

Programme for Government

Maritime UK

October 2022



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Dear colleague,

I am delighted to present Maritime UK's Programme for Government.

Since the last general election took place on 12 December 2019, domestic and global economies and the fabric of our societies have undergone an unprecedented amount of upheaval. Although the UK's departure from the EU was already priced in at the start of 2020, nobody could have foreseen the outbreak of a global pandemic causing major disruptions across the maritime sector and the wider economy.

I personally could not be prouder of how the maritime sector – and its key workers – stepped up to the challenge and kept our island nation fed, fuelled, and supplied over the course of the pandemic, with maritime workers making a massive contribution to the country at time when most of us were asked to stay at home.

According to the State of the Maritime Nation 2022 Report, compiled by the Centre for Economic and Business Research (CEBR) for Maritime UK, maritime is one of the UK's largest industries with £116 billion in aggregated turnover, more than the rail and aviation industries combined. For every £1 of turnover generated directly by the sector, a further £2.62 was generated indirectly across the supply chain, underscoring the far-reaching impact the sector.

The maritime industries also support more than 1 million jobs across the country, many of which in coastal communities where employment opportunities have a significant impact on the socio-economic prospects of individuals. These are often highly-productive and well-paid jobs, adding 45% more value than the UK average and compensating employees with salaries that are 30% higher than the UK benchmark.

As we head towards a post-pandemic future facing significant macroeconomic and geopolitical challenges, Maritime UK is setting out the maritime sector's policy agenda in its Programme for Government. **These recommendations cover our five key priority areas:**

- Environment
- Regional Growth
- Competitiveness
- People
- Innovation

Ours is a sector that can play a primary role in the government's mission for new economic growth. Highly productive, the sector is forecast to double in size globally to \$3trn by 2030. The actions set out within this document can ensure the UK realises a growing segment of the increasing global maritime economy.

Taking great pride in what industry and government have managed to achieve over the last three years, let us go forward committed to attaining the policy ambitions set out in Maritime 2050 and building on Britain's reputation as a leading global maritime nation.

With best wishes,

Sarah Kenny OBE
Chair Maritime UK



About Maritime UK

Maritime UK is the umbrella body for the maritime sector, **bringing together** the **shipping, ports, services, engineering** and **leisure marine industries**.

Our purpose is to **champion** and **enable** a **thriving maritime sector**. Maritime UK has responsibility for the **coordination** and **delivery** of **industry recommendations** within **Maritime 2050**.

Supporting over **1 million jobs** and adding **£48.9bn** to our economy, maritime is responsible for **facilitating 95% of UK global trade**, worth over **£500bn** per year. The UK maritime workforce is **45% more productive** than the average UK worker.

Maritime makes a **greater contribution** to the UK economy than **both rail and air combined**.

The sector is the fundamental **enabler** of **British global trade** and **exports its own innovative products and services**. With cutting-edge technology, high-quality design & manufacturing, unparalleled expertise in services and major investment opportunities, the **UK is the natural home for global maritime business**.

Maritime is a **vital part** of our island nation's **heritage** and of our modern economy – **supporting jobs, driving innovation** and **enabling trade**. The sector also enables millions of people to enjoy the **recreational benefits** of the **UK's coastal and inland waterways**.



Our members

National Members

The Baltic Exchange

British Marine

British Ports Association

CLIA UK & Ireland

The Institute of Chartered Shipbrokers

Maritime London

Nautilus International

Society of Maritime Industries

Trinity House

UK Chamber of Shipping

UK Major Ports Group

Workboat Association

Regional Members

Belfast Maritime Consortium

Maritime UK South West

Mersey Maritime

Solent LEP

Strategic Members

Shipping Innovation

Associate Members

Connected Places Catapult

Port Skills and Safety

The Seafarers' Charity

Our Priority Areas



Environment

Shipping is one of the most carbon efficient modes of transport but, despite the progress made to further improve its climate impact, it still contributes around 3% of the UK’s greenhouse gas (GHG) emissions due to the sheer volume of traffic required to sustain a major island economy such as the UK. Indeed, 95% of all UK imports and exports are moved by sea. Reducing the environmental impact of our vital maritime trade is crucial to meeting the UK’s commitment to Net Zero by 2050 through the deployment of low and net zero carbon emission vessels and green infrastructure. The maritime sector is committed to continuously reducing its environmental footprint to protect the planet for present and future generations. To achieve that, it needs to champion effective projects that enhance environmental sustainability by growing coastal and inland shipping, increasing UK-based commercial management of deep-sea assets, and supporting infrastructure and supply chains for sustainable offshore energy growth.



Regional Growth

Despite being the world’s fifth largest economy, the UK is one of the most regionally imbalanced countries in the G20 and our coastal areas have lagged behind other regions in this context. With much of its presence in coastal towns and cities around the country, the maritime sector is both economically hardwired into the fabric of these communities and deeply invested in their future prosperity. According to a Survation poll conducted for Maritime UK in September 2021, 70% of

18-24-year olds living in coastal areas would be more likely to stay if the right career opportunities were made available. Parts of the sector, such as the ports industry, already play a positive role in the regeneration of coastal communities by delivering job opportunities that pay 40% above the UK average remuneration rate. A single direct job in the ports sector also goes on to support a further six in supply chain and local economies, delivering true levelling-up in action. Betting on the success of coastal communities would not only benefit the maritime sector, but it would go a long way toward turning some of the most economically disadvantaged areas of the country into genuine economic powerhouses and strengthening the wider economy in the long run.



