructure leading up to and around ports while business services highlighted the need for strong communication infrastructure.

1.8 There was a range of other reasons given. Among the more prominent were:

- proximity to suppliers;
- a country's reputation;
- a country's maritime history; and
- operating costs.

Question 2: What do you think the key strengths and weaknesses of the UK are as a location for maritime businesses?

Strengths

1.9 The international reputation and presence of the UK as a leading maritime centre with a wide range of services was consistently cited by respondents as a key strength of the UK. They referred to the use of the English language, strong maritime traditions and a reputation for integrity, fairness and tolerance. In addition, the presence of key institutions such as the International Maritime Organization (IMO) and globally important companies are seen as contributing to the significant strength of the UK. The UK is also seen to have strength in its small boat building abilities.

1.10 Respondents expressed a view that the UK has a high level of training, culminating in a high quality, flexible maritime workforce. The UK is seen as offering a diverse range of career opportunities for young people that also offers support (Support for Maritime Training or SMarT). This helps to keep the UK a globally recognised maritime training centre and a leader in health and safety and accident investigation. Respondents also highlighted the high levels of maritime research in UK universities.

1.11 A consistently shared view was that the UK has a world leading maritime legal system and pragmatic regulatory culture which is widely used for resolving international disputes. London is regarded as a key maritime services hub, displaying proficiency in commercial, maritime and criminal law.

1.12 Participants felt that that the UK benefits from London being a leading financial centre. The presence of financial institutions, maritime history and the open nature of the UK economy helps to ensure that London remains the single largest global maritime insurance provider. Respondents also highlighted the contributions of other cities, such as Liverpool and Glasgow in providing quality maritime services. It was generally felt that the UK has a clear and coherent fiscal regime since the introduction of tonnage tax.

Weaknesses

1.13 A principal concern of respondents centred on the high costs associated with the UK and a perceived lack of investment in the maritime sector from government. Some respondents suggested that overheads are high and that there is a lack of finance available for maritime businesses, particularly for start-ups. The high cost of living and office space in London and the high costs of labour compared to international rates can dissuade investment. Similarly, respondents stressed that bank capital requirements are uncompetitive and that there has been a general lack of investment in the marine and maritime industries and their general infrastructure e.g. at ports.

1.14 People also suggested there was a lack of qualified seafarers or suitably skilled workers, particularly engineers. Respondents cited this as being due to a lack of interest in joining the workforce, a lack of suitable maritime training in education institutions (coupled with lack of investment by the government) and the high costs of training seafarers in the UK.

1.15 Responses consistently stated that government departments were not sufficiently joined up or engaged with the marine and maritime industries and lacked an understanding of what the industry needed. The lack of a strategy and robust promotion of the sector was also referenced as a major weakness.

1.16 A further interest was that UK tax rates are unfavourable and generally too high, especially in relation to other countries causing the UK to appear uncompetitive. It was also suggested that UK tax policy was unstable and therefore unattractive to potential investors as they could not be sure of a stable environment in which to do business.

1.17 Respondents commented that infrastructure leading to ports was below standard, often congested and therefore needed to improve. A persistent concern from the ports sector was the requirement to pay substantial sums towards investment in the surrounding infrastructure in order to build a port in the UK. It was pointed out that this is a policy largely unique to the UK. It was also stated that ports have failed to maintain their own infrastructure and facilities and that many can barely accommodate the new larger style of vessels.

Question 3: In your experience, how internationally competitive is the UK as a place for maritime businesses to locate compared to other countries?

1.18 A common issue from respondents was that the UK is competitive but now faces major global competition, specifically from Singapore, Hong Kong and other EU countries. Respondents highlighted a number of UK's competitive advantages – the UK boasts a long maritime history and therefore expertise, especially on maritime design and specialist engineering. In addition, respondents said that the low tax threshold and tonnage tax regime have been attractive. However, respondents also felt that the exclusion of harbour tugs and dredgers from tonnage tax in 2005 has undermined UK competitiveness. There was a general consensus that the UK is an attractive business destination and a responsible regulator. However, respondents also stated that competitor countries boast a more relaxed and flexible regulatory framework.

1.19 Respondents tended to feel that the UK is unattractive because of high taxes, staffing and living costs. However, other respondents felt that the UK's costs and tax regime were in fact favourable and attractive. Respondents commented on how the lack of government financing is a disincentive to investing in the UK. Furthermore, it was thought that skilled employees are becoming increasingly mobile and willing to move out of the UK for higher earnings.

1.20 Respondents felt strongly that the UK has less of a focus on the maritime industry than other industries and that, in comparison to other nations, there is less government backing. It was also felt that there was less focus on attracting foreign maritime companies than competitor countries, who showed strong ambition and investment in the maritime sector.

1.21 There was general consensus among respondents that the UK is competitive in the maritime sector but, particularly so, in the business services sector covering finance, legal, dispute resolution and insurance markets. Respondents referred to Singapore handling only a small fraction of maritime arbitration cases in comparison to London, demonstrating London and the UK's dominance in this sector.

The ability of UK based maritime businesses to compete internationally

Question 4: What are the key factors that determine which country's maritime services you use?

1.22 A common issue among respondents was that the reputation of a location (both professionally and generally) was a key factor in determining which country's maritime services are used. Participants did not expand on this but London's reputation was highlighted as an example, particularly for its honesty and integrity.

1.23 Respondents spoke of how cost, such as staff and operating costs, is also a key factor and respondents stated that logistical costs in the UK can be higher than other locations. Geographical proximity, on its own and when related to cost, was given as a factor. Being close to administrators, potential clients and the opportunity to network and meet new contacts in a location were all suggested as examples of how proximity is important.

1.24 Access to key maritime services, which are of a high quality and offer good customer service was consistently identified by respondents as a factor in their decision. Access to services such as Protection and Indemnity (P&I) clubs, brokers and insurers, as well as a robust legal framework were recurring subjects. The availability of schools, accommodation and medical facilities were also mentioned, while respondents also cited reliable communications as an important issue.

1.25 Participants referred to technical experience and a skilled workforce as being important. The specific type of skills was not elaborated on by respondents in their contributions but it was mentioned that companies would be willing to pay more for particular skills although this cost would be passed on to the customers.

Question 5: What are the key strengths and weaknesses of the UK's maritime sector in supplying maritime services?

Strengths

1.26 Respondents held the view that the UK contains globally admired ship management and operating services and the UK Flag has a strong international influence and good reputation. The UK's reputation and maritime history were particularly common factors under this heading.

1.27 It was also highlighted that the UK boasts solid support sectors such as insurance, classification, training, education, shipbroking and finance. The availability of these services in one place was also given as an attraction in itself allowing easy access to these services.

1.28 Respondents also said that the UK legal and financial system is held in high regard because of its independence and trustworthiness. The use of English law in the arbitration of disputes, with clarity, openness and a well established structure and precedent, was also raised as a strength. Coupled with this, the financial independence of the UK and the presence of key financial business services was seen as an additional strength by the respondents.

1.29 It was clear from the responses that the UK has a substantial maritime education sector, producing skilled seafarers and a large number of expert staff. In addition, it was stated that new qualifications created by the Maritime Skills Alliance (MSA) are being rolled out into schools and the UK maritime education sector.

Weaknesses

1.30 A recurring feeling amongst respondents was that the UK was an expensive place in which to do business and there were a variety of reasons put forward for this. Operating costs, the price of goods, services and employees were all perceived as being high, particularly in relation to other nations such as Singapore. It was also suggested that port costs were uncompetitive and high and could not be negotiated. Respondents were of the opinion that that insufficient public funding, high taxes and the cost of living were all factors, again particularly in relation to other maritime countries. There were also concerns expressed that ports were expected to contribute to rail and road links when developing or building a port – a policy largely unheard of in Europe or the rest of the world.

1.31 A dominant, recurring viewpoint among respondents was that the maritime industry was not sufficiently joined up, meaning the overall size, value and importance of the marine and maritime sectors was not clear and therefore not recognised by government. Similarly, respondents felt that the UK government lacked clear objectives and a strategy for the sector which meant that there was insufficient backing and support for it.

1.32 Respondents expressed concerns regarding a shortage of UK trained seafarers, referring to the ageing population of the UK maritime workforce and a forthcoming “retirement of knowledge” out of the sector. It was felt that there should be an increase, and more flexibility, in maritime training to address this and that, in addition, strict UK visa restrictions were dampening the attractiveness of UK study for foreign students.

