



Department
for Transport

MARITIME RECOVERY ROUTE MAP

JUNE 2022

MINISTERIAL FOREWORD

In March 2020, few of us could have predicted how intensely and quickly our whole way of life was going to change, nor how long the pandemic would last. Yet today, though we remain vigilant about any future COVID variants, we can say with relative certainty that we have turned the tide on the virus and are on the path to commercial, economic and social recovery.

But in place of COVID, we face fresh challenges: war in Ukraine, rising costs of fuel and energy, and the job security of our seafarers.

The maritime industry should reflect on the successes of the past two years. By keeping supplies of medicine, food, fuel and other essential goods moving, seafarers, ships and ports provided a lifeline throughout the pandemic, and helped save thousands of lives. The whole country owes a debt of gratitude to the industry for its magnificent response at a time of national emergency.

From the very outset, shipping companies made sure staff were able to work safely, and government worked alongside industry to ensure that support was available. We granted funding to charities enabling them to purchase MiFi units allowing seafarers who had been at sea for far longer than anticipated to reconnect with their families all around the world. We assisted in the repatriation of cruise passengers, seafarers and crew.

The support we offered in the UK led the rest of the world. We convened a summit with 18 governments, the International Maritime Organization (IMO) and the International

Labour Organization (ILO) to urge the wider designation of seafarers and maritime workers as key workers. We provided refuge to dozens of cruise ships around the British Isles, with many international ships heading to the UK for anchorage as the cruise sector went into dormancy. Working with industry and multiple government departments we successfully supported the cruise industry back to recovery in May 2021 after a prolonged and challenging hiatus. By working together and being a world leader, the UK government and our maritime sector forged robust contingency measures and we continued to deliver.

Whilst we never really stopped working, the changes to how we work did have an impact. However, we always had an eye on recovery, and ensuring that the sector was ready to bounce back.

Now, two years after the pandemic took hold, we have turned the tide and can look to the future once more. This Route Map is not a reappraisal of Maritime 2050. Maritime 2050 remains the vision that unites us and drives our collaboration. Instead, it offers a moment of reflection, and provides impetus for a reinvigorated determination to deliver Maritime 2050.

We are a global industry, and we are all united in wanting to see a cleaner, greener, and robust recovery.

Whilst we have a strong position on the world stage, we all want to see the UK thrive, whether that be in trade, leading the way towards Net Zero, promoting the very highest standards in skills and training, or supporting our wealth of professional services.

Every aspect of maritime supports the nation, creating jobs, reinvigorating coastal communities and boosting trade. We all want a strong recovery wherever we are in the maritime sphere, and together, through our shared visions and goals, we can and will achieve it.

I am proud to launch this Recovery Route Map, which sets out how the government and industry will work together to continue delivering real progress on Maritime 2050, progress that will support the green revolution, progress that will help to level up our country, progress that support our coastal communities, and progress that will mean the UK cements its position as the world's premier maritime nation.



Roberts Courts MP

Parliamentary Under Secretary of State
for Maritime, Aviation and Security



FOREWORD FROM MARITIME UK CHAIR SARAH KENNY

The maritime sector is one of Britain's most significant. Latest Maritime UK figures show that the sector's total turnover stood at £116bn and supported 1.1m jobs in 2019.

During the pandemic this sector supported the country like few others. The maritime industries had a unique responsibility to keep our island nation fed, fuelled, and supplied. The country recognised the role that our sector and its key workers play in national life.

Some of the most severe effects on the sector were seen in the passenger shipping industries as well as those involved in participatory leisure activities like boating, where regulations made business as usual impossible. Across the world, supply chains were disrupted. The UK's world-class education and training establishments were unable to function properly.

With maritime making a foremost contribution to the socioeconomic wellbeing of coastal communities - given the location of many maritime businesses - those impacts contributed to our coastal towns and cities being hit hardest during the pandemic.

To overcome these challenges, industry and government worked closer than ever to support the sector through the depths of the pandemic and showed true global leadership. Whether on business continuity, maintaining critical lifeline services, seafarer welfare, or getting the cruise industry restarted.

And now, it is that same level of partnership between industry and government that we must leverage to realise the ambitions we have set ourselves in Maritime 2050. Ambitions and priorities that the sector views as relevant today as when the strategy was published.

The good news is that much has been achieved since publication in 2019. That progress could be made during the past three years, despite the challenges faced, demonstrates the value that the sector attaches to the first long-term national government strategy for the maritime industries.

Maritime UK, its members, and the industrial community have worked closer than ever to deliver as much of the strategy's short-term recommendations as possible. This has necessitated new working practices across the sector – encouraging a culture that breaks down silos to make progress on common priorities. There is still much more to do, but that progress has been made across the board, should give us real cause for optimism about the future of our sector.