Competitiveness

The UK has a unique maritime offering and, as host to the United Nations’ International Maritime Organisation (IMO), it is perfectly positioned to influence international maritime legislation and regulations, offering a consistent business environment that is characterised by an effective working partnership between government and industry. Since 2019, the UK has shown global leadership by being the first major economy to legislate for net zero carbon emissions, producing a national Clean Maritime Plan, and leading calls to designate seafarers as key workers during the COVID-19 pandemic. Going forward, we need to see the same level of commitment to ensuring that the UK remains a highly competitive maritime jurisdiction, which attracts investors and has products in place that support ambitions to grow green technologies across industry. At the same time, boosting the UK’s maritime offering in terms of competitiveness will also require making sure that businesses are in a position to take full advantage in the international maritime sector by enabling the exports

of products and services. The Maritime Capability Campaign Office (MCCO), launched by the Government in March 2022 as part of the National Shipbuilding Strategy (NSbS) Refresh, has the potential to help UK-based businesses target export opportunities worth up to £600 million over the next five years. The successful delivery of this ‘MCCO agenda’ will not just contribute to boosting the country’s maritime offering, but it can also bring about substantial economic rewards for the coastal communities in which most maritime businesses are based.



People

People are a fundamental component of the maritime sector and their importance is reflected in the People Route Map, which outlines detailed steps to reach the overarching goals of Maritime 2050 by focusing on the workforce, diversity, skills, careers and welfare. COVID-19 had a profound impact on individuals across the maritime sector due to redundancies, job insecurity, and the difficulties associated with having to work remotely. Maritime UK and its members have made significant progress in establishing frameworks and initiating new programmes in line with the ambitious goals set by Maritime 2050. The past two and a half years have seen the establishment of the Maritime Skills Commission (MSC) and the expansion of the existing ‘Women in Maritime’ programme to include other diversity challenges. Given the UK’s new position outside of the EU in a post-COVID-19 world, we need to focus on developing and maintaining well-defined pathways leading to employment opportunities into the maritime sector for young people completing their compulsory education journey and entering the labour market, as well as existing workers with seafaring experience who lost their jobs over the last three years whom – through

upskilling and retraining – can be brought back into the sector. This will be crucial to making sure the sector can rely on a robust skills pipeline in the years to come.



Innovation

To tackle climate change and remain a competitive global maritime nation, the UK needs to be a leader in the development and implementation of new technologies and fuels. Over the last three years, following the publication of Maritime 2050 and the Technology and Innovation Route Map, the Government has allocated over £35 million through consecutive rounds of the Clean Maritime Demonstration Competition (CMDc) to support the design and development of net zero emission vessel technologies and greener ports, as well as feasibility studies and pre-deployment trials in innovative clean maritime solutions. In July 2019, industry established Maritime Research and Innovation UK (MarRI-UK) as a cross-collaboration innovation vehicle at the University of Strathclyde to tackle innovation and technology challenges, as well as addressing the lack of coordination and resource in maritime research and innovation. DfT subsequently invested £4.8 million in MarRI-UK to promote maritime technology development, which ended up funding a number of competitions in areas such as decarbonisation, autonomy and digitisation. In March 2022, the Government announced £206 million of new funding to accelerate the research and development of clean maritime technologies, alongside the creation of the UK Shipping Office for Reducing Emissions (UK SHORE). Cultivating the UK’s position as a leader in maritime innovation is key to realising the vision of a ‘Global Britain’ open to the world as an innovative, competitive and respected island nation. Beyond decarbonisation, the UK is aspiring to lead in automation and digitisation.

Our Policy Asks



Environment

Public co-investment in innovation and research & development

1

The Government needs to kickstart the decarbonisation of the domestic maritime sector by committing significant levels of public funding to R&D and deployment, building on ambitious and achievable targets and policy measures through a refreshed Clean Maritime Plan.

Given our environmental ambitions and the maritime sector's challenges in decarbonising, we will need significant levels of public funding to unlock more private investment over the coming years in order to reach our net zero targets by the middle of the century. Industry has shown its willingness to step up to the challenge and advance maritime research and innovation with oversubscribed funding calls from existing innovation vehicles such as the CMDC, which received bids for 225% of the available budget in its first round, and MarRI-UK. Building on the success of these initiatives, government invested £206 million and established UK SHORE – a new unit within DfT tasked with facilitating the research and development of technologies to make the maritime sector greener – as part of the National Shipbuilding Strategy Refresh launched in March 2022. While this represents a first step in the right direction, there is much more to do. The overwhelming experience from other maritime jurisdictions, together with the inclusion of international shipping emissions within the UK's net zero targets, points to the need for further government funding in order to meet the UK's environmental ambitions at pace and scale. This consideration needs to be reflected in the upcoming refresh of the Clean Maritime Plan in 2023.

Public co-investment in green infrastructure at ports and on inland waterways

2

The Government must outline a strategy setting out how port infrastructure fits into the UK's shipping energy transition and the broader UK green transport agenda, particularly in relation to connecting ports more efficiently to the energy network.

