

Maritime Parliamentary Bulletin

W/C 14 March 2022

The purpose of this bulletin is to update MPs and Peers on the latest developments in the UK maritime sector and to provide a forward look to opportunities within parliamentary business for positive advocacy.

Latest

Maritime sector call for more support on implementation of Russian sanctions

The maritime sector has called on government to provide a definitive watchlist of ships prevented from docking in the country under a ban introduced as part of sanctions against Russia. The absence of such a list that ports can rely on is leaving operators with the onerous task of trying to identify the vessels.

Transport secretary Grant Shapps wrote to all ports at the start of the month asking them to prevent access to any vessels that were “flagged, registered, owned, controlled, chartered or operated” by Russian entities. The move was designed to “restrict Russia’s economic interests” and hold the Kremlin to account over the invasion of Ukraine.

Shapps promised support in identifying Russian ships and would “directly communicate” with ports when they had identified vessels which should not be allowed to berth.

Port operators recognise they have to play and quickly swung into action to introduce controls. But the Department for Transport has subsequently said it could not provide a definitive assessment of all ships, instead putting the onus on companies themselves to conduct their own due diligence.

Industry view: The Maritime sector is supportive of sanctions against Russia. Port operators have expressed concern that they either fall foul of the government’s ban by letting a ship in that was blacklisted or deny entry to an unconnected vessel and become embroiled in a contractual dispute. Identifying the entity that owns or charters a ship can be extremely difficult because of complex, layered ownership structures used in the sector. The sector has recently established a new Maritime Sanctions Taskforce with the DfT and is asking that the government shares more information that can be relied on with those responsible for implementing sanctions.

National Shipbuilding Strategy launched

Announced by the Prime Minister in Merseyside, the NSS contains plans to boost the competitiveness and productivity of UK shipbuilding, which the Prime Minister has identified as one of his major policy priorities. This includes more than £200m funding for green maritime projects through a new UK Shipping Office for Reducing Emissions, a new government team to open up exporting opportunities worth up to £600 million and establishing a task force to drive new skills and talent into the industry.

The NSS also includes a 30-year, cross-government shipbuilding pipeline of more than 150 new vessels, to provide certainty for yards, and re-introduces the Home Shipbuilding Guarantee Scheme (HSGS), giving firms a government-backed guarantee for loan repayments to reduce financing costs. According to research by First Marine International, the HSGC could boost orders to UK yards from £60m to more than £400m per annum, an increase of more than 660%. This forms part of a £4 billion government investment overall over the next three years.

Industry view: The National Shipbuilding Strategy is a very welcome step forward and responds in large part to Maritime UK's priorities set out [last summer](#). Whilst the sector sought £1bn to accelerate its decarbonisation work, £206m to establish UKSHORE is a welcome and significant step forward from the £23m provided a year before. Industry is now waiting to hear how the funds will be used, and Maritime UK is keen to be involved in designing that process, not least so that businesses have significant foresight so that they can build consortia and respond positively when match-funding is sought. That the Home Shipbuilding Credit Guarantee Scheme is included in the strategy is very positive, and we are keen to see it established as soon as possible. On the 30-year pipeline, the key test of the strategy's success will be how many of these vessels are built in the UK, and Maritime UK is committed to doing all it can to make sure industry has the capacity and capability to deliver the projects at home. DIT's new dedicated maritime export team responds to Maritime UK's long-standing campaign to secure targeted support for maritime businesses (particularly SMEs) to increase the export of their products and services. The test of its success will be how many businesses it supports, and how many deals are won.

Maritime sector seeks deferral of changes to the Red Diesel Duty Rebate

The ports industry has written to the Chancellor to seek a deferral of changes to the Red Diesel Duty Rebate, arguing that “at the time of soaring energy prices and significant inflationary pressures throughout the economy, now is exactly the wrong time to be making discretionary additional hikes to energy costs.”