Question 6: In your experience how internationally competitive are UK based maritime businesses compared to those in other countries?

1.33 There was a strong indication by respondents that UK marine and maritime businesses are very competitive which helps the UK retain its world leading status in maritime although there was also recognition that other countries are growing their maritime business. Among the reasons given for the UK strength in this area were its heritage, expertise across maritime, efficiency, quality of service, the use of English language and law throughout the maritime sector, innovation and its reputation. Of particular merit was the business services sector and its dominance in insurance, legal and arbitration around the world. Also mentioned was the strong showing the UK has in some other areas such as the superyacht sector, ports and marine technology.

1.34 Concern was voiced, however, about the high costs of labour and management, together with the levels of tax in the UK and burdensome regulation. These factors, combined with the competitive advantage that other countries can have through learning from the UK and then providing incentives, including subsidy from government or giving of state aid can allow these countries to appear more attractive.

Opportunities and Challenges

Question 7: What are the key opportunities for growing the UK maritime sector in the UK over the short, medium and long-term?

1.35 Respondents often did not specify whether their responses were opportunities for the short, medium or long-term. Consequently, unless specified, the responses were treated as short-term.

1.36 The top suggestions focused on a number of areas where key opportunities could benefit and help to grow the UK maritime sector. Education and skills was one of these where the main concern was to improve, nurture and retain the UK’s strong base of education, training and skills. However, there were additional suggestions such as raising awareness of maritime careers and providing courses in schools and universities. More general promotion of what the UK can offer was an opportunity that respondents also thought could help grow the UK maritime sector. Respondents also suggested building and investing in renewable energy technology and research and development more generally. There were also calls for providing fiscal or tax incentives and to ensure maximum value is gained from tonnage tax. There was a wide range of other suggestions which included some concern that the UK Flag administration should be improved to make it more customer focused and more internationally attractive.

1.37 With only relatively few responses for medium and long-term opportunities, there was little consensus about what would present the best opportunities. Respondents again put forward their concerns on financial incentives, on investment in research and development and training and skills, adding to this by suggesting more apprenticeships were required. Among the other suggestions were proposals for investment in marine autonomous systems and growth in coastal shipping.

Question 8: What are the key challenges to the growth of the UK maritime sector over the short, medium and long-term?

1.38 As with the previous question, respondents did not necessarily differentiate between short, medium or long-term challenges. Unless otherwise stated, all responses were assessed as short-term responses.

1.39 By far the main challenge that respondents identified was the lack of well trained and qualified staff with many seeing or fearing skill shortages (e.g. in naval architecture or marine engineering) and others perceiving an insufficient number of cadets being trained to eventually fill shore vacancies. Another shared concern featured was government policy not recognising the importance of the marine and maritime sectors. Among the examples given were the lack of a government commitment or strategy towards the sector, specific policies which imposed regulatory burdens and the government's lack of spending on maritime and defence programmes.

1.40 Respondents highlighted the growing maritime competition from around the world but specifically within the European Union and from the Far East. Given as examples were the countries who provide government subsidy or other additional support to their maritime industries and the businesses who were able to provide facilities and services at a cheaper rate to those offered by UK businesses.

1.41 There was a range of other challenges described by respondents such as visa controls and environmental challenges (e.g. meeting restrictions on sulphur, marine planning and licensing).

1.42 There were few respondents who responded on the medium and long-term challenges. Suggestions given included training and skills and competition from other countries with the inference that, as these nations build up their businesses and expertise, it will become increasingly difficult for the UK to grow itself. Among the other suggestions were the effects of a lack of a government strategy and early engagement in the European Union and at the IMO.

Question 9: What are the key actions that government and UK based industry could take to encourage more maritime businesses to locate in the UK?

1.43 The views that were submitted under this question may largely be grouped into six key areas. There was an interest in seeing a more joined up approach and commitment by industry and government on maritime issues to give more cohesion between the subsectors within marine and maritime. There were some illustrations of where good co-operation already existed (e.g. with the Department for Business, Innovation and Skills on licensing and through the Defence Growth Partnership). There was a further call for commitment to the work of Maritime UK and Maritime London within the industry. Others suggested that government develop a cross-departmental maritime strategy and do further work to revitalise strategic partnerships and ministerial roundtables between industry and government. There was also a suggestion for a maritime champion to spearhead the industry's interests.

1.44 The maritime administration was seen as one area where constructive action could improve communication and help decision-making. It was envisaged that government could work more effectively if it was well structured, resourced properly and empowered to deliver across all relevant departments. Respondents were also focused on the UK Flag and delivery of its functions, suggesting that, if the register was placed on a commercial footing, it would be better able to market itself and provide good service delivery.

1.45 The importance of the marketing and promotion of what the UK maritime sector has to offer was a dominant view among respondents. There was emphasis placed on the strength of the UK maritime package and the advantages of having all services across the maritime sector available in a "one-stop-shop", thereby giving easy accessibility. It was thought that the industry should showcase itself more effectively, perhaps like Greece's Posidonia exhibition. Others thought that a maritime brand should be introduced that all of the UK (not just London) could use. Respondents also mentioned the need for government to be a constructive partner in marketing the sector, suggesting that a co-ordinated approach from "Team UK" could work effectively both internationally and domestically.

1.46 Another area where respondents suggested action to help UK maritime growth was in research and innovation. There was appetite for greater collaboration between industry and research institutions to stimulate ideas. Other views suggested government and industry should identify and develop new growth areas in sustainable shipping products or in ship design which could be showcased as British at every point of the manufacturing and development chain. It was felt that these businesses could collaborate in competitions such as those run by the Small Business Research Initiative (SBRI). Participants also proposed developments in marine mineral mining and gas extraction, as well as further work in offshore renewables and in environmentally friendly technology for vessels and their systems.

1.47 Education, training and skills were among ideas put forward and a strong skills base was considered very important in maintaining and growing the UK maritime sector. The need to overcome some of the present challenges such as finding jobs for newly qualified cadets and ensuring that the SMarT scheme is fit for purpose was also highlighted. Respondents also felt that raising greater awareness of maritime as a career in schools and more generally across the UK was important.

1.48 There were respondents who felt that tonnage tax could be improved and that there should be tax allowances, incentives or concessions, particularly to allow the UK to be more competitive against other countries.

Question 10: What are the key actions that government and UK based industry could take to encourage more businesses to use UK based maritime services?

1.49 There was a widely held view by respondents that the most appropriate action that could be taken to encourage more businesses to use UK based maritime services was by marketing its high quality and diverse services and expertise more effectively. Highlighting its strengths should not just focus on London but look at the whole of the UK. Further suggestions made were that UK Trade and Investment (UKTI) could provide their expertise and hold events under a UKTI banner for UK businesses in key locations around the world. There were also suggestions that London International Shipping Week (LISW) could be held on an annual basis (rather than bi-annually).

1.50 Respondents considered that other areas where action could be taken included the government showing its commitment to the sector by raising the maritime profile within government, showing a stronger interest in maritime policy, more consideration of the maritime industry when taking policy decisions and engaging in EU maritime debates more effectively.

1.51 Respondents also mentioned training and skills. There was an emphasis on raising the profile of maritime with young people in schools, expanding apprenticeships and extending SMarT funding to cover a period of time when newly qualified officers can gain experience. Respondents also suggested that fiscal incentives would encourage businesses to use UK based maritime services but also that a stable fiscal environment would encourage long-term investment and growth.

1.52 Among the range of other areas mentioned were the needs to reduce “red tape” and to ensure good partnership and co-operation was maintained by industry and government.

Measuring the performance of the UK maritime sector

1.53 There were relatively few responses received for questions 11–16 and the information returned for these questions was relatively brief which is reflected in the shorter summaries for this section. Respondents frequently suggested the Study should use data that is robust and reliable but rarely went on to suggest suitable sources. The range of answers to these questions was also quite varied so it was difficult to detect or report on common issues. While attempts have been made to summarise the responses received to these questions, it has not been possible to reflect them all.

Question 11: What metrics could the government use to assess the UK maritime sector's performance now and in the future?

1.54 Respondents suggested that figures on maritime employment and data displaying the tax revenues from maritime industry would be a suitable set of metrics to use. Several suggestions were also made that the Oxford Economics maritime sector report was a useful resource.