3

The Government should develop a national framework to accelerate action and ensure widespread adoption of shore power infrastructure and operation in UK ports by 2030, including the creation of a dedicated fund to invest in a national programme of national infrastructure that includes shore power installations and electric charging points at ports and on inland waterways.

While developing new propulsion technologies is certainly a vital part of the solution, the speed of decarbonisation in the shipping industry will also depend on the ability of ports to receive net zero ships with the appropriate reception facilities, new bunkering, and significant new power supplies. Many of these investments will save us money in the long term, but they require significant upfront costs. Moreover, uncertainty about the usage and take-up of new propulsion technologies continues to undermine investor confidence in the short term. We think that government should seize the initiative by developing a strategy that outlines how port infrastructure would fit into the UK's shipping energy transition and the broader green transport infrastructure agenda, with support in the way of funding and policies to overcome the barriers to investment in the required green maritime infrastructure. A dedicated fund would accelerate the rollout of shore power infrastructure, the retrofitting for the existing shipping fleet, and encourage co-investment from industry to unlock private capital. Greater public co-

investment in net zero propulsion technologies and green infrastructure at and around ports will significantly cut emissions generated by sea traffic. However, government intervention also needs to avoid any long-term distortions to competition and the market.

Enabling pro-green investment in technologies that can make a difference today

4

The Government must encourage investment in new pro-green technologies by increasing Capital Allowances, introducing Green Tax Credits, and sharing investment risk through UK Export Finance and the UK Infrastructure Bank.

5

The Government should subsidise investment in more environmentally friendly vessels and consider financially incentivising shipowners for scrapping, retrofitting and/or recycling older and more polluting vessels.

There are a number of technologies that can already deliver tangible environmental benefits to the maritime sector, but they remain economically unaffordable. The Government should explore ways to encourage private investment into these technologies through non-cash mechanisms such as increasing Capital Allowances, introducing Green Tax Credits, and sharing the investment risk via facilities such as UK Export Finance and the UK Infrastructure Bank. Taking inspiration from neighbouring countries such as Norway, the Government could also adopt a more direct approach and financially reward shipowners who invest into more environmentally friendly tonnage and choose to retrofit or scrap older, more polluting vessels, whilst taking care to avoid long-term distortions to competition and the market.

Introducing a workable and effective market-based measure for the domestic maritime sector

6

The Government should put in place a market-based measure (MBM) for the domestic maritime sector to provide the economic incentive to drive change for the adoption of net-zero energy sources and – to increase its effectiveness – any funds generated should be returned to the industry to drive in-sector emission reductions by financing the deployment of net zero emission vessels and effective bunkering infrastructure.

7

In identifying the most appropriate domestic MBM, the Government should also assess different carbon pricing options and alternative regulatory mechanisms considered at the IMO.

8

The Government should review and enhance the role of the Renewable Transport Fuel Obligation (RTFO) in supporting the maritime sector’s decarbonisation pathways over both the short and long term to increase the effectiveness of RTFO regulation.

Between March and June 2022, the Government consulted on proposals to develop a UK Emissions Trading Scheme (UK ETS), a market-based mechanism using carbon pricing in order to ensure that every part of the UK economy, including carbon emissions from domestic shipping, can achieve net zero in a cost-effective and gradual manner. We understand the rationale for addressing emissions through a ‘cap-and-trade’ scheme and we support the introduction of an effective MBM, but it is important to produce a comprehensive assessment of how an economic incentive mechanism can be extended to the domestic shipping

context – taking into account the diversity in size, type and operations of the shipping industry as well as alternative regulatory mechanisms and international developments – and whether it would be an appropriate regulatory tool for the sector’s transition towards net zero. To increase its effectiveness, any funds generated should be returned to industry to drive in-sector emission reductions by financing the deployment of net zero emission vessels and effective green bunkering infrastructure.

Leading international action on regulation

9

The Government must continue to address international emissions by engaging through the IMO and ensure that UK domestic emissions policy remains ambitiously aligned with IMO measures.

International shipping depends on the effective functioning of a global regulatory framework and, as an island nation that is heavily dependent on shipping, the UK has a strong interest in supporting global partners in making meaningful reductions to their carbon emissions. Without international collaboration, tackling climate change becomes much harder. The UK has already shown its global leadership credentials in advancing maritime decarbonisation through the IMO, ensuring that measures and agreements are both effective and equitable, and needs to continue doing so over the coming years. Another example of the UK leading international efforts in this field is the Clydebank Declaration, signed at COP 26, committing 24 countries to the establishment of green shipping corridors (i.e. routes between two ports that rely exclusively on zero emission shipping). It is very important to maintain the UK’s reputation for leading international action on this issue, with the Government calling on the IMO to bring into force an international MBM that would cost the impact of existing fuels on the environment and help deliver the transition towards decarbonisation.

Support for financing decarbonisation

10

The Government needs to adopt a more proactive approach to aid the development of financial products financing efforts to achieve sector decarbonisation targets, turning the UK into a global hub for investment in net zero carbon technologies.

The UK should leverage on its position as a global financial hub, with the City of London at its centre, to develop the expertise in unlocking new capital required to facilitate maritime decarbonisation and the wider transition to net zero, both domestically and internationally. There is certainly an opportunity for government to take a more proactive role in this context with a view to capturing this business and becoming a centre for marine asset managers and owners wanting to invest in transitional to net zero carbon technologies and assets. At the same time, any government intervention must take care to avoid long-term distortions to competition and the market.