This Recovery Route Map has been developed in partnership with industry, and the sector will play its part in ensuring its delivery. Delivery that can accelerate thanks to the tangible actions set out within the plan. Actions and commitments with funding and credibility. Ours is a sector that is being increasingly understood and supported across the breadth of government.

Whilst so much of our potential can be realised by working within industry, there are some things that we can only do with government. I thank government departments, led by the Department for Transport, for their leadership in supporting the sector on its journey to 2050. Together, let us rededicate ourselves to the mission of Maritime 2050, emboldened by this Route Map, learn the lessons of unlocking progress so far and move forward together as we increase the pace of delivery toward our collective ambition to be the world's most competitive maritime centre by 2050.



INTRODUCTION

The UK's maritime sector is the engine sustaining the country and driving its economic growth. It has developed over centuries into a rich ecosystem, enabling the flow of goods and creating the jobs and investment so vital to the prosperity of the country. The maritime sector moves 95% of the UK's trade in goods. Maritime UK estimated that the sector contributed £18.7 billion in GVA to the UK economy and directly supported 227,000 jobs in 2019.¹

Simply put, without the maritime sector, the country would not work.

The sector was tested as never before during the pandemic. In doing so, it provided one of the rare rays of hope in what has been an otherwise extraordinarily challenging period. While there was much talk about restarting, the maritime sector never stopped. Through the dedication and resilience shown by the sector and its people, vital goods continued to flow, and the country continued to function.

There is no doubt that the sector has weathered an immensely difficult period. As a simple illustration, in 2020 international passenger levels decreased by 66%, from 2019 levels, and domestic sea passengers by 51%, while freight-tonnage levels decreased by 9% to 440 million tonnes. In the last quarter of 2021 freight-tonnage figures were in line with 2019, but passenger figures are still low, with February 2022 international ferry passengers down 52% on February 2019.

Despite this, there is an unwavering focus on how government and industry can work together so that sector can bounce back stronger than before. Maritime 2050, published in January 2019,

provides us with a long-term strategy. It sets a clear path, ensuring that the UK maritime sector is the strongest and most competitive in the world, ready to meet the challenges of the future. By rising to the challenges of delivering Maritime 2050 and seizing the opportunities of re-building post-pandemic the UK maritime sector embodies Global Britain. Through investing in its people, embracing new, emerging and green technologies and building on the UK Flag's globally recognised position at the forefront of the industry, UK maritime is demonstrating that the UK is open, outward-looking and confident on the world stage.

Even within the shadow of the pandemic, progress has been made. In 2021 we published our "Maritime Biennial Report - April 2019 to May 2021" which outlined the government's maritime achievements. This complemented Maritime UK's progress report "Maritime 2050: Where are we now" published in June 2021.

The Recovery Route Map sets out the near-term actions we will take to accelerate the maritime sector's recovery from the pandemic, whilst turbocharging delivery of the Maritime 2050 vision. Maritime has a core role to play in helping the country to build back better and to level up the UK into the high wage, high skill, high productivity country it can be. As an island nation, the maritime sector is the lifeblood of the country, the enabler for the trade in goods on which we all depend, and a driver of the UK economy. In realising our ambitions for the sector, we will aid its recovery and contribute to the vitality of the UK economy.

As with Maritime 2050 itself, this Route Map has been developed in partnership with the maritime sector and includes commitments from both government and industry. This document sets out the steps that we will take together across the following five key themes:

- Environment
- People and Skills
- Innovation and Technology
- Infrastructure and Freight
- Competitive Advantage

Driving growth that is green is a top government priority for building back better from the pandemic. Our actions will allow us to deliver on our vision for achieving net zero which was presented through our Transport Decarbonisation Plan commitments. This includes the establishment of a UK Shipping Office for the Reduction of Emissions (UK SHORE) which will cement our leading position in clean maritime technology.

Our outstanding maritime workforce is the reason the sector continued to operate throughout the pandemic. Throughout this difficult period, the UK has continued to lead the way on seafarer welfare. Sadly, the need for further interventions and reform to safeguard employment protections, conditions and welfare for our hard-working and loyal seafarers has emerged as an area for immediate government action. This Route Map highlights the robust steps that we are taking to respond to recent events that have highlighted the case for seafarer protection reforms, as set out in the Secretary of State's seafarer protections Nine-Point Plan. It also reinforces our commitment to accelerate broader measures to ensure that that the UK continues to lead the way on seafarer welfare and that our workforce is equipped with the skills needed to meet our future ambitions.