1.55 Respondents also suggested that it would be suitable to use Gross Value Added (GVA) statistics and to refer to data on research and development expenditure.

1.56 There were also suggestions that metrics showing global market share, the number of maritime businesses in the UK, as well as UK flagged vessels would be suitable. Other responses proposed to use metrics on the changing numbers of UK seafarers.

Question 12: Do you have any views on the analytical approach we could use to measure the size of the UK maritime sector?

1.57 There was a range of responses given to this question but only a few similar interest areas. It was suggested that data from the Oxford Economics maritime sector report would be particularly suitable and that data should differentiate between indirect and direct contributions to the sector. Others suggested assessing accidents and injury in the sector against employee pay. Respondents called for economic analysis of all parts of the maritime sector, especially the new growth parts such as leisure, water sports and small commercial boating sectors.

Question 13: Are you able to provide us with any additional evidence on the size of the UK maritime sector, and the size of its key competitors?

1.58 There was a variety of responses submitted to this question. Of these, a PORTOPIA Study on indicators of port performance across the EU was highlighted as useful maritime evidence. In addition, correspondents emphasised the importance of Lloyd's List – UK port freight statistics and the reports from Oxford Economics. Reports on specific competitors that were due to be published after the call for evidence were also highlighted as were specific organisation reports.

Question 14: Do you have any views on any of the evidence discussed in Chapter 4 and the sources listed in Annex 1 of the call for evidence?

1.59 There was a range of views submitted for question 14, amongst which was an endorsement of the Oxford Economics data. Responses raised concerns that evidence in general was too focused on the city and shipping/flag/finance and not enough consideration was put on regional maritime and the potential of ocean mining/gas hydrate extraction. Respondents also suggested looking into alternative sources of evidence by using maritime trade organisations or ports' economic impact assessments, while others endorsed the evidence and approach used.

The role played by maritime businesses in supporting the broader UK economy

Question 15: How could the maritime sector improve its role in supporting the competitiveness of other parts of the UK economy?

1.60 A view among respondents was the need to investigate ways of integrating multi-modal transport chains in order to facilitate freight travelling on different modes. It was also thought that there should be greater cross-sector collaboration, plus more transparency and promotion of maritime to the UK population.

1.61 Responses called for further support of UK based industries such as the oil and gas, engineering and manufacturing sectors. Feedback also suggested that the government should allocate more land surrounding ports to shorten the supply chain.

Question 16: Are you able to provide us with any additional evidence on the role played by the maritime sector in supporting the broader UK economy and the ways in which the sector increases the competitiveness of other UK industries?

1.62 Respondents submitted a selection of different responses to this question, several of which suggested looking at Oxford Economics reports on maritime. Participants stated that the maritime sector supports the broader UK economy in a variety of ways, sometimes giving estimated values of individual subsectors or organisations.

Question 17: Are there any other relevant issues which are not covered by the questions above that you wish to submit a response and/or evidence on?

1.63 There was a variety of views submitted to this question, most of which have been reported or expressed in response to other questions. Those that were not included:

- the regulatory deterrents on cruise ship calls into the UK;
- a suggestion to revise the definition of maritime to include superyachts, water sports and small commercial vessels; and
- a suggestion that the ecosystem approach (balancing economy, society and environment) should be used when making decisions.

2. Interviews

Overview of interviews.

2.1 Twenty four interviews were carried out with representatives from across the marine and maritime sector. Their views are summarised below.

Question 1: What are the key factors that influence[d] [your decision/a maritime business's decision] to locate in the UK?

2.2 Among the top five responses about the influences governing the location of business was the reputation of the UK. The UK's traditions and extensive maritime history as an island nation was a widely shared view for why business chose to locate in the UK. Interviewees also stated that the UK was seen as a respectable nation and that it was often good for business to be seen to be located there.

2.3 Participants referred to the presence of the UK's many maritime "clusters" – pockets of businesses or business services (such as legal, financial, ship management services) that either support the needs of business organisations or provide easy access to clients and decision-makers.

2.4 The availability of a high quality skilled workforce in the UK was also given as a reason for being located here. Skills particularly desired were in engineering and ship management. The quality of maritime training and certification of officers and cadets was widely seen as amongst the best or the best in the world and people with these skills and qualifications were particularly valued.

Question 2: Are businesses attracted to locate in a specific region of the UK, or the UK as a whole and why?

2.5 There was a wide variety of answers given for this question although a clear interest area was that the UK was seen as an attractive place to do business because of the existence of pockets or clusters of marine and maritime activity. These clusters are geographic concentrations of inter-connected businesses, suppliers, and associated institutions in the marine or maritime industry which are considered to increase the productivity with which companies can compete, nationally and globally. They are seen as attractive places in which to locate or be in close proximity to.

2.6 The most commonly mentioned clusters were:

- London which was seen as offering an attractive array of law/legal, financial and insurance services and various other service providers. The City's global reputation, inter-modal transport links as well as good infrastructure were also cited among its benefits;
- Glasgow, particularly for ship management services and maritime expertise, heavy engineering, ancillary and financial services;
- Liverpool for its large global operations with a pool of skilled, well educated labour who understand maritime business. Port management services were also mentioned; and
- Southampton for its research and development services/expertise, supply of skilled labour, training and education facilities.

2.7 There were other reasons given for locating in the UK, ranging from the UK offering as a whole, its geographical location and access to EU markets and specific local areas of attraction relative to specific business needs.

Question 3: Does the UK Flag affect the sector's ability to compete internationally and grow?

2.8 There were conflicting views amongst participants regarding whether the UK Flag impacted on the maritime sector's ability to compete internationally and grow.

2.9 Those of the opinion that the flag does have an impact on the sector's ability to compete internationally and grow considered that the size and number of people registered to the flag is key. Participants felt that a large number of ships registered to the flag is important and attractive to the rest of the world and as a result generates a network with which to do business. It was considered that a large flag also ensures that the UK has influence on the international stage at, for example, the IMO, and often allows easier trading in other nations. The UK Flag is associated with history and maritime expertise and this, in turn, is seen to reflect favourably on the companies associated with the flag. Respondents also suggested that these benefits could be gained from registering with another flag in the Red Ensign Group which would have the added benefit of less stringent requirements. It was also thought that that the UK Flag could benefit the sector and economy more widely if registration was made mandatory to benefit from schemes such as, or linked to, the tonnage tax regime or schemes such as SMarT funding.

2.10 Those of the opinion that the flag does not have an impact on the sector's ability to compete internationally and grow felt it important that the UK does not become overly focused on it. Dubai, an area with several shipyard operations but without a strong flag was given as an example of this. The flag was seen to be emotionally important and provide the UK with reputation and history but it was thought important that the UK does not overly rely on this fact or "rest on its laurels" in terms of competing with other nations.

2.11 There was consensus that the current administration and customer service of the UK Flag is inefficient (especially in comparison to other nations such as the Marshall Islands and Malta) and it should be run by an independent organisation. It was suggested that the UK Flag should be competitive and run in a commercial manner as a business in order to make it profitable and more efficient.

Question 4: What lessons, if any, can we learn from other countries to grow the maritime sector in the UK?

2.12 There was a wide range of responses given for this question reflecting a general lack of consensus as to what lessons could be learnt from other countries.

2.13 The Scandinavian region, the Netherlands and Singapore were commonly mentioned countries from which the UK should learn lessons for both positive and negative reasons.

2.14 One of the commonly cited attributes of these nations was their government's strategy or vision that their maritime sector should be the best, or amongst the best, in the region or the world. It was stated that their governments have devoted funding and resources to achieving this goal, setting this out in their policy aims, introducing tax incentives and implementing aggressive marketing practices to attract and support maritime businesses. A key factor in the perceived success of these nations was the joined up relationship both across and between government and industry (e.g. Norway's Blue Brand). Introducing maritime training as part of the Scandinavian education curriculum was also seen as an important example.

2.15 On the negative side, Singapore was seen as an expensive country in which to do business "there are downsides to relocating in Singapore, it's a famously very expensive place to do business… you've got significant start-up costs and ongoing costs". This was a feature also linked with the UK.

2.16 The importance of a stable and predictable tax environment was suggested as vital to the success of a nation's maritime sector – respondents referred to Norway as an example where residents moved out because of a lack of stability.

2.17 There was a wide range of other responses given. These included

- the need for governments to ensure a good business environment through low taxes;
- good customer service; and
- the need for the marine and maritime industry to operate in a joined-up manner.