Developing a new approach to end-of-life considerations

11

The Government should unveil an end-of-life rejuvenation or recycling scheme, similar to those previously seen in the automotive sector, to incentivise UK-based shipowners and maritime sector equipment operators to invest in new assets and dispose of older and more polluting vessels and assets.

As the maritime sector transitions towards a net zero future, the sustainable recycling of older and more polluting assets will become a fundamental challenge that is likely to represent a net cost to owners. On top of enabling pro-green investment in technologies, it is therefore vital to develop an entirely new approach to the way we deal with end-of-life considerations regarding vessels. Drawing inspiration from previous government-backed initiatives

in the automotive sector, it would be completely logical to encourage UK-based shipowners to switch to newer and less polluting vessels by giving up their older assets through a bespoke government-approved recycling scheme.

Working in partnership with industry to accelerate decarbonisation

12

The Government needs to work more efficiently with the maritime sector on decarbonisation, given the breadth and depth of this issue, and increase engagement with industry from the breath of government departments with responsibility for the mission.

13

The Government must provide the National Shipbuilding Office (NSO) with the resources to advance the change necessary to empower an innovative and successful shipbuilding enterprise across all parts of the UK.

Over the last few years, DfT has proven to be an effective working partner of the maritime sector in government by helping to facilitate dialogue with other departments and agencies on our behalf. This needs to change going forward. Given the breadth of policy ambitions outlined for the sector, the Clean Maritime Council (CMC) needs to be refreshed to include greater representation from other government organs such as the Department for Business, Energy and Industrial Strategy (BEIS), the Department for Environment, Food and Rural Affairs (DEFRA), the Department for International Trade (DIT), the Department for Levelling Up, Housing and Communities (DLUHC), and the Devolved Administrations. In its refreshed role, the CMC should also be tasked with owning the Clean Maritime Plan, which is scheduled to receive an update in 2023, and providing guidance to key functioning bodies such as the NSO, Innovate UK, and Local Enterprise Partnerships (LEPs) on any activity within their remit to support decarbonisations (e.g. designing funding calls).



Regional Growth

Delivering Maritime UK's Coastal Powerhouse Manifesto

14

The Government should implement policy proposals set out in Maritime UK's Coastal Powerhouse Manifesto to unlock the growth potential of coastal communities and bring about meaningful levelling-up.

We have already touched on the role of coastal communities as potential enablers of economic growth and levelling-up, particularly in light of the regional imbalance that differentiates the UK from other developed economies. The maritime sector can unlock the growth potential of these areas and bring about levelling-up, but this requires a renewed collaborative approach from industry, government, local authorities, and regional leaders. In September 2021, Maritime UK and the Local Government Association (LGA) published the Coastal Powerhouse Manifesto – a blueprint setting out a number of areas and policy priorities that would catalyse investment in these communities. **These focus on:**

- investing in energy networks and infrastructure;
- accelerating the transition to net zero;
- ensuring the environmental integrity and sustainable development;
- improving the efficiency of planning and development rules;
- growing the local talent pipeline;
- capturing the green dividend of offshore energy growth;
- improving transport connectivity;
- ensuring high-capacity data connectivity.

Delivering on these recommendations will enable coastal areas to unlock their full potential and contribute significantly to levelling-up some of the most economically disadvantaged areas of the country.

Looking beyond freeports to 'development frameworks'

15

The Government should build on the concept of freeports to deliver coastal development frameworks that stimulate private investment by driving reform of the planning and consenting process, delivering low-cost investment incentives, and unlocking funding for infrastructure in coastal areas.

The maritime sector has welcomed the freeports programme as a very useful vehicle to take forward several priorities in unlocking and accelerating economic development in areas such as coastal communities. We want to see this programme succeed with more localities taking advantage of its benefits and that requires further work, as both the private and public sectors learn lessons from the first stages of implementation. But we also need to be mindful about those areas that are in danger of missing out on this designation. It is important to complement the freeports programme with additional initiatives to tackle barriers to growth around the coast, including the introduction of 'development frameworks' which will stimulate investment and grow the local economy. Within this concept, the Government should undertake a wider review of the current planning system and development rules that will allow ports to invest quickly, flexibly and confidently. This could form part of the commitment to review the planning rules in the Government's 'Future of Freight' strategy and should look into how port and maritime development can be better integrated into strategic and spatial planning frameworks, as well as including better use of existing mechanisms such as Local Development Orders and a targeted review of relevant National Policy Statements.

Delivering Maritime UK's Offshore Wind Plan

16

The Government should work with industry to deliver the actions set out in Maritime UK's Offshore Wind Plan to recognise the profound connection between maritime, offshore wind and other green energy sectors, unlocking further potential for maritime to contribute to decarbonisation and drive green jobs growth and prosperity.