Innovation and technology are crucial to the continued success of the UK maritime sector and its recovery. By embracing emerging and green technologies we will create opportunities for

training and jobs across the sector, driving our ambitions to level up the country, especially in the UK's former industrial heartlands. Through the Transport Bill, we will push forward our ambition to become a world leader in shaping the future of transport. Developing a legislative framework for autonomous and remotely operated vessels will allow the pace of innovation to quicken as we lead the world in regulation as well as technology. Building upon expertise gained through developing the Port of Tyne's Innovation Hub, we will develop a network of Innovation Hubs across the UK.

The importance of **infrastructure and freight** was brought into sharp relief during the pandemic. Our freight supply chains are vital for enhancing UK's capability for imports and exports as well as vital for boosting regional job growth. As part of our plan for recovery, we will support the smooth roll out of all English Freeports in 2022. The government has now published a long-term, cross-modal Future of Freight plan to support a cost efficient, reliable, resilient, and environmentally sustainable freight sector.

As we strike out as an independent trading nation, it will be **critical that the UK maritime sector remains competitive**, and that we have the right incentives in place to support our ambitions to level up and green the economy. To achieve this, we will develop our green finance offerings and work with HM Treasury (HMT) to reform the Tonnage Tax regime. Already recognised globally for its high standards, commitment to maritime safety and the welfare of seafarers, the UK Flag remains key to the successes of Global Britain. Actions in this Route Map, such as improving conditions for seafarers, our commitment to the UK shipbuilding industry and our focus on skills and training will continue to drive its reputation for excellence and ensure that the customers continue to receive greater asset assurance and access to the best talent in the industry.

ENVIRONMENT

The UK is at the heart of the global efforts to drive decarbonisation. We brought the world together at COP26, securing historic agreements, principal among them the Clydebank Declaration. This once more showcased the maritime sector's key contribution to achieving Net Zero.

Green recovery

Government and industry have been working closely through Maritime 2050 to deliver real change for the environment. We will continue to do this through the actions set out in the Clean Maritime Plan, the Transport Decarbonisation Plan, the Net Zero Strategy, the 2021 Spending Review, and the National Shipbuilding Strategy Refresh. Through these we will build back better and greener:

- futureproofing and growing our industries
- supporting jobs right across the UK
- leveraging our investments to expand our share of the global market for clean maritime technologies

A green recovery can only be delivered by government and industry working together. The Clean Maritime Demonstration Competition will provide opportunities through match-funded research and development projects across the UK. Industry is already developing consortia to take advantage of these opportunities and sow the seeds for a burgeoning green UK Maritime industry. The sector is committed to supporting implementation of maritime commitments in the Transport Decarbonisation Plan through

a series of industry-led groups created in partnership with the Clean Maritime Council. Harnessing expertise from across the sector, these groups will inform policy development in areas such as shore power and port-side infrastructure, clean maritime technologies and fuels, international shipping, and economic incentives.

Government has a crucial role to play in creating the environment for a green recovery. We are investing **£206m** to create the **UK Shipping Office for Reducing Emissions (UK SHORE)**. UK SHORE will be responsible for driving maritime's transition to net zero and transforming the UK into a global leader in the design and development of clean maritime technologies. Recognising our commitment to building back better, stronger and importantly greener, UK SHORE interventions mark the biggest government investment of this kind in maritime. UK SHORE will energise UK shipyards and their supply chains, drive investment in innovation, revitalise maritime infrastructure and unleash a wave of green jobs and driving opportunities across the country. UK SHORE will also work with the Department for International Trade's Maritime Capability Campaign Office (MCCO) to help channel sectoral investment into existing maritime infrastructure and networks. This will also help revitalise UK shipyards and enable local regeneration programmes.

UK SHORE will accelerate maritime decarbonisation by:

- managing the implementation of a multi-year Clean Maritime Demonstration Competition, working with industry to unlock the necessary private investment in clean maritime technologies.

- tackling the technical barriers faced by shipbuilders, their supply chain, and ship operators in adopting clean propulsion technologies and advanced materials, in partnership with the Clean Maritime Council.
- ensuring that a strategic approach is adopted to accelerate the transition to zero emission shipping in collaboration with the wider DfT, the National Shipbuilding Office, BEIS, DIT, and DfE to deliver a whole-of-government intervention for the sector.

In parallel with UK SHORE, government will continue to explore regulatory and economic instruments, progressively unlocking an industry-led transition to Net Zero and building momentum towards the publication of a refreshed Clean Maritime Plan (2023).

Global leadership

Maritime transport is a relatively carbon efficient mode for transporting freight. However, due to the scale of the industry, it remains a significant source of greenhouse gas emissions. In 2018, it is estimated that shipping accounted for around 3% of global anthropogenic carbon dioxide (CO₂) emissions.²

Government will ensure that both internationally and domestically, our regulatory interventions support and direct the decarbonisation of the shipping industry. We will use our leading role in the IMO to drive the **Zero Emissions Shipping Mission**, ensuring our voice is stronger than ever.