Question 5: Does access to finance in the UK affect the sector's ability to compete internationally and grow?

2.18 There was a wide range of responses to this question and these can be broadly split into three main groups: yes, no and those who gave neutral responses.

2.19 Those who thought access to finance in the UK did affect the sector's ability to compete internationally and grow gave a variety of reasons for this. Shipping, ship owners and small boat builders were commonly listed as needing access to finance to mortgage their ships or to build them. A lack of access to finance was also given as part of this response – small ship/boat builders and start-up companies were seen as being particularly vulnerable and struggling to get finance from banks to start projects and it was felt more help was needed here. It was also felt that access to finance was important to fund training requirements.

2.20 Contrary to this were the views of respondents who said that access to finance in the UK was not an issue for them which, while not being a direct response to the question, did seem to suggest that access to finance nonetheless was important. Ports were deemed to have less problems accessing finance in the UK, being seen as favourable to lend to – financiers were "knocking on the door to lend money". Multi-national companies also reported that they could access finance from other countries or parent groups and that they did not rely on the UK financial institutions for money.

2.21 Those who responded neutrally to the question gave a variety of responses but broadly indicated that financial institutions and their presence in the UK in centres such as London were important to the sector. However, they added that sources of lending are not necessarily based in the UK and have moved to other nations.

Question 6: How easy or difficult does the UK's administration of the maritime sector make it to do business in the UK and grow the sector?

2.22 There was a range of responses to this question from which it is possible to identify five broad issues.

2.23 The most common responses related to there being many government departments with responsibility for maritime or marine issues and that government needs to be more joined up in its approach to the marine and maritime sector. Respondents felt that government policies were often disjointed and this made it difficult to do business in the UK (e.g. it was difficult to know which department should be approached for different issues and that this was especially difficult for business start-ups). Participants also felt that that there was a lack of long-term thinking in government and a lack of a maritime strategy.

2.24 Respondents expressed frustration at the number of government departments/agencies/organisations who deal with marine and maritime issues and the difficulties this caused in knowing who to contact in government. There were calls for the introduction of account managers who can handle and deal with a variety of issues across government. Respondents similarly felt they experienced poor levels of customer service from the

Maritime and Coastguard Agency (MCA) and felt the organisation had lost commercial focus and an understanding of how ship owners operate.

2.25 It was also felt that there was insufficient engagement from government with industry on policy decisions or issues of regulation (e.g. on the EU Ports Directive). It was felt that regular meetings with industry stakeholders and senior government officials are needed to address this.

2.26 A selection of other views were raised in response to this question. A number of these revolved around the MCA. Respondents felt that the MCA promoted and maintained high training standards and levels of safety which was often described as being "gold plated" (the delivery of a product above and beyond the required standard in the false belief that further enhancement will lead to more improvements). Other respondents dismissed this notion and stressed the need to maintain these standards. Other responses suggested that the MCA's budget was insufficient to deliver its objectives.

Question 7: Does the availability of workforce and skills affect the UK Maritime sector's ability to compete internationally and grow further?

2.27 There was a wide variety of opinions for this question and while there were no distinct views shared by respondents, there was a clear set of concerns against which views could be aligned.

2.28 Participants put forward views to the effect that the availability of the UK's workforce was impacting on the maritime sector's ability to compete. A major concern raised was regarding the availability of experienced workers in the sector. There was a perceived lack of workers who had experience of operating in the maritime industry, particularly seafarers and engineers. One of the main reasons given for this was an ageing workforce. Participants voiced concerns that valuable skills and knowledge were being lost through retirement, workers were moving to other countries to enjoy better benefits and foreign workers were being tempted to remain in their home countries.

2.29 Other respondents referred to a shortfall in new workers coming into the maritime sector due to a lack of suitable skills, education or interest in marine and maritime work. However, this was in sharp contrast to respondents from the ports, legal or business services sectors who stated they were able to recruit through their own recruitment or graduate schemes. There was also a range of other views given.

Question 8: What changes can be made with respect to the workforce available to the UK maritime sector to improve its ability to compete internationally and grow further?

2.30 There were several clear issues and points given in response to this question, the most dominant being the need for more and better promotion of the maritime sector and the careers it can offer. Respondents felt the value of the sector was underappreciated and, as a result, people, particularly the young, did not consider a career at sea or in the marine/maritime sector. Respondents also felt that the image of a career at sea was outdated and needed to be improved and that a career in marine/maritime should be promoted in schools. Respondents felt that responsibility for this lies with both government and industry and should be tackled jointly.

2.31 Linked with this, was the view that the training that seafarers and students receive needs to be updated and made more relevant to the needs of the industry, taking on board changing technology and emphasising more skills in business and combining this with working experience.

2.32 It was felt that businesses and companies should be incentivised to take on apprentices or employees through a series of tax incentives or by expanding existing schemes such as tonnage tax and SMarT funding.

2.33 People also stated that it was important that there are enough college places available for students. They went on to say that colleges needed to be adequately funded and properly equipped to ensure a steady supply of well-trained seafarers for industry.

Question 9: What do you think are the potential markets, new technologies or other opportunities that the UK maritime industry should look to exploit, in order to grow going forward?

2.34 There was a wide variety of responses given for this question from which it was possible to identify several common issues.

2.35 People highlighted the energy sector as a potential avenue to exploit. It was suggested that changing demands for where energy is sourced from can be exploited (e.g. de-commissioning of oilrigs, building/maintaining offshore wind farms, wave/tidal energy, deep sea gas/oil exploration) as all need skills that the marine/maritime sector possesses and could provide. It was further suggested that these UK skills could be sold/marketed to other countries.

2.36 Related to this were suggestions that high-end technology and research was an area in which the UK was growing and should look to further adopt and strengthen. This included areas such as advanced technology on sustainable shipping and marine autonomous systems (MAS) which can be used for applications such as underwater exploration, seabed mapping and mineral and natural commodity extraction.

2.37 Respondents also suggested that the UK ports sector could assist/export expertise to other countries and give their experiences/advice on establishing new ports. Another area put forward as an opportunity was to suggest that the UK could export other areas of skills and knowledge such as in safety, training and education, capitalising on an already high reputation in these areas.

2.38 People also suggested that the UK small ships sector, including the building of small boats and luxury yachts, were successful areas which should be further promoted.

Question 10: What do you think are the potential threats, risks or other challenges that could inhibit growth of the UK maritime sector in the near future?

2.39 There was a diverse range of responses to this question and little consensus as to what were perceived to be the main threats, risks or other challenges to the UK maritime sector. However, as with other questions of this type, it was possible to discern some broad headings under which responses could be grouped.

2.40 One such subject area was around seafarers' skills and the need to protect the working conditions of seafarers. It was felt that a lack of skilled workers was a threat to the marine and maritime sector going forward and that it was important this was addressed. Different rates of pay depending on worker nationality was also given as a deterrent to workers from entering the sector.

2.41 The ability of ports to function and compete efficiently was also raised as a concern, particularly in the light of EU policy regarding pilotage. People felt that increasing ship sizes meant ports had to continually adapt their facilities to accommodate the new vessels and compete with other nations and this was causing strain. Congestion on strategic roads leading to ports and the ability of port infrastructure to transport goods to and from the ports were also seen as threats to be addressed.

2.42 There were several other issues raised, including the lack of tax incentives (in comparison to other countries such as Singapore), the lack of a stable operating environment due to changes in government, policy and tax regimes, and a perceived lack of interest from government and Members of Parliament in the marine and maritime sector.

Question 11: What joint actions could government and industry take to promote the UK as a place for maritime business?

2.43 A prominent interest area raised in response to this question was the need for better and more aggressive promotion of the UK marine and maritime sector – Singapore being raised again as an example of where this is done particularly well. It was suggested that initiatives such as LISW were good, but gave the appearance of focusing too exclusively on London and that the shipping sector needed to be more outward looking. It was suggested that a wide range of maritime subsectors should be marketed both in the UK and abroad with support from government through the use of trade missions and local embassies.

2.44 It was also widely thought that the government needed to make (or be seen to make) the marine and maritime sector a priority. It was felt that, like Singapore and other nations, it was important to develop a long-term, measureable strategy for the maritime sector in order to ensure it grows. Related to this, participants suggested that the marine and maritime industry needs to be the responsibility of a (more) senior government minister.