Ports are already working hard to reduce their reliance on diesel fuel to meet both efficiency targets and climate change goals (e.g. a number of ports have net zero target years in the advance of the UK target, for example). For most, fuel will be the second biggest cost base after wages. But there are limits to the speed and depth of change, for example through technical parameters of equipment, prohibitive investment requirements or supply chain issues.

The scheduled removal of Red Diesel duty treatment from the 1st April doesn't transform this picture. And with port operators seeing huge increases in underlying fuel costs (e.g. ~25% week on week increases recently), an additional increase in costs from the removal of the red diesel rebate, estimated to be between 85% and 130% of current fuel spend, comes at a very difficult time.

UK ports operate in a competitive market, as part of global cost-sensitive supply chains and completely independently of government. Large rises in costs are difficult to absorb for most ports. The significant additional increase in fuel costs imposed by the Government by substantially raising fuel duty will most likely see costs passed further down the supply chain adding to inflationary pressures on consumers.

Industry view: We, therefore, urge the Chancellor to suspend the red diesel duty rebate change until pressure on supply chains and the associated fuel cost increases eases. This is absolutely not a sign of ports wishing to step away from the transition to net zero. Quite the contrary, we are eager to accelerate this transition. Instead of punitive measures on fuel duty we would instead propose measures which close the viability gap on investment in new green assets, for example:

- Extending the Super Deduction or replacing it with an equivalent – the Super Deduction was well received by the port industry and has contributed to the ports sector maintaining investment of above £500 million per year through the pandemic period. The net zero transition will require huge additional investment, including in technologies available now but economically unviable. A continuing Super Deduction or equivalent helps bridge this gap and boost green investment.
 - Looking again at fuel duties on alternatives to diesel – another measure that would have immediate climate benefits would be to incentivise the use of drop-in fuels like HVO, and stimulate domestic supply chains, through lowering the cost differential with conventional diesel in many cases by adjusting duty to reflect the lower emissions from such switching to such fuels.
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Maritime joins other transport modes for International Women's Day APPG event

Key parliamentarians and industry leaders today highlighted the importance of improving women's representation in the transport workforce for the industry's sustainable future.

Marking International Women's Day at a meeting hosted by a cross-party group of MPs and Peers, Wendy Morton MP, Minister of State for Transport, commented on the need to access untapped pools of talent to address transport's skills shortages.

The Minister said, "As Rail Minister, I know only too well the challenges facing women in this male dominated industry and I'm absolutely determined to work with colleagues across the sector to remove these barriers and increase representation.

"Developing the huge untapped potential of girls and women will be vital to ensuring transport remains sustainable for the future and I look forward to working with the APPG to make sure this happens."

The Minister's comments come amidst an ongoing 'skills gap' threatening the industry through a shortfall of skilled personnel, from HGV drivers to engineers.

Shadow Minister for the Railways, Tan Dhesi, noted the importance of having women's voices shaping the direction of the industry.

Dhesi said, "Historically, like other transport sectors, rail has been incredibly male dominated. That means men setting the agenda and making decisions in a sector there to serve us all.

"We need to make sure a diverse range of voices are heard in rail – and across other transport sectors – to challenge, shape and improve our industry's direction of travel.

"Representation at all levels is key, yes, but crucially we must focus on ensuring senior roles, where decisions are made, are filled in a way which reflects the makeup of our society."

The MPs' comments were made at a virtual meeting of the All-Party Parliamentary Group (APPG) for Women in Transport, a group of parliamentarians committed to tackling the underrepresentation of women in the industry.

Lilian Greenwood MP, APPG Officer and meeting Chair, said: "With only around 20% of the whole transport workforce being women, it is clear far more must be done to ensure underrepresented groups know the industry is for them, and have clear routes in.

"As well as recruiting a diverse array of people, tackling underrepresentation is also about retaining people who join the industry. Research carried out by the APPG in 2021 showed not enough is

being done to create inclusive working environments that encourage retention. That has to change.”