We will take forward the **Clydebank Declaration** by exploring the development of green shipping corridors, which include UK ports. Establishing green shipping corridors provides a strong platform for reaching net zero targets, due to the sector's vital role in facilitating global trade.

In 2022 we will publish a call for evidence on the possible impacts of designating the Irish Sea and western approaches as an **Emission Control Area**. This will be important as we continue to address air pollutant emissions from shipping, in parallel to our efforts to decarbonise domestic and international shipping.

These actions will see the UK continue to lead and drive the global transition to a decarbonised world. This will significantly contribute to recovery, spreading economic benefits across the UK, contributing to both our green agenda and our levelling up ambitions.

PEOPLE AND SKILLS

Without the people and skills needed to drive recovery, we will simply not be able to achieve our ambitions. Through Maritime 2050 and the People Route Map we recognised the work needed to ensure the sector is ready to meet the challenges of the future. The pandemic served to underline this and has brought greater urgency and momentum to tackling these challenges.

However, recent events have made it clear that not all companies are willing to voluntarily uphold the high standards expected in this country for labour market protections. In light of this, government and industry are working together to explore which elements of Maritime 2050 can be accelerated and, where needed, implement new measures. On 30 March 2022, the Secretary of State for Transport announced a nine-point plan with measures to ensure that ferries accessing UK ports will pay their seafarers an equivalent to the National Minimum Wage while in UK waters, as well as a consultation to create a new statutory code regarding “fire and rehire”.

Alongside this we will work with our international partners to co-create minimum wage corridors and lead engagement at the International Labour Organization (ILO) and International Maritime Organization (IMO) to put seafarer protections, fair wages and welfare at the top of the agenda.

Seafarer welfare

Whilst the pandemic affected everyone, seafarers were amongst those worst affected. Many faced problems transiting borders or being unable to join or leave vessels. This had a devastating effect on their welfare. The UK was proud to lead global efforts to recognise seafarers as key workers. During the height of the pandemic, we organised an international summit to bring the international community together in supporting our workforce. We have encouraged other countries to take our lead in supporting seafarers, leading to resolutions adopted by United Nations (UN) and ILO bodies. These resolutions called for global joined up action towards addressing the crew change crisis. We are committed to continuing our global leadership role in standing up for seafarer rights and wellbeing and delivering a better quality of life for our workforce.

We will build on this momentum with a further UK-led initiative in Summer 2022. This will provide more concrete steps to strengthen seafarer welfare. We are also taking direct action to develop an international Covid vaccination hub in Gibraltar. This will help to protect seafarers internationally and the global supply chain, a commitment stemming from our wider government vision of Global Britain, as a problem-solving nation which is committed to contributing to global resilience.

These efforts will be supported by crucial research examining fatigue, working time, safety culture improvements and ways to reduce the sadly too high incidence of suicide amongst seafarers.

A skilled workforce

The sector has faced many challenges with displaced workforces, rising costs and increased and varied regulatory requirements at both domestic and international levels. As the sector recovers from the pandemic and we grow and level up the economy, it is paramount that we continue protecting, growing, and supporting our maritime workforce.

The sector offers a wealth of career opportunities, including in emerging areas such as decarbonisation. Expanding our workforce's skills and training will create a more resilient sector and contribute to long-term recovery. The maritime sector is central to the UK economy and investing in our workforce's long-term skills means increasing productivity and consequently, prosperity, across the UK.

Retaining experienced, committed people within the maritime sector is paramount. On 29 March 2022 the Maritime Skills Portal was launched. The Portal supports the retention of people and skills in the transport industry and provides a platform that supports the recovery and development of the transport industry. It provides free access to a range of roles, signposting to training opportunities and providing individuals with the opportunity to showcase their experience, expertise and transferable skills.

Going forward, government and industry will continue to work together through the Maritime Skills Commission to identify the necessary opportunities and training to create the skilled workforce of the future. Supported by studies looking at the impact of Covid-19 on sector jobs and diversity we will examine both redundancy and retraining opportunities and support the sector in developing baseline diversity data.

The publication of the National Shipbuilding Strategy Refresh sets out clear actions for government and industry. DfT will continue to work with the Department for Education as it forms the **UK Shipbuilding Skills Taskforce**. The Taskforce will work across government, the Devolved Administrations, industry, and training providers to develop and implement a skills strategy for the sector. This includes working with the Maritime Skills Commission to capitalise on the synergies with the Maritime 2050 People Route Map as we build back better.