2.45 Respondents felt that both industry and government were too disjointed and needed to operate in a more joined-up fashion in their respective entities and ultimately with each other. Industry was seen to have too many organisations working in isolation and that an industry figurehead would help to coordinate this (many people referred to Richard Branson as an example in the aviation and rail industry). Government was similarly seen to operate too disjointedly with aspects of marine and maritime responsibility being spread across a number of government departments.

2.46 There were a number of other points raised including investing in education, government taking a less active role in the sector and limiting burdensome EU legislation.

Question 12: Is there anything else that you wish to add, say or contribute?

2.47 This final question was intended to allow respondents the opportunity to provide any comments, responses or thoughts they believed relevant to the Study which were not captured by other questions.

2.48 Most comments relate or align to the formal questions asked and have therefore been reflected in the earlier questions. Such views included the need for better or more active promotion of the marine and maritime sectors, the need for a more joined-up approach from government and industry and a clear strategy for handling and managing the sectors. Also suggested was the need for a stable policy and political environment, more/improved tax incentives, better infrastructure to ports and for the movement of goods, more funding for the education and training of seafarers and reviewing the UK's ship registration/flag arrangements.

2.49 Other comments which have not been previously reflected include reviewing audit arrangements which were seen as outdated, not using public money to develop ports, not relying on current economic estimators of the value of the maritime sector (which was deemed as difficult to value properly), addressing difficulties faced by the shipping sector to make profits and recognising the value of the ports sector.

3. Workshops

Overview of workshops

3.1 A series of industry specific workshops, targeted at business services, shipping, ports and the marine industries were held in order to gather views and opinions from across the marine and maritime sector. In the workshops participants were asked four key questions and while the wording of the questions varied slightly between workshops the subject of the questions remained consistent allowing responses to be grouped. The summarised responses below contain more subject areas than the questions called for as different workshops came to different conclusions, but all of the main interest areas received are given below.

3.2 A final workshop, made up of participants from across the marine and maritime industries was held to review the emerging themes raised at the previous workshops and other sources of data collected from the Study. Participants were asked to propose potential actions against the themes to address weaknesses and to strengthen areas where the UK could do better. The views from this workshop are also summarised below.

Industry specific workshops

Question 1:

What are the five top strengths and weaknesses of the UK maritime sector.

[Identify] Three top areas in the maritime sector where the UK does well in attracting businesses to the UK and three areas where the UK could do more.

3.3 There was some considerable divergence between workshops in the level of importance attached to individual factors raised. This was due to the different business drivers governing the different parts of the sector. Consequently what is considered vital to one subsector may be of much less importance to another. This is taken into account when compiling this summary.

Strengths

3.4 One of the main strengths proposed by workshop attendees was that London has a rich maritime heritage and a wealth of maritime services available, offering everything a maritime company needs to run its business easily. Participants felt that London, as a “one-stop-shop”, has a diversity of business services, a stable legal system and many opportunities for face-to-face transactions, building trust and networking. Linked to this, it was felt that the presence of the IMO and a range of industry organisations, based in London was an attractive feature and good for the UK as a whole. Looking at the wider advantages for London, attendees said that it is seen as an attractive place to live with good education and access to a range of cultural activities, although high London costs were held to be a disadvantage. More generally, it was thought by attendees that the presence of other clusters in the UK can offer many maritime benefits (e.g. in Liverpool) and that the UK's location in a central time zone is an advantage.

3.5 Another key strength mentioned by attendees was the UK's excellent delivery on education and training, earning training colleges a considerable reputation and producing highly sought after qualifications. Such solid grounding was seen to stand students in good stead from the start of their career and it was felt that this early involvement and interest in the UK can act as a trigger to prompt further activity later with consequential growth in other areas.

3.6 Another strength attendees highlighted was the use of English as the universal language for maritime business, though some thought that this is now under threat. It was suggested that this natural advantage for the UK coupled with the high regard the UK is held in for its fairness, high standards and for providing a quality service in finance, insurance and law, still makes the UK a strong competitor internationally.

3.7 The UK Tonnage Tax regime was seen as generally beneficial in terms of bringing jobs into the UK and allowing companies to operate under the scheme without being part of the UK Ship Register. However, the regime was thought not to be as competitive as it was ten years ago, as it now faces competition from other countries which have introduced their own regimes.

3.8 Other strengths raised at the workshops were:

- ports operations in the UK which benefit from their large scale, the lack of interference from government and the distribution of ports around the UK leading to healthy competition with activity not centred in one area;
- a stable policy environment which was seen as an attractive advantage for doing business in the UK ;
- the oil and gas sector offers potential in terms of long-term jobs in the maritime sector;
- the opportunities for ports to work alongside the energy sector on such projects as renewables;
- the UK's ability to create new markets and develop new ideas; and
- the importance of the UK Flag when deciding where to locate with key factors being quality, respect and standards with less risk, less chance of being detained and high quality inspections.

Weaknesses/where the UK could do more

3.9 The workshop attendees felt that the lack of a stable tax environment, specifically any adverse changes to the tonnage tax regime and to the rates of non-domicile tax may drive business away. Alternatively, extending tonnage tax to shipbrokers or allowing free depreciation as an alternative to tonnage tax could be beneficial.

3.10 While the workshop attendees felt that maritime training in the UK is of a high standard, there was a feeling that the UK should address the declining number of UK seafarers and new entrants to the industry, ensuring training is available to meet the needs of new entrants. Additionally it was suggested that action should be taken on the shortage of berths on board ships which prevents a wider flow of trainees. Suggestions were made that maritime careers could be promoted better at schools (e.g. with GCSEs in maritime subjects or integrated into the national curriculum).

3.11 In addition there was concern that the cost to companies to employ UK seafarers is high in comparison to other countries. It was considered that there could be more flexibility in terms of rates of pay, duration of tours and time spent on and off the vessels.

3.12 Part of the attendees' concern was that increasing competition from other countries is beginning to impact on the UK's leading position as a maritime nation. One area mentioned was skills and training and particular reference was made to the UK having a lack of technology, poor college accommodation and poorly paid lecturers. Others made a call for increased SMarT funding.

3.13 A certain amount of regulation was seen by attendees as a strength but the UK's implementation and administration of regulations was sometimes perceived to be inflexible and not always customer friendly. Some EU regulation (and its implementation) was thought to be a potential threat to UK growth.

3.14 A further area where attendees considered that the UK could do better was in the promotion of the maritime sector. Currently, such promotion is not consolidated and subsectors have different business drivers whereas some overseas competitors have closer integration and promotion of the sector is carried out by both industry and government. It was suggested that a united voice across the sector and involving both industry and government would be more effective in influencing companies either to come to the UK or to do business with the UK.

3.15 While the factors above generated the most comments and discussion there were some points that were made by individuals or groups describing perceived weaknesses or areas where it was felt the UK could do better but which ultimately did not lead to wider consensus. Among these the points made were:

- there are opportunities for international consultancy and transhipment which are not always taken up in the ports subsector. In addition, it was thought that despite the importance of ports to the economy, they can often struggle to attain a high political or economic profile;

- the land available around ports in strategic locations ready for development {e.g. for manufacturing and the technical businesses) could attract maritime business and evolve naturally into maritime clusters. It was suggested that the Local Enterprise Partnerships (LEPs) could help with this;
- the need to develop a more customer focused UK Flag;
- the importance of encouraging innovation with linked apprenticeships and tax breaks;
- a desire for greater continuity in government with ministers and civil servants staying in post longer; and
- the need for better connectivity across government departments; and
- with most manufacturing businesses now based abroad, the possibility that business services will relocate to be closer to them.

Question 2:

What are the five key things that the government/industry together could do to build growth in the UK maritime sector?

What are the three key things that the UK can learn from other countries about promoting their maritime sector?

3.16 This question was varied to ensure its relevance to the different subsectors. The points below have been summarised in two ways; the first summarises points made on actions needed within the UK that would support promotion activities and the second highlights what could be learnt from other countries.

3.17 One area workshop attendees identified where action could be taken to build growth and help to promote the maritime sector was by closer working between industry and government (e.g. through industry secondments into government and/or appointing someone with maritime expertise to a senior position in government departments or as a spokesperson for the sector). It was suggested that the Maritime Growth Study Industry Advisory Group could have an ongoing role. This might be assisted by a more joined-up approach on both sides with industry having a collective voice, possibly through Maritime UK, and with government having a more cohesive approach across departments. It was felt that this could also help marketing internationally, giving a focus for promotional activity. Participants felt that making better use of embassies should also be borne in mind when considering how to attract business to the UK and that UKTI could be more engaged and industry representatives included in government trade delegations.