The virtual meeting also heard from a panel of industry leaders in the maritime, rail, aviation, and automotive sectors, who outlined the importance of improving diversity and inclusion in their sectors.

The panel consisted of:

- Jo Field, President of Women in Transport
- Sue Terpilowski, Chair of the Women in Maritime Network
- Christine Fernandes, Chair of Women in Rail
- Kate Jennings, Policy Director of the Railway Industry Association
- Sumati Sharma, Co-Chair of the Women in Aviation & Aerospace Charter
- Julia Muir, Founder of the Automotive 30% club

[Learn more about the Diversity in Maritime Programme](#)

UK Maritime News

- Boost for £7bn North Wales tidal lagoon scheme - [New Civil Engineer](#)
- New £250m 'jewel in the crown' national flagship to be unveiled ahead of Platinum Jubilee - [Business Live](#)
- New £200m government initiative to tap UK's green shipping heritage - [Business Green](#)
- Shipping broker Clarkson turns corner in recovery - [The Telegraph](#)
- The shipping giant banking on a greener fuel - [BBC News](#)
- Ukraine sanctions: UK dockers refuse tanker of Russian gas - [BBC News](#)

Events for Parliamentarians

- **Maritime UK Drop-in session – [19 April]**

Maritime UK is holding a drop-in session at the Houses of Parliament for Parliamentarians on **19 April 2022**.

The past twelve months have seen significant activity for the maritime sector, on Freeports, developing the National Shipbuilding Strategy Refresh, securing an extension to the Clean Maritime Demonstration Competition, a successful London International Shipping Week, major contribution at COP26 and at October's Budget and Spending Review, where the Chancellor announced reforms to Tonnage Tax. The drop-in session will provide MPs and Peers with an opportunity to meet industry representatives to discuss these and other issues.

As one of the primary sectors within the government's ten-point plan for a green industrial revolution, the UK maritime sector has an ambition to lead the world in developing, deploying, and exporting green maritime technologies.

In Maritime 2050, the UK has a strategy to become the world's most competitive maritime centre by the middle of the century.

Maritime UK is grateful to Luke Pollard MP for hosting the session. - [Register](#)

- **Coastal Communities APPG briefing on levelling up coastal communities [28 April]**

Following on from the publication of the Levelling Up White Paper, Maritime UK and the Coastal Communities APPG are delighted to invite you to attend a virtual briefing on levelling up coastal communities.

The briefing will take place on Thursday, 28 April 2022 from 1000-1100. It will be Chaired by Sally-Ann Hart MP, the Chair of the Coastal Communities APPG.

Maritime UK welcomes the missions set out within the Levelling Up White Paper. However, the Government could do more to put coastal areas at the heart of its plans. Levelling up is not just about north vs south or urban vs rural. It must also recognise the unique challenges that coastal communities face and respond to them with meaningful policy action.

Preserving the beauty and tourism of our coast is vital. But it must be matched with the investment that's needed to spur high wages and high skilled jobs in these areas.

There is nothing inevitable about coastal decline. These areas are Britain's gateway to the world and can have a high tech, highly skilled future as the engine room of our green industrial revolution.

The maritime sector is already investing and creating quality jobs in coastal areas and is ambitious to do more. However, our members need the right policies and backing to unleash their full potential.

Our Coastal Powerhouse Manifesto sets out how we can grow the maritime sector in coastal economies and realise the mission set out within the White Paper.

If you wish to attend this briefing, please RSVP to barney.scholes@beyond2050.co.uk, and the Zoom details will be sent through to you.

- **Shipbuilding APPG briefing on levelling up coastal communities [4 May]**

Following on from the publication of the National Shipbuilding Strategy, Maritime UK and the Shipbuilding APPG are delighted to invite you to attend a virtual briefing on the strategy. More details soon.