Last year's Spending Review announced the reform of the Tonnage Tax regime. As part of strengthening the UK's offer, we will work with the Maritime and Coastguard Agency, and industry, to reform existing powers regarding the seafarers' training commitment. This will ensure that the existing training requirement of Tonnage Tax continues to work for UK cadets and meets the needs of the maritime sector.

To ensure we have the people and skills the sector needs we will redouble our efforts to increase diversity in the sector. We will also work towards gaining a clearer picture on the representation of people from diverse groups. The sector will continue to tackle these challenges through expanding the programmes under the Diversity in Maritime and Careers and Outreach programmes.

INNOVATION AND TECHNOLOGY

Maritime 2050 sets out government's ambition to be a world leader in maritime technology, utilising technological advancements and changes to make the sector a cleaner, safer, and more efficient place to work. Alongside Maritime 2050 we also published the Technology and Innovation in UK Maritime Route Map in 2019. This outlined how Maritime 2050's short and medium-term recommendations will be implemented.

How rapidly we can recover and level up the country will be driven in large part by our commitment to foster innovation. Technological advances will create new trade opportunities and a more efficient and sustainable maritime industry. We will support the development of new transport technologies that benefit transport users. This in turn will create opportunities for jobs in our coastal communities, at the same time as reducing the sector's environmental impact. Investing in maritime technology will unlock economic growth and propel the sector's recovery.

Creating the environment for innovation

Fostering collaborative relationships and sharing knowledge drives innovation and technological advances. We will work with industry (including Maritime UK's Regional Clusters), academia, and local government to develop Maritime Innovation Hubs, bringing together local expertise to drive technological progress and tackle maritime challenges. These Hubs will amplify cooperation and boost productivity across the UK and encourage economic growth in the coastal communities around them.

To support this, the sector will deliver a series of Maritime 2050 Innovation Fora. These will facilitate partnerships to meet the innovation challenges critical to the delivery of Maritime 2050 and strengthen the existing UK innovation offer.

As well as bringing the right people together, we need to address areas of regulation that are outdated and a barrier to innovation. With regulatory reform, the UK could become a destination of choice for those wanting to develop, test and use autonomous and remotely operated vessels. We will therefore introduce a legislative framework for autonomous and remotely operated vessels.

We will also work with industry to deliver flagship projects and develop technological proofs of concept that will galvanise investment. We are supporting the MarRI-UK Smart Maritime Land Operations Call and awarded £2.5m of funding to two projects:

- £1.3m to a consortium of eight organisations to deliver a national hydrogen highway network, integrating land, sea, and ports (to be delivered by December 2024); and
- £1.2m to develop land, vessel, and interface systems, which includes port energy storage solutions, vessel energy monitoring and automated berthing and connection systems, by July 2023.

These flagship projects are a step towards the UK achieving growth in clean maritime initiatives through technological advancements. Both projects will promote collaboration and co-operation in the sector whilst also supporting SMEs.

As part of our drive to deliver Maritime 2050's vision of the UK as a leader in smart shipping technology, we will **establish a Centre for Smart Shipping (CSmart)**. Working with industry and academia CSmart will oversee the implementation of the Technology and Innovation Route map and co-ordinate government's existing and future work on maritime and technology innovation. This will ensure that the UK benefits from the environmental, safety and economic benefits of new technologies whilst supporting UK economic recovery.

INFRASTRUCTURE AND FREIGHT

With 95% of the UK's imports and exports transported by sea, maritime infrastructure is critical to the nation's economy. The port and shipping sectors are integral to the UK's transport and economic fabric, with ports contributing £2.1 billion in GVA and 27,000 jobs, and the shipping sector contributing £6.1 billion in GVA and 59,000 jobs in 2017.³

Ports facilitate almost all the country's daily life: from fuel and consumer goods to medicines and the food on supermarket shelves. Throughout the pandemic, we witnessed the remarkable resilience of UK supply chains, as the flow of vital goods continued despite the acute challenges created by Covid-19.

Just as important as the goods transported are the jobs the sector supports. For every container and pallet that comes into the UK, there are men and women working in our ports to ensure the journey of the goods while in ports is as smooth and efficient as possible. Indeed, our ports and the shipping sector provide vital employment in coastal communities providing school outreach programmes as well as local jobs and training. These roles are vital for our coastal communities, and supporting their growth is vitally important to levelling up the country. Coastal areas have unique characteristics and therefore unique opportunities. Harnessing these properly will bring UK-wide prosperity and will drive the success of Global Britain.

Unshackling growth

As well as being the gateway for goods flowing in and out of the country, ports are a focal point for local and national economic activity. Their gravitational pull creates and supports businesses, jobs, and communities. That is why the government has invested in creating Freeports across the United Kingdom as national hubs for trade, innovation and commerce.