3.18 A number of examples of good practice by other countries were highlighted by participants. Several countries were considered to present a united front with joint strategic aims from government and industry which helps them to deliver consistent messages. Singapore, Norway and Denmark were given as examples where this currently happens. Another example offered of where a country had joined up to promote a national identity rather than a regional one was the USA which promotes its whole seaboard as one entity. However, it was acknowledged that not all practice by other countries might be appropriate for the UK e.g. the UK government would not intervene to the same extent as, for example, in Singapore.

3.19 Another area highlighted was on improving communication, with one suggestion being that this could be achieved through strengthening leadership structures in industry and government. Examples given of where this had been achieved were the operating models in Singapore and Norway. Other suggestions were to recommend a single sector voice to help industry give a consistent view and for a more co-ordinated response within government.

3.20 A further area where attendees identified action to build growth was a more consultative approach to legislation that aimed to build a consensus view with no surprises on forthcoming legislative change. It was suggested that government should be more willing to engage before introducing legislation that affects the sector and this would make the UK more attractive by providing greater stability and continuity. For its part, it was suggested that industry could be more proactive by engaging in the regulatory process and articulating early how it thought change would affect business. Several examples of policy changes made without such consultation were given, including changes to the tonnage tax regime, non-domicile tax and the Bribery Act.

3.21 Another key area that attendees highlighted where more could be done together to promote growth was through providing the sector with sufficiently trained workers, as there is a value attached to UK seafarers being employed across the world. It was felt that this was also an opportunity as UK training is of high quality and nautical colleges deliver high standards (although there was a concern as to whether the staff are properly paid). Attendees therefore considered that raising the profile of the sector and promoting the variety of career opportunities (e.g.in naval architecture and engineering) could be achieved through greater engagement within schools and universities, in the national curriculum and by building on existing work done by the UK Chamber of Shipping. Apprenticeship training was seen as a key area where industry and government could work together on this.

3.22 Promotion of the maritime sector was identified as another area where the UK could do more. Attendees welcomed the success of LISW, but said it should be centred on the UK as a whole rather than just London. Equally the use of “Shipping” in the title was not considered helpful when the scope of the event was maritime-wide. It was suggested that maritime ought to make better use of the UKTI, take a greater role in existing government campaigns such as the “GREAT” Britain campaign and there should be an action to promote more positive media coverage of the sector. It was suggested that promotion of the UK would benefit from joined up co-ordination of both industry and government, including where appropriate ministers. It was felt that the UK could also learn from the importance that other countries (e.g. Denmark, Singapore and Hong Kong) have given to maritime which helps to focus attention on maritime priorities.

3.23 A further area where promotion was considered necessary was on the UK Flag. Attendees considered it to be a good brand and one that brings influence at the IMO. There were calls for more focus on what needs to be done to make the ship register more competitive and what barriers it currently faces (e.g. some companies from other countries find that they cannot meet the UK Flag eligibility criteria). Keeping the IMO based in London was also seen as important. Examples of other flag administrations that the UK could learn from were the Isle of Man, Singapore and Hong Kong.

3.24 The workshops identified the success of other competitors in building maritime clusters. The examples mentioned included those developed in Singapore and Hong Kong, which are defined by their ports and where maritime growth is a priority for the respective governments. Another was the Netherlands which was the first country to recognise the importance of the cluster and Germany which has emphasised the role of Hamburg as a cluster. Producers are also based around Shanghai.

3.25 Attendees expressed the view that the UK does not take enough pride in what it is good at and thought that lessons could be learned from the attitude of European competitors such as Hamburg and Rotterdam where ports are also a source of civic pride. By comparison ports are culturally seen as 'dirty' in UK. Continental ports also figure on national planning frameworks and regional ports are not allowed to be underutilised and it was thought that LEPs may have a role in addressing this.

3.26 While the factors above generated the most comments and discussion there were some points that were made by individuals or groups describing perceived weaknesses or areas where it was felt the UK could do better, but which ultimately did not lead to wider consensus. The points made were as follows:

- the shipping minister is normally a junior minister and frequently changes leading to little continuity;
- there were calls for the maritime sector to be apolitical to help government establish a cohesive and long-term maritime strategy;
- the Maritime Administration Board is not cross-governmental and does not have enough industry representation;
- promotion should include UK assets such as science, technology and manufacturing;
- industry could make better use of statistics and research; and
- there is a general lack of general engagement in shipping from the with UK population e.g. compared to, for example, Greece.

Question 3:

What are five key opportunities facing the UK maritime sector?

What are the three key opportunities that the UK maritime sector should look to exploit in order to grow? For example, new markets or technologies?

What are the three key opportunities to exploit in order to improve maritime growth?

What are the three key opportunities that the marine industries sector could use to join up more effectively with the rest of the UK maritime community and promote growth?

3.27 The workshops identified increased promotion of the maritime sector, in particular overseas as a key opportunity for industry but involving government. It was proposed that the UK could market its expertise in areas such as research and development (e.g. in laboratories and the energy sector) but also draw attention to the attractiveness of the UK as a "safe haven" compared with some other competitors. It was felt that industry should join together to present a UK wide marketable package. It was thought that government involvement will require engagement and commitment to prioritise such activity. One suggestion made by a number of attendees was that government could organise trade delegations, perhaps using the strength and expertise of UKTI and including UK maritime industry representatives.

3.28 Another area identified by attendees was to increase promotion and clarification of potential maritime career paths and the associated training and education available to overcome the lack of visibility about what is available. As UK qualifications are much sought after and UK maritime training academies deliver high quality training, attendees considered greater promotion of these assets in a co-ordinated way could bring a greater take up of courses which could either be delivered in the UK or elsewhere in a franchise capacity.

3.29 Another suggestion was that training could be more flexible (e.g. to allow time spent in simulators to count as part of sea time) and that the government could encourage more interest by providing funding for training and having a GCSE in Maritime Studies as part of the mainstream curriculum in schools. It was thought that there could be opportunities to learn from the Royal Navy who maintain high visibility on naval careers whereas the Merchant Navy receives almost none. As ex-Royal Navy personnel can provide a rich source of new entrants into the Merchant Navy, it was felt it would be helpful to investigate and remove any current barriers that make it difficult to move from one navy to the other.

3.30 Innovation and technology was thought to be a key area where the UK could exploit opportunities. It was suggested a way of doing this would be a move away from traditional manufacturing and towards niche areas that emphasise UK expertise. These areas are diverse, but include marine supplies and equipment and the super-yacht market as well as opportunities to work alongside the energy sector in offshore renewables and subsea technology. To be successful, it was deemed necessary to encourage universities and others to try to develop new ideas or to identify new emerging markets. It was also deemed necessary to be faster and more proactive at approving new technologies and research opportunities and supporting them through a coherent branding package.

3.31 Many attendees suggested that improvements could be made to industry communications by setting up a single maritime body with an independent lead that markets, and lobbies on behalf of, the sector with a direct line to the highest levels of government. It should not be government led and should have a focus on attracting business to the UK. It was considered important that it should act as an enabler rather than adding another layer of bureaucracy and it should become essentially a "one-stop-shop". Attendees thought that, in a similar fashion, government needs to be more joined up with a focus on maritime that enables the UK to make strategic policy decisions.

3.32 Attendees considered that change to finance and tax would be an opportunity to help UK maritime growth. Suggestions included a call to make it easier for companies to access finance and credit, a simplification of the tax system, concerns that the non-domicile tax would prove damaging to the maritime sector, help for new businesses and a decrease in light dues.

3.33 Attendees saw opportunities arising from encouraging strategic development around ports. It was stated that port development helps economic development often in areas of higher than average unemployment and social problems. Opening up port-owned land was stated as attractive to business and UKTI should advertise prime land around ports. It was felt that more joined-up thinking across government would help improve connectivity to ports, especially between those responsible for rail and roads. It was felt that the emphasis should be on maximising successful existing ports to boost economic growth. It was respondents' opinion that there are also opportunities to improve vertical integration (the arrangement in which the supply chain of a company is owned by that company), exploration and exploit areas of potential growth such as short-sea shipping.