The offshore wind sector is rapidly gearing up to meet the challenge of delivering increased capacity targets of 50GW by 2030 and 100GW by 2050, as set out in the Climate Change Committee's Sixth Carbon Budget and the British Energy Security Strategy. By virtue of its presence in coastal communities and its involvement throughout the lifecycle of offshore wind projects, the maritime sector is central to ensuring that this energy resource meets its expected goals. In October 2022, Maritime UK launched its Offshore Wind Plan to take full advantage of the opportunities lying in the growth of offshore wind and make a decisive contribution to fulfilling our net zero ambitions. The Plan outlines the key role that the maritime sector plays in offshore wind, analyses the opportunities available in the growth of this energy resource, maps the existing barriers to further development in different parts of the maritime sector, and makes policy recommendations for both industry and government to act on. **Proposed actions include, but are not limited to:**

- developing and maintaining a robust skills base of homegrown talent;
- encourage a more level playing field for UK manufacturers;
- rewarding development proposals with higher levels of UK content;
- giving higher weighting to low carbon footprint supply chains;
- treating vessels as national infrastructure;
- outlining a framework for ports to build green infrastructure more quickly.

Focusing on road, rail and energy connectivity

17

The Government must implement the recommendations set out in Sir Peter Hendy’s Union Connectivity Review, improving connectivity to seaports and freeports across the UK by improving rail freight connections.

18

The Government needs to make sure that ports are adequately connected to energy networks, enabling them to develop the infrastructure needed to supply vessels powered by low and net zero emission propulsion fuel and technology.

Sir Peter Hendy’s Union Connectivity Review made the case for greater connectivity between coastal communities, noting how these areas have often been overlooked in crucial policy considerations about energy and infrastructure despite being key drivers of growth at both the national and local level. In November 2021, Sir Peter pointed to the need for greater connectivity between these focal economic centres as a prerequisite for growth, jobs, housing and better social cohesion. The Government needs to heed this advice and take steps to improve the connectivity of seaports to every part of the country through enhanced rail freight connections, as well as improving connectivity to and from freeports throughout the UK.

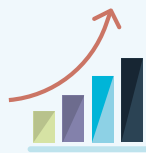
Building on the Future of Freight Strategy

19

The Government should reform the Mode Shift Revenue Support and Waterborne Freight Grant to enable the maritime sector to deliver a greater flow of freight by water, easing pressure on roads and providing a more carbon efficient mode of transport.

In June 2022, DfT published the Future of Freight Plan – the first cross-modal and cross-government plan for the UK freight transport sector. This Plan presents a vision for a more reliable, cost-efficient, and environmentally sustainable freight sector by focusing on five priority areas, which include the National Freight Network, the transition to net zero, planning, people and skills, and data and technology. While the Plan certainly strikes the right tone and focuses on the right issues, including the importance of maritime to national freight networks, it remains to be seen whether its recommendations will be implemented. One quick win would be to reform the Mode Shift Revenue Support and Waterborne Freight Grant, expanding its size and enabling the maritime sector to deliver a greater flow of freight by water through coastal and inland shipping. Besides benefiting the maritime sector, this measure would ease the pressure on the road network and provide a more carbon efficient mode of transport for freight.





Competitiveness

Maintaining a competitive business environment

20

The Government needs to ensure that the UK retains one of the most competitive and attractive business environments in the world, building on reforms to the Tonnage Tax regime.

In October 2021, the Chancellor of the Exchequer announced plans to reform Tonnage Tax with the precise aim of ensuring that the UK shipping industry remains highly competitive with other jurisdictions across the world. It is important that government continues to deliver on Maritime 2050's ambition to maintain the UK's competitiveness, building on Tonnage Tax reforms to encourage more vessels registrations in the UK and promote the advantages of the UK flag.

Developing and implementing recommendations on financial products

21

The Government needs to address the competitiveness gap in providing capital to fund decarbonisation projects by developing and implementing the recommendations of the Financial Products Working Group.

A significant step towards improving the UK's offering as a competitive maritime jurisdiction consists of facilitating the flow of capital towards technologies with proven potential to advance the decarbonisation of the maritime sector. **The Financial Products Working Group, established by the Maritime Coastguard Agency (MCA) and co-chaired with Maritime London, has provided a set of recommendations to do just that by:**

- producing a feasibility study to deliver a practical roadmap and commercial framework for the decarbonisation of the UK domestic shipping fleet in support of the updated Clean Maritime Plan;
- making public funding available for proven efficiency technology which, based upon a voyage charter, would see savings utilised to repay the government straightaway and thereby bringing value for money in investment;
- introducing a new framework of Maritime Real Estate Investment Trusts (M-REIT) that recognise specific operational characteristics of shipping companies such as the need to buy and sell significant parts and their asset base;
- giving assurance to investors providing capital for transitional to zero carbon vessels through government backed high value credit guarantees, green bonds and residual value guarantees to support and protect UK-based owners and investors.

As the sector continue to progress these recommendations with the relevant public bodies, we would urge the Government to give renewed impetus to their implementation going forward.

Delivering the National Shipbuilding Strategy

22

The Government needs to provide further financial support to vessel builders to help in delivering the National Shipbuilding Strategy, changing procurement policy to make it more efficient and supporting UK innovation.

In March 2022, the Government published the Refresh of the National Shipbuilding Strategy – a major turning point for the UK in its ambition to become one of the world's most competitive maritime nations by 2050. The NSbS Refresh opened up to the reintroduction of the Home

Shipbuilding Credit Guarantee Scheme (HSCGS), which will give UK shipyards access to finance for underwriting domestic contracts and level the playing field with competitors' export credit guarantees. It will also ensure that UK shipbuilders have a fairer chance of securing valuable contracts. The maritime sector will continue to work with government on the implementation of the NSbS Refresh to help make the UK one of the most competitive maritime nations in the world.