- **Maritime UK Week [10-16 October]**

Maritime UK has announced that its week-long national programme of events and activity to raise the profile of the sector and engage young people in the world of maritime will be held between 10 and 16 October 2022. More information soon.

Upcoming Parliamentary opportunities to promote maritime

Suggested questions, statements and briefing material can be provided on request.

House of Commons

We would be delighted if MPs would be willing to use any opportunities at PMQs and Business of the House Questions to promote the UK maritime industry (these questions are drafted to be suitable as either oral or written parliamentary questions):

- **PMQs – Wednesdays:** We would be delighted if MPs would be willing to raise maritime at PMQs if they are selected in the ballot, and are happy to support in drafting a question
- **29 March** – BEIS: To ask the Secretary of State for Business, Energy and Industrial Strategy what support he will give to ports who are looking to invest in Shore-Power.
- **21 April** – International Trade: To ask the Secretary of State for International Trade, what support is her department providing to maritime SMEs to enable their recovery and resumption of international business development.
- **27 April** – Northern Ireland: To ask the Secretary of State for Northern Ireland, what support he is providing to the Northern Ireland maritime industry.
- **29 April** – DEFRA: To ask the Secretary of State for the Environment, Food and Rural Affairs, what assessment he has made of how maritime decarbonisation can improve air quality.

House of Lords

We would be delighted if parliamentarians would be willing to table requests for parliamentary debates on the UK maritime industry, and we can support them with suggestions for these.

Written Questions

We are also happy to support parliamentarians with ideas and the production of additional written questions.

Consultations and Inquiries:

Parliamentary

- Transport Select Committee: Maritime 2050: objectives, implementation and effects (25 March)
- Defence Committee: The Navy: purpose and procurement (no deadline specified)
- Treasury Committee: Jobs, growth, and productivity after coronavirus (no deadline specified)

Government

- DEFRA – River basin planning: draft river basin management plans (22 April)
- Department for Transport: Low carbon fuel strategy: call for ideas (3 April)
- Department for Transport: Use of maritime shore power in the UK: call for evidence (25 April)
- Department for Transport: Transport labour market and skills (9 May)

Recently in Parliament

Statements in the House:

- [National Shipbuilding Strategy](#)

Questions were submitted on:

- [Shipping: Training](#)
 - [Shipping: Crew](#)
 - [Shipping: Liquefied Natural Gas](#)
 - [Shipping: Russia](#)
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The Maritime Sector - key messages

- Maritime contributes **£46.1bn to the UK economy and supports 1 million jobs** (more than air and rail combined).
- Maritime is **responsible for keeping the country supplied**: 95 percent of British imports and exports in goods are moved by sea, including 25 percent of the UK's energy supply and 48 percent of food supplies. Investment is essential for maintaining these resilient supply chains that every constituent relies upon.
- **2021 has been a year of significant activity for the maritime sector**, on Freeports, developing the National Shipbuilding Strategy Refresh, securing extension to the Clean Maritime Demonstration Competition, a successful London International Shipping Week, major contribution at COP26 and at October's Budget and Spending Review, where the Chancellor announced reforms to Tonnage Tax.
- As one of the primary sectors within the government's **ten-point plan for a green industrial revolution**, the UK maritime sector has an ambition to lead the world in developing, deploying, and exporting green maritime technologies.
- Ports **invest over £600m of private capital each year**, benefiting coastal economies through job creation and infrastructure investment.
- Maritime workers are **43% more productive** than UK average.
- Maritime is a source of **well-paid highly skilled roles**, which pay an average of £38,000 per year - £9,000 more than the national average.
- Globally, **the maritime sector will double to \$3trn by 2030**.
- In **Maritime 2050**, the UK has a strategy to become the world's most competitive maritime centre by the middle of the century.
- Maritime makes a significant contribution to **all nations and regions of the United Kingdom**.

Please email barney.scholes@beyond2050.co.uk for further information.

You can follow our Maritime UK Twitter account [here](#), and our website is [here](#).