3.34 While the factors above generated the most comments and discussion, there were some points that were made by individuals or groups describing perceived weaknesses or areas where it was felt the UK could do better but which ultimately did not have wider consensus. The points made were as follows:

- the encouragement of the small ship sector;
- the need to encourage UK ship ownership;
- make the UK 'Flag' the register of choice within the EU by improving customer service and making quicker decisions;
- exploit the cruise ship industry by being more attractive in the local economy around the ports where such ships call;

- exploit transhipping and coastal shipping in the UK;
- develop more maritime clusters; and
- tonnage tax rules need to be made more flexible, as not all companies can meet the training requirement.

Question 4:

What are the five things that the sector will need to address in the next 10 years in order to maintain its position in the global market?

What are the three challenges that the UK maritime sector will need to overcome in order to further its position in the global market?

What are the three challenges or issues that the maritime sector will need to address in order to further its position in the global market going forward?

3.35 One area the workshops highlighted under these questions was training, in particular the shortage of qualified people in the sector due to a historic lack of recruitment. The ageing demographics of the sector's workforce is considered a threat. Respondents suggested that there are skill shortages in areas such as ship surveying and niche ship design and there is a need to attract interest in engineering and help to facilitate more people to enter sector-related engineering trades. In their view this skills gap, which will only widen, will give the UK a disadvantage within 10 years.

3.36 The attendees also considered raising awareness of the attractiveness and benefits of maritime as a career to be a challenge, particularly overcoming natural aversion to the long periods at sea where the isolation is very different to the normal UK lifestyle. They stated that the attractiveness and benefits of careers at sea needs to be sold to young people at school through to graduate level together with the expansion of existing industry initiatives, including cadet programmes.

3.37 It was thought important that the UK retains its high standards on training and has enough trained, skilled and qualified sea-going personnel who could also eventually take employment on shore (e.g. in the maritime business services sector). It was considered important to recognise that different skills are needed and the UK training offer needs to be flexible as the sector is diverse and complex.

3.38 The opinion was put forward that if someone trains in the UK they are more likely to return eventually or return if in need of technical support. Therefore the first couple of years at work are crucial in providing a lifelong link to the UK and may provide economic benefit.

3.39 One further action attendees considered that would help to meet the challenge was that government could do more to promote maritime education (i.e. encourage universities to offer more) and better promote the UK as a place for maritime training.

3.40 Another challenge that attendees put forward was the UK's ability to "sell" the UK maritime sector both internationally and domestically without compromising what prospective customers respect and look for in the UK offering. The success of LISW 2013 was recognised as an important tool in promoting UK interests and now focus is turning to LISW 2015. To meet the challenge it was considered that the UK maritime sector would need a media strategy and UK brand, learning perhaps from the automobile industry. It was stated that the government has a role promoting the sector and should engage UKTI to help in this respect.

3.41 There were attendees who were of the opinion that government administration of the UK maritime industry faces several challenges to ensure it has the appropriate mechanisms to aid growth in the sector. Attendees suggested that government should address such issues by giving the UK maritime industry that key competitors do. Participants said that government departments should also co-ordinate on policy issues to ensure that they all understand the workings and needs of the marine and maritime sector and provide sound, stable and consistent policy making with appropriate regulation. It was suggested that to help achieve this, the UK should ensure that its interests are properly met in the IMO and the EU.

3.42 One concern expressed by attendees was over the consistency of approach and maintaining a level playing field across the UK, which may be difficult particularly with further UK devolution. It was perceived that this could cause difficulties, for example, if ports in Wales were to receive additional support and benefits that were not available to ports in the West Country. Regional and city devolution was raised as providing a possible challenge in due course with attendees feeling that there is a need for an overall national strategic message.

3.43 Another challenge raised by attendees concerned the UK Ship Register overseen by the MCA. They considered it to be uncommercial in its approach, not fit for purpose and without the right support and resources. It is felt to be slow to respond to customer requests, inflexible and needing to delegate more to other organisations. To overcome this the attendees thought that the UK should look at what works well internationally (e.g. at the Isle of Man and Marshall Islands ship registers) and learn from this. Attendees felt that the MCA needs to have a regime that produces change, brings in appropriately skilled staff and customer focus.

3.44 A further concern from the UK maritime sector was serious challenge and competition from a number of key countries, such as Singapore, which offer significant incentives to businesses, such as low tax regimes, to encourage businesses away from the UK. These countries are perceived to attach greater priority to maritime issues and have a joined-up approach which more easily meets the needs of their customers and provides them with added benefits. Their approach is seen to be governed by highly defined growth strategies. As a consequence, it was thought that the UK needs to be more results based, identify where it can compete, take its opportunities and use its many strengths (e.g. English law remains a key strength of the UK).

3.45 Connectivity was of particular interest to the ports sector. The sector felt that ports must be effectively and appropriately connected with the right infrastructure to facilitate their activities and this remains a challenge. This connectivity consists of the obvious road and rail links, as well as water links and keeping up with advances such as larger ships, but also broader facilities such as sufficient internet provision. It was raised that work is being done to ensure effective hinterland connections and movement on the wider strategic networks, but that congestion is a potential barrier to this. It was noted that the freight and logistics industry had identified the majority of pinch points or issues and that these were being factored into road and rail investment plans. It was suggested that there was a need to bring about a partnership approach to the logistics chain and to be more engaged in end-to-end distribution in order to benefit from developments (and better understand challenges such as online retailing) in this sector. It was thought that this could facilitate innovative solutions to smooth distribution and mitigate some congestion issues – for example, night time collection of containers.

3.46 While the factors above generated the most comments and discussion, there were some points that were made by individuals or groups describing perceived weaknesses or areas where it was felt the UK could do better, but which ultimately did not lead to wider consensus. The points made were as follows:

- the need to be able to be at the forefront of innovation and technology;
- joining up between industry and academia to identify solutions to real problems;
- encouraging clustering around ports; and
- raising awareness of the importance of maritime by the general public.

Final workshop

3.47 At the final workshop attendees from across the marine and maritime sector looked at four key themes (Administration, Communication, People and Marketing) that had emerged from the earlier workshops, interviews and call for evidence. For each theme, the participants were asked the same two questions in groups. An example of the question for the communication theme is given below.

Identify and agree two actions that industry could take in the context of the Study's "communication" theme.

Identify and agree two actions that government could take in the context of the Study's "communication" theme.

3.48 The views from across this workshop are summarised below.

Administration

3.49 The attendees suggested that the main action for industry was to establish a joined-up industry voice. This representative body would deliver better maritime/marine co-ordination across the sector. Attendees agreed that it would not always be possible to reach an agreed position on all matters but such a co-operative partnership would give strength and a greater voice on maritime issues and raise the profile of the maritime sector. There was general consensus that the membership of the group could be wide, spanning both marine and maritime sectors and there should be an open door if others wanted to participate e.g. superyacht interests. Participants raised concerns around maintaining the group's independence and robustness, suggesting securing sufficient funding would address this and make it effective. Several possible models were suggested for this group – Maritime UK, Maritime Industry Leadership Council and Oil & Gas UK.

3.50 For government, the suggested priorities in this area were to reorganise the maritime administration including the MCA structure and its relationship with the DfT, to institute more modern ways of working. Included in this was a need to establish the UK Ship Register as a quality flag with a customer focused and commercial approach. Further efforts were also considered necessary to institute closer working between government departments and better co-ordination across Whitehall. It was suggested this could be achieved through a number of actions, including the creation of a maritime ministry or Cabinet Committee for maritime issues, expanding the membership of the Maritime Administration Board to include other government departments and providing a digital single point of contact (i.e. a digital shop-front) for industry on maritime matters.

3.51 A further suggested action for government was a review of the relationship between the UK and the Red Ensign Group (REG) to establish whether the relationship between UK and other REG members is beneficial.

Communication

3.52 The main action suggested for industry again emphasised the need for a single industry body to represent the maritime/marine sector. It would need to establish government recognition as the industry body, it should identify common ground within industry on strategic issues (e.g. skills, safety and regulatory regime) with which to inform and influence government and Parliament effectively with a unified voice. As this body would be required to lobby and influence at the highest levels in the UK, EU and IMO, it was felt it would need appropriately skilled people who can identify problems, negotiate diplomatically and suggest alternative solutions.

3.53 A key action identified by the workshop for government was the need for earlier engagement with the maritime/marine sector to inform policy and decision making and avoid unintended consequences. It was also felt important that cross-government roundtable meetings be resumed and held on a regular quarterly basis in order to raise maritime further up the agenda.