Empowering UK maritime businesses on the global stage

23

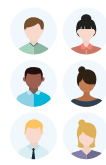
The Government should empower more maritime businesses to export and promote the UK in key global markets by delivering a targeted business support service through the Maritime Capability Campaign Office (MCCO).

Another important aspect of the NSbS Refresh entailed the launch of the MCCO under DIT as the government's exports and investment arm, targeting export opportunities worth up to £600 million by 2050. We value the MCCO's role and support its mission to help UK companies, especially SMEs, to exports more of their maritime products and services abroad.

Ensuring that the UK is a globally attractive location for infrastructure capital

24

The Government should build on the UK's successes in attracting globally mobile infrastructure funding by ensuring fiscal measures impacting portfolio companies in the UK support investment and underlying long-term, sustainable business growth. Fixing and extending the Super Deduction, or replacing it with a long-term equivalent, would be one such measure.



People

Promoting maritime qualifications

25

The Government needs to include maritime qualifications in the league table in order to encourage their addition to the school curriculum and increase awareness of career pathways in the maritime sector.

26

The Government should engage with the maritime sector to explore the possibility of delivering T-Level qualifications in disciplines such as Naval Architecture or Shipbuilding.

While there are reasons to be proud of the results achieved through government-industry collaboration over recent years in terms of skills development and people programmes, there is scope to further increase awareness of maritime qualifications and career paths amongst young people between the ages of 16 and 24. Including maritime qualifications on the league table, thereby allowing for their inclusion in the school curriculum, would go a long way towards raising awareness of employment opportunities in this sector for a large number of pupils from an early stage, especially in coastal towns and cities where most communities have been haemorrhaging talent due to the lack of career prospects. While increasing awareness of maritime opportunities from a young age is a vital step in the right direction, we need to provide further entry routes into the sector for pupils in compulsory education. The Government has an opportunity to do that by working alongside industry to develop T-Levels in maritime qualifications such as Shipbuilding and Naval Architecture.

Fostering homegrown talent

27

The Government must continue supporting industry groups in the development of apprenticeship standards and cadetships to create new pathways into maritime sector employment for UK-resident young people and existing workers.

28

The Government needs to support lifelong learning measures to enable individual career paths within the maritime sector to change and adapt in tandem with new technological developments.

29

The Government should work towards a framework that enables the UK to cater for the skills and experience needed to maintain its place as a leading maritime power, whilst also facilitating the aims and objectives of the People Route Map within Maritime 2050.

In October 2020, the Government highlighted how the commitment to pursuing the net zero agenda would result in the creation of more than 60,000 jobs in construction, ports, factories and supply chains linked to renewable energy sources such as offshore wind. These are often high-quality jobs paying around 40% more than the UK's average remuneration rate and are based in economically disadvantaged areas. There is an opportunity for government and industry to work together to harness this burgeoning sector and develop a robust homegrown talent pool by promoting apprenticeship standards that facilitate the entry of young people into the sector, as well as helping older workers with an existing seafaring skillset retrain and upskill. For instance, promoting existing apprenticeship programmes for Small Vessel Engineer and supporting the development of new standards for Ship's

Master less than 500 Gross Tonnage (Near Coastal) will go a long way towards ensuring there are enough people who can operate up to 150 nautical miles offshore for the crew transfer and wind operation and maintenance phases.

In order to develop a solid skills base for the maritime sector, we need to be upfront about the time and resources that are necessary to get us there. In 2017, the Home Office introduced a visa waiver concession to remediate to a lack of available UK-based seafarers to enable businesses to source talent from a wider pool. With the concession set to expire on 31 October 2022, industry and government will need to come together to find a way that allows UK-based businesses to recruit the skilled workers they need to continue fulfilling the UK's role as a leading maritime power, training the young apprentices of today who will become the experienced workers of tomorrow – ultimately reinforcing our talent pool – and retraining individuals with relevant experience to allow them to join the maritime sector.

Supporting the development of green skills

30

The Government should work towards delivering the recommendations of the Maritime Skills Commission with regards to the development of skills for green jobs in the maritime sector.

31

The Government needs to support the UK Shipbuilding Taskforce in developing a world-leading skills strategy to increase training and employment opportunities in the industry, particularly for emerging technologies lined to net zero emission shipping.

In June 2022, the MSC published a Skills for Green Jobs Position Paper, which adopted a definition of 'green' as

“the effective amalgamation of environmentally conscious knowledge, abilities, values, and attitudes to support a sustainable and resource-efficient maritime sector” and asked government to:

- take ownership of the ‘skills to support green jobs’ agenda for the maritime sector by continuing to collaborate, learn, listen and work with key industry stakeholders;
- support Maritime UK’s recommendation for a Green Skills tax credit;
- work closely with R&D institutions and sector representatives to foster a favourable context for infrastructure investment, technology readiness and workforce development;
- providing public funding for green-specific promotion of skills and jobs, along with wage subsidies for jobs contributing to the green transition;
- supporting organisations to promote diversity and inclusion in green jobs in the maritime sector;
- collaborate with regional clusters and other organisations to develop local ownership of the skills agenda, whilst the MSC monitors the development and deployment of skills for green jobs across the UK;
- oversee the development and deployment of a comprehensive matrix of green jobs and skills in the sector.