Freeports will regenerate communities across the UK by attracting new businesses, jobs, investment and opportunities to coastal communities as we strive to level up the economy after the pandemic. Delivery of the Freeports programme has been welcomed by the ports sector and work continues to progress at pace. In England, 7 of the 8 English Freeports have begun initial operations and are already helping to revitalise local areas. On 25 March 2022, the UK and Scottish government's launched the bidding process to deliver two Green Freeports in Scotland with locations due to be announced this summer. In Wales, a deal was announced on 12 May to deliver a Freeport in Wales, with the bidding process to launch in due course. The government remains committed to establishing the Freeports programme in Northern Ireland as soon as possible.

The benefits that Freeports provide will go wider than the geographical area they occupy. Industry is developing plans to bring Freeports together to spread the benefits to wider coastal regions through sharing innovative ideas, best practice and identifying new opportunities and will be sharing these with government in summer 2022.

Keeping things flowing

Freight is essential to the country. If it does not move quickly and seamlessly, everything will rapidly grind to a halt, threatening not just growth but lives and livelihoods. At the height of the pandemic, the challenges caused by supply chain issues have been significant but, UK ports, shipping, and the freight sector have done a remarkable job keeping the country moving.

Government is working closely with industry on delivering the **Future of Freight Plan** which provides a long-term cross-modal strategic plan for the UK freight sector. Drawing on extensive engagement with stakeholders, government and industry have identified priority areas and developed initiatives to deliver a cost efficient, reliable, resilient, and environmentally sustainable freight sector. This will be crucial to support the country's recovery, ensuring firms can invest in their business, knowing that they can access the resources they need both now and in future.

The Future of Freight Plan includes a variety of joint industry-government commitments including the identification of a National Freight Network to understand the sector's infrastructure needs including port connectivity and to support modal shift. Alongside this it highlights people & skills initiatives, supports the planning system to fully recognise the needs of the freight and logistics sectors and support the uptake of innovation and data in the sector through a £7m Freight Innovation fund. It delivers a stronger alignment between government and industry on future energy infrastructure to support net zero. It also marks the next milestone in The Freight Council, which will continue to play a vital role in government-Industry partnership on freight.

In his Union Connectivity Review, Sir Peter Hendy highlighted that ports and the goods that go through them are strong drivers of national and local growth and better connectivity to these vital economic hubs presents an opportunity for growth, jobs, housing and improved social cohesion. Government is considering Sir Peter Hendy's recommendations carefully, and will work with the Scottish government, Welsh government and Northern Ireland Executive, and other key stakeholders, including industry, to identify the solutions that work best for the people of the UK.

COMPETITIVE ADVANTAGE

The UK has always been a maritime leader. This has given us distinct advantages over our competitors through the years, advantages that we must build upon to boost our recovery from the pandemic. Maritime 2050 set out a path for ensuring that UK remains highly attractive to investors and has in place the financial products and services to support the green growth of the industry.

Supporting business

The UK has always prided itself on being open for business, and on its strong track record of creating an environment to allow investment to flourish. The maritime business services sector is a real jewel in our crown. It includes critical services such as maritime legal, insurance, shipbroking, and finance. The Centre for Economics and Business Research (CEBR) estimated that this sector directly supported over 24,000 jobs and contributed £2.8 billion in GVA in 2017⁴. The UK has experience and skillsets that are unmatched by any other global maritime centre⁵. The ongoing success of the UK's maritime business services is integral to retaining our global impact and for the recovery of the wider sector, ensuring that investment continues to flow into UK maritime businesses.

The UK already leads the way in green finance and maritime has an opportunity to be at the forefront of this rapidly growing area. A green recovery within maritime will be dependent on the UK remaining an attractive investment proposition, with the necessary green financial products available for businesses to access.

We will work across government and the sector to identify and **develop key financial products that support meeting the decarbonisation goals** (2025). These products will aim to create business opportunities for the UK and ensure that the sector remains a great place to invest, a key part of the sector's recovery. In addition, industry will put forward detailed proposals on financial products to enhance the UK's position as a leading maritime services centre.

Alongside this, we want to make sure that our maritime businesses can sell their products across the globe, competing effectively on the world stage. We will work with **UK's export credit agency (UK Export Finance)** over the next two years to promote the support available from UKEF to the whole maritime sector, including for the cruise and ports sectors.

As part of the refreshed National Shipbuilding Strategy, DIT's Maritime Capability Campaign Office will champion export and investments in this sector, unlocking opportunities for our fantastic shipbuilding industry to export their innovative technologies, services and designs around the world. Working in lockstep with business, DIT will build on our world-leading maritime capabilities, strengthening our global reputation as a thriving maritime industrial base and leveraging our strengths in maritime defence and security and low carbon technologies. DfT will work with MCCO to contribute to proactively pursue maritime trade and investments opportunities, through a coordinated approach across government and through engagement with industry.