3.54 A further suggestion was for government to have greater engagement in maritime matters which would highlight the importance of the maritime/marine sector to UK growth, to jobs and the economy. This would need to demonstrate that benefits associated with the maritime and marine industries also benefit the whole of the UK and not just London.

People

3.55 It was felt that industry should take a greater role in promoting maritime/marine careers to young people to raise awareness of the wide range of maritime careers. Among the suggestions made were that:

- industry ambassadors could promote the breadth and global nature of careers and change public perceptions (e.g. of the nature of the marine/maritime careers on offer in the UK);
- send representatives from companies or Maritime UK to schools and universities to sell maritime careers using an agreed script catching young people's attention early on;
- encourage industry-wide funding to promote training materials; and
- identify a single body to co-ordinate career promotion.

3.56 SMarT funding was seen as important in maintaining the UK's competitiveness by providing skilled employees and the need to promote the global nature of maritime careers. To ensure it is still fit for purpose and remains on a par with other countries, it was stated that government should review the efficiency of the SMarT funding scheme.

3.57 Additionally, it was considered necessary for government to look at enabling a more flexible approach to apprenticeships.

Marketing

3.58 Raising the profile of maritime was considered to be vital to the long-term growth of the sector. Consequently, the promotion of the exciting, global, and technically innovative nature of maritime through videos and documentaries should be organised. It was suggested that to demonstrate the UK's view on the importance of maritime, the UK should encourage their industry leaders to exploit media opportunities to promote maritime generally and sell maritime's role in job creation and engineering.

3.59 Participants felt that the UK could learn from other countries when taking on new business and deploy the top personnel (both industry and government ministers) at meetings with potential clients. Additionally it was thought that industry should combine with government to provide a strong UK voice on international trade missions to promote a package of UK maritime services. It was suggested that UKTI could help on this activity and that the Foreign and Commonwealth Office could deploy embassies to help facilitate.

3.60 A stronger brand and “Team UK” approach was considered important in helping the UK be competitive. Exemplars in this area are the water and rail industries.

3.61 To make the UK more marketable and attractive to prospective customers, it was suggested that government should sell the UK package of the flag, regulations, tonnage tax, a “one-stop-shop” for ease of negotiation and understanding about what the overall offer covers without having to follow through on each separately. It was also suggested that analysis and comparisons should be made with Singapore, Hong Kong, and the rest of Europe and case studies should outline the costs/benefits, and other advantages.

Annex A: List of contributors

A.1 The Department wishes to express its gratitude to everyone who responded and contributed their views through the Call for Evidence, interviews and workshops to the Maritime Growth Study. There were 219 responses to the Maritime Growth Study by individuals and organisations. Table 1 provides a breakdown of these responses by industry. This breakdown is for guidance purposes only and while every effort has been made to correctly categorise respondents by industrial sector, we cannot guarantee that this list is free of errors. The list covers the organisations and individuals only once but there were those who generously gave their time on several occasions.

Contributors	**Number**
Business services	28
Charity	3
Education/skills	13
Government	7
Marine industries	22
Local government	5
Non-maritime	3
Ports	13
Shipping	25
Unions	3
Individuals or unknown	97
Grand total	**219**

Table 1 Contributors by sector

A.2 Table 2 sets out the organisations who contributed to the Maritime Growth Study. This breakdown is for guidance purposes only and while every effort has been made to correctly categorise respondents by industrial sector, we cannot guarantee that this list is free of errors.

A.3 The individual responses category includes responses from individuals as well as those who responded anonymously or who did not state whether they were responding on behalf of an organisation.

Table 2 Contributors to the Maritime Growth Study

Organisation name	Sector
Admiralty Solicitors Group	Business services
Associated British Ports	Ports
Association of Average Adjusters	Business services
B9shipping	Shipping
Babcock International Group	Marine industries
Baltic Exchange	Business services
BMT	Business services
Borough of Poole	Local government
BP Shipping	Shipping
Braemar Shipping Service PLC	Shipping
British Marine Federation	Marine industries
British Ports Association	Ports
Caledonian Maritime Assets Ltd	Marine industries
Cammell Laird	Marine industries
Cargill PLC	Marine industries
Carnival UK	Shipping
Castle Pumps Ltd	Marine industries
CHIRP	Shipping
CIRM (Comite International Radio-Maritime)	Business services
Citigroup	Business services
Clarksons	Business services
Clyde Marine Training	Education/skills
CMA CGM	Shipping
Cosco	Shipping
Cumbria LEP	Local government
Decision Dynamics Ltd	Business services

Organisation name	Sector
Department of Business, Innovation & Skills	Government
Department for Environment, Food & Rural Affairs	Government
Department for Transport	Government
Dover Harbour Board	Ports
DP World London Gateway	Ports
Evergreen Marine	Shipping
Foreign & Commonwealth Office	Government
Gardline (Marine Science)	Marine industries
Hart Marine Consultants	Business services
Her Majesty's Treasury	Government
Holman Fenwick Willan	Business services
Honourable Company of Master Mariners	Education/skills
Hutchinson Ports UK	Ports
ICAP Shipping Ltd	Shipping
IMAREST	Education/skills
Institute of Chartered Shipbrokers	Business services
International Association of Maritime Institutions	Shipping
International group of P&I	Business services
International Marine Contractors Association	Business services
International Underwriters Association	Business services
Joint Hull Committee	Marine industries
Kelvin Hughes ltd	Marine industries
Lights Advisory Committee	Shipping
Liverpool & Sefton Chamber of Commerce	Non-maritime
Liverpool Port (& LEP)	Ports
Lloyd's Market Association	Business services
Lloyd's Register Group Ltd	Business services

Organisation name	**Sector**
Lockheed Martin	Marine industries
London Maritime Arbitrators Association	Business services
Maersk Company	Shipping
Maritime Charities Group	Charity
Maritime London	Shipping
Maritime Skills Alliance	Education/skills
Maritime UK	Shipping
Marsh's Marine Practice (Insurance)	Business services
Matchtech	Education/skills
Maritime & Coastguard Agency	Government
Merchant Navy Training Board	Education/skills
Mersey Maritime	Education/skills
Montrose Port Authority	Ports
Moore Stephens	Business services
MSC Cruises	Shipping
National Oceanography Centre	Education/skills
National Workboat Association	Marine industries
Nautilus	Unions
Navigate PR	Business services
New Anglia LEP	Local government
North Star Shipping Limited	Shipping
Norton Rose Fulbright	Business services
NYK Line	Shipping
Omnequip Ltd	Business services
Peel Ports	Ports
Pole Star	Shipping
Port of Dover	Ports

Organisation name	Sector
Port of Milford Haven	Ports
Port of Tyne	Ports
Price Waterhouse Coopers (PWC)	Business services
PSM Instrumentation Ltd	Marine industries
QinetiQ	Marine industries
Rail Freight Group	Non-maritime
Royal Bank of Scotland	Business services
Reed Smith LLP	Business services
Rightship	Marine industries
RMT	Unions
RNLI	Charity
Rolls Royce	Marine industries
Royal Yachting Association	Shipping
Scotland Freight Transport Association	Non-maritime
Sea Level Research Ltd	Education/skills
Seafarers UK	Charity
Seavision	Education/skills
Shell Shipping	Shipping
Shipbuilders & Ship repairers Association (SSA)	Marine industries
Shipping Professional Network	Business services
Society of Maritime Industries	Marine industries
Solent LEP	Local government
Solent Offshore Renewable Energy Consortium	Marine industries
Southampton Marine and Maritime Institute	Education/skills
Southampton University (Warsash Academy)	Education/skills
Spinnaker Global	Shipping
Stena Line	Shipping

Organisation name	Sector
Thales Group (Engineering)	Marine industries
Timber Transport Forum	Marine industries
Tindall Riley	Business services
Trinity House	Government
UK Chamber of Shipping	Shipping
UK Major Ports Group	Ports
UK Maritime Pilots Association	Marine industries
UK Naval Engineering Science & Technology Forum	Marine industries
United Kingdom Major Ports Group	Ports
Unite the Union	Unions
University College London	Education/skills
VOS Ltd	Shipping
Watson Farley & Williams	Business services
West of England LEP	Local government
Zodiac Maritime	Shipping
Individual responses (97)	Individuals or unknown