Working to deliver the recommendations on green skills set out by the Maritime Skills Commission is crucial to securing a just transition for those working in carbon-focused jobs and recognising the vast sustainable employment potential that decarbonisation could represent.

Reassessing the Apprenticeship Levy

32

The Government needs to reassess carefully whether the Apprenticeship Levy is still the most appropriate system

to deal with current and future skills demands in the maritime sector and throughout the wider economy.

Providing employment protections

33

The Government should continue its work in delivering meaningful improvements to seafarer working and employment conditions.

34

The Government should seek to expand requirements for local workforce employment opportunities in delivering government-funded research and projects.





Innovation

Boosting innovation funding

35

The Government should continue working alongside industry to co-fund initiatives such as Centres of Excellence and support key innovation ambitions including decarbonisation, digitisation, and automation.

36

The Government needs to ensure that the uplift in UK Research and Innovation (UKRI) funding is accessible the maritime businesses across the board, as well as increasing targeted maritime R&D funding.

37

The Government need to ensure that enough funding from the UK Shared Prosperity Fund and the Levelling Up Fund is made available to stimulate innovation across the country, if not prioritised.

38

The Government must make investment in training and development of a maritime workforce a crucial part of innovation funding to deliver the skills needed to realise the UK's maritime ambition.

In June 2022, the Maritime Recovery Route Map reiterated government commitments to supporting the sector in the delivering recommendations set out in Maritime 2050, particularly regarding fostering innovation by supporting the development of more Maritime Innovation Hubs, delivering a series of Maritime 2050 Innovation Fora, supporting the MarRI-UK Smart Maritime Land Operations Call with £2.5 million

of funding, establishing a Centre for Smart Shipping, and coordinating government work on maritime and technology innovation. UKRI received a substantial funding uplift as part of the 2021 Spending Review and it is crucial that this is made available to all maritime businesses, regardless of their size. The maritime sector intends to work with government to make sure that this actually takes place.

Making sure that regulation keeps pace with technological innovation

39

The Government must not be afraid to engage in extensive regulatory reform to ensure that the regulatory framework keeps up with the current pace of technological development across the economy.

40

The Government must give the Maritime Coastguard Agency (MCA) the appropriate levels of funding needed to support the development of modern regulation.

Environment

Public co-investment in innovation and research & development

1 The Government needs to kickstart the decarbonisation of the domestic maritime sector by committing significant levels of public funding to R&D and deployment, building on ambitious and achievable targets and policy measures through a refreshed Clean Maritime Plan.

Public co-investment in green infrastructure at ports and on inland waterways

2 The Government must outline a strategy setting out how port infrastructure fits into the UK’s shipping energy transition and the broader UK green transport agenda, particularly in relation to connecting ports more efficiently to the energy network.

3 The Government should develop a national framework to accelerate action and ensure widespread adoption of shore power infrastructure and operation in UK ports by 2030, including the creation of a dedicated fund to invest in a national programme of national infrastructure that includes shore power installations and electric charging points at ports and on inland waterways.

Enabling pro-green investment in technologies that can make a difference today

4 The Government must encourage investment in new pro-green

technologies by increasing Capital Allowances, introducing Green Tax Credits, and sharing investment risk through UK Export Finance and the UK Infrastructure Bank.

5 The Government should subsidise investment in more environmentally friendly vessels and consider financially incentivising shipowners for scrapping, retrofitting and/or recycling older and more polluting vessels.

Introducing a workable and effective market-based measure for the domestic maritime sector

6 The Government should put in place a market-based measure (MBM) for the domestic maritime sector to provide the economic incentive to drive change for the adoption of net-zero energy sources and – to increase its effectiveness – any funds generated should be returned to the industry to drive in-sector emission reductions by financing the deployment of net zero emission vessels and effective bunkering infrastructure.

7 In identifying the most appropriate domestic MBM, the Government should also assess different carbon pricing options and alternative regulatory mechanisms considered at the IMO.

8 The Government should review and enhance the role of the Renewable Transport Fuel Obligation (RTFO) in supporting the maritime sector’s decarbonisation pathways over both the short and long term to increase the effectiveness of RTFO regulation.

Leading international action on regulation

9 The Government must continue to address international emissions by engaging through the IMO and ensure that UK domestic emissions policy remains ambitiously aligned with IMO measures.

Support for financing decarbonisation

10 The Government needs to adopt a more proactive approach to aid the development of financial products financing efforts to achieve sector decarbonisation targets, turning the UK into a global hub for investment in net zero carbon technologies.

Developing a new approach to end-of-life considerations

11 The Government should unveil an end-of-life rejuvenation or recycling scheme, similar to those previously seen in the automotive sector, to incentivise UK-based shipowners and maritime sector equipment operators to invest in new assets and dispose of older and more polluting vessels and assets.

Working in partnership with industry to accelerate decarbonisation

12 The Government needs to work more efficiently with the maritime sector on decarbonisation, given the breadth and depth of this issue, and increase engagement with industry from every single department and executive agency.