As announced by the Chancellor in the 2021 Autumn Budget, we have also made the first substantive **reforms to our Tonnage Tax regime** since it was introduced in 2000. From 1 April 2022, these reforms have eased

rules for entry and, crucially, strengthened the incentives for UK flagging. Increasing the threshold for ancillary income has reduced administrative burdens for participants, such as cruise companies, and new guidance on qualifying vessels and operations takes account of developments in technology and the shipping industry. These reforms aim to bring jobs and investment to nations and regions around the UK, including coastal communities.

It is of utmost importance that government and industry continue to build and promote our maritime sector. **The UK Shipping Concierge service** will map the UK maritime offer, developing data streams to support the build of the offer by 2023. Several commercial propositions are under discussion and will be concluded.

In addition to continuous work towards a more competitive and attractive fiscal regime, we will increase efforts to support the attractiveness of the UK's maritime cluster. Industry will

continue to deliver the **Regional Cluster Development Programme** with new regional clusters created as well as existing clusters supported and coordinated through the Regional Council.

One of the key successes in recovering from the pandemic has been the restart of the **cruise sector**. Through close collaboration between government and industry, we were able to restart a sector that Maritime UK⁶ estimate contributed a total of £9.4bn to the UK economy and supported 82,000 jobs in 2017.

ANNEX – PROGRESS ON RECOVERY

This annex provides an outline of areas where progress has been achieved since the start of the pandemic, and which contribute to recovery. We have highlighted progress that falls under the core Maritime 2050 themes that our future actions will focus on, and which are outlined in the main body of this document. Specifically: Environment, People and Skills, Innovation and Technology, Infrastructure and Freight and Competitive Advantage. This section should be read in conjunction with our “Maritime Biennial Report: April 2019 to May 2021” (published in September 2021) and Maritime UK’s progress report “Maritime 2050: Where are we now” (published in June 2021).

Environment

- Provided £1.4m of funding for a competition for innovation in clean maritime through MarRI-UK (April 2020). This has facilitated partnership between Maritime UK, Department for Transport and Innovate UK (April 2020).
- Established the Maritime Future Technologies Team within the Maritime and Coastguard Agency. This is a non-regulatory centre of technical expertise in the development of zero emission and autonomous vessel technology. It facilitates the implementation of emerging technologies and guide innovators through the regulatory process (November 2020).
- Launched the one-year Clean Maritime Demonstration Competition, allocating over £23m of R&D funding to 55 winning projects across the UK to support the acceleration of maritime decarbonisation (March 2021).
- Carbon Budget Six was agreed and will for the first time include emissions from international shipping, as a means of maintaining consistent carbon accounting (April 2021).
- Published research considering the role of maritime clusters in delivering clean innovation and growth (June 2021).
- Agreed a package of short-term technical and operational energy efficiency measures at the International Maritime Organization (IMO). (June 2021).
- Announced the expansion of the Renewable Transport Fuel Obligation (RTFO), which includes renewable fuels of non-biological origin for marine use such as hydrogen and ammonia eligible for incentives under the RTFO (July 2021).
- Allocated up to £400,000 for maritime decarbonisation projects, via the Transport Research and Innovation Grants (TRIG) 2021 call (October 2021).
- Started the consultation process on shore power in the UK (October 2021). Shore power capabilities are being developed in Orkney and at the Port of Southampton (October 2021).
- Updated the Merchant Shipping (Air Pollution) regime to align UK regulations with the most recent IMO standards, including stricter nitrogen oxide (NOx) emission standards for new ships operating in the North Sea emission control area (October 2021).

- Launched two ambitious initiatives at COP26: the Clydebank Declaration and Operation Zero which aim to accelerate the deployment of zero emission technologies and fuels over the next decade and beyond, enabling the transition to zero-emission shipping to begin (November 2021).