13 The Government must provide the National Shipbuilding Office (NSO) with the resources to advance the change necessary to empower an innovative and successful shipbuilding enterprise across all parts of the UK.

Regional Growth

Delivering Maritime UK’s Coastal Powerhouse Manifesto

14 The Government should implement policy proposals set out in Maritime UK’s Coastal Powerhouse Manifesto to unlock the growth potential of coastal communities and bring about meaningful levelling-up.

Looking beyond freeports to ‘development frameworks’

15 The Government should build on the concept of freeports to deliver coastal development frameworks that stimulate private investment by driving reform of the planning and consenting process, delivering low-cost investment incentives, and unlocking funding for infrastructure in coastal areas.

Delivering Maritime UK’s Offshore Wind Plan

16 The Government should work with industry to deliver the actions set out in Maritime UK’s Offshore Wind Plan to recognise the profound connection between maritime, offshore wind and other green energy sectors, unlocking further potential for maritime to contribute to decarbonisation and drive green jobs growth and prosperity.

Focusing on road, rail and energy connectivity

17 The Government must implement the recommendations set out in Sir Peter Hendy’s Union Connectivity Review, improving connectivity to seaports and freeports across the UK by improving rail freight connections.

18 The Government needs to make sure that ports are adequately connected to energy networks, enabling them to develop the infrastructure needed to supply vessels powered by low and net zero emission propulsion fuel and technology.

Building on the Future of Freight Strategy

19 The Government should reform the Mode Shift Revenue Support and Waterborne Freight Grant to enable the maritime sector to deliver a greater flow of freight by water, easing pressure on roads and providing a more carbon efficient mode of transport.

Competitiveness

Maintaining a competitive business environment

20 The Government needs to ensure that the UK retains one of the most competitive and attractive business environments in the world, building on reforms to the Tonnage Tax regime. Developing and implementing recommendations on financial products

21 The Government needs to address the competitiveness gap in providing capital to fund decarbonisation projects by developing and implementing the recommendations of the Financial Products Working Group.

Delivering the National Shipbuilding Strategy

22 The Government needs to provide further financial support to vessel builders to help in delivering the National Shipbuilding Strategy, changing procurement policy to make it more efficient and supporting UK innovation.

Empowering UK maritime businesses on the global stage

23 The Government should empower more maritime businesses to export and promote the UK in key global markets by delivering a targeted business support service through the Maritime Capability Campaign Office (MCCO).

Ensuring that the UK is a globally attractive location for infrastructure capital

24 The Government should build on the UK’s successes in attracting globally mobile infrastructure funding by ensuring fiscal measures impacting portfolio companies in the UK support investment and underlying long-term, sustainable business growth. Fixing and extending the Super Deduction, or replacing it with a long-term equivalent, would be one such measure.

People

Promoting maritime qualifications

- 25 The Government needs to include maritime qualifications in the league table in order to encourage their addition to the school curriculum and increase awareness of career pathways in the maritime sector.
- 26 The Government should engage with the maritime sector to explore the possibility of delivering T-Level qualifications in disciplines such as Naval Architecture or Shipbuilding.
- Fostering homegrown talent
- 27 The Government must continue supporting industry groups in the development of apprenticeship standards and cadetships to create new pathways into maritime sector employment for UK-resident young people and existing workers.
- 28 The Government needs to support lifelong learning measures to enable individual career paths within the maritime sector to change and adapt in tandem with new technological developments.
- 29 The Government should work towards a framework that enables the UK to cater for the skills and experience needed to maintain its place as a leading maritime power, whilst also facilitating the aims and objectives of the People Route Map within Maritime 2050.

Supporting the development of green skills

- 30 The Government should work towards delivering the recommendations of the Maritime Skills Commission with regards to the development of skills for green jobs in the maritime sector.
- 31 The Government needs to support the UK Shipbuilding Taskforce in developing a world-leading skills strategy to increase training and employment opportunities in the industry, particularly for emerging technologies lined to net zero emission shipping.
- Reassessing the Apprenticeship Levy
- 32 The Government needs to reassess carefully whether the Apprenticeship Levy is still the most appropriate system to deal with current and future skills demands in the maritime sector and throughout the wider economy.

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- 33 The Government should continue its work in delivering meaningful improvements to seafarer working and employment conditions.
- 34 The Government should seek to expand requirements for local workforce employment opportunities in delivering government-funded research and projects.

Innovation

Boosting innovation funding

- 35 The Government should continue working alongside industry to co-fund initiatives such as Centres of Excellence and support key innovation ambitions including decarbonisation, digitisation, and automation.
- 36 The Government needs to ensure that the uplift in UK Research and Innovation (UKRI) funding is accessible the maritime businesses across the board, as well as increasing targeted maritime R&D funding.
- 37 The Government need to ensure that enough funding from the UK Shared Prosperity Fund and the Levelling Up Fund is made available to stimulate innovation across the country, if not prioritised.
- 38 The Government must make investment in training and development of a maritime workforce a crucial part of innovation funding to deliver the skills needed to realise the UK's maritime ambition.

Making sure that regulation keeps pace with technological innovation

- 39 The Government must not be afraid to engage in extensive regulatory reform to ensure that the regulatory framework keeps up with the current pace of technological development across the economy.





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