People and Skills

- Maritime UK published its Careers and Outreach Impact Report in January 2022 with the Careers Taskforce reaching 49,000 people between May 2020 to October 2021.
- The Diversity in Maritime Taskforce was launched with networks in Women, Pride, Ethnicity and Mental Health (May 2020).
- The Maritime Skills Commission (MSC) launch in July 2020 and activity includes publishing two annual reports, a Labour Market Intelligence Scoping Report, a Seafarer Cadet Review as well as hosting a Green Skills Forum at COP26.
- In 2021, £100,000 funding was provided to secure the Maritime UK Skills and Diversity post for two years. A further £50,000 was granted to the 1851 Trust to enable them to continue with their Roadshows for Girls. SMarT (Support for Maritime Training) funding was made available for a further 12 months to ensure those who had commenced training were able to complete it.
- In October 2020, the **UK amended the national minimum wage legislation** to protect all seafarers, regardless of nationality, working in UK territorial waters and the UK offshore sector. Accompanying guidance was published by BEIS in 2022.
- The UK continued to support the maritime sector throughout the pandemic and at the start **facilitated the repatriation** of over 7500 foreign national seafarers from cruise vessels alone.
- **The UK took on a global leadership role**, we were the first state to designate seafarers as key workers, recognising rights to shore leave, facilitating the transit and transfer of seafarers. We have vaccinated and repatriated thousands of seafarers regardless of their nationality or the flag of the vessel they serve on. We hosted an international maritime summit on 9th July 2020 which led to agreeing on a joint statement on abiding by the IMO endorsed protocols.
- The UK has been praised by the UN agencies for our commitment to seafarer welfare during the pandemic. **The UK continues to be one the leading States on the international stage standing up for seafarer rights**
- The Maritime and Coastguard Agency (MCA) has **published guides on wellbeing at sea** for organisations and for individual seafarers. MCA published MIN 656(M) providing guidance on the long-term impacts of the pandemic.
- We made progress in the social framework by **developing mental health awareness training for new seafarers** as part of their mandatory training. We have done this in collaboration with industry and seafarer welfare organisations. A more advanced course is also available for those who wish to take it.

- In August 2021, **we published the “Young people’s perceptions of Aviation and Maritime careers research report”**. This followed Ministerial commitment in autumn 2020 to research barriers in making the sector more diverse and inclusive.

Innovation and Technology

- **Smart Shipping publication:** MarRI-UK published the DfT funded Smart Shipping Report which is helping the government to develop policy in this area. (November 2021)
- **Maritime Autonomy and Remote Operations consultation:** DfT published a consultation to seek views and evidence from stakeholders with interest in the proposals to legislate maritime autonomy and remote operations. (September 2021)
- **MarRI-UK Flagship project:** DfT provided £1.35m funding for a flag ship project (March 2020).
- **Planning:** Following requests from industry, Permitted Development Rights for sea ports were extended in April 2021 to provide increased flexibility for certain developments and alignment with air and rail ports. In addition, Freeports will benefit from further support to implement local development orders (LDOs) where appropriate to expedite applications and create greater certainty.
- **Public Service Obligation (PSO) scheme:** To support the flow of critical goods in and out the country, we ran a PSO scheme. This was used to support key routes between Great Britain, Northern Ireland, and Europe, ensuring that goods continued to flow into, out of and within the UK throughout the pandemic.

Competitive Advantage

Infrastructure and Freight

- **UK Freeports:** 7 of the 8 Freeports in England have begun initial operations and processes are underway to deliver two Green Freeports in Scotland, and a Freeport in Wales. Businesses trading in these zones have access to tax and customs reliefs which will help to create jobs and attract investment to the local area. Freeports will benefit from planning reforms, support for innovation, trade and investment, and additional targeted funding for infrastructure improvements.
- **Covid-19 financial support:** Throughout the pandemic, the government has worked closely with stakeholders from across industry to ensure that companies in the critical maritime sector had access to Covid-19 financial support packages.
- **Restarting the cruise sector:** After over a year of not sailing, both domestic and international cruising were successfully restarted. Government and industry have worked tirelessly to ensure that sailings are possible in a safe and secure environment, restarting a sector that Maritime UK estimated supported 82,000 jobs and £9.4bn in total to the country in 2017⁷.
- **Financial successes:** In May 2021, London’s first initial public offering (IPO) in shipping in over four years took place, giving investors the opportunity to capitalise on the strength of the sector’s recovery. (May 2021)

- The MCA launched the **UK Shipping Concierge service**, providing bespoke financial guidance for maritime businesses looking to access and navigate the UK market. The UKSC use data and market insight to identify the barriers to entry for businesses and engaging with policy makers and industry to look for sustainable solutions to those challenges. (September 2021)
- **Rewarding the use of advanced fuels:** The Department for Transport announced changes to the Renewable Transport Fuels Obligation (RTFO) to increase carbon savings, expanding RTFO support to the maritime sector. (September 2021)

ENDNOTES

1. 2019 figures, State of the Maritime Nation report, Maritime UK, 2022, p1
2. <https://www.imo.org/en/OurWork/Environment/Pages/Fourth-IMO-Greenhouse-Gas-Study-2020.aspx>
3. State of the Maritime Nation report 2019, Maritime UK, table 5 (p.33) and table 7 (p34)
4. State of the Maritime Nation report 2019, Maritime UK, table 5 (p.33) and table 7 (p34)
5. Maritime Business Services | Maritime UK
6. State of the Maritime Nation, Maritime UK, 2019, p8
7. State of the Maritime Nation, 2019, Maritime UK, p8



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