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London looks to bolster its hub role

The UK maritime industry is hoping for a major shot in the arm at the forthcoming London International Shipping Week, reports **Ian Middleton**

Rarely in recent decades has so much excitement been generated in the nexus between Government and the UK maritime industry as in the run-up to the publication of the conclusions of the Maritime Growth Study (MGS), chaired by Lord Mountevans, formerly Clarkson broker Jeffrey Evans.

Participants believe that the consultation exercise leading up to the report is one of the most extensive ever undertaken in the field. They also have faith in the belief that in the last few years, the government, not to mention civil servants, have 'got it' about maritime – not always the case before. A 'sea change' has taken place in government attitudes in the last five or six years, as one participant put it.



Lord Mountevans

The Government has already published the submissions from that wide-ranging consultation which Lord Mountevans, also chairman of both Maritime London and Maritime UK, will use to draw up his final conclusions. The betting is that support for education and training will be top of his agenda.

A lot of strands are coming together at the same time: a report suggesting sweeping changes to the regime for the declining UK register under the aegis of the Maritime and Coastguard Agency, and reports on the economic consequences for the UK of the maritime cluster here which point to a far more significant economic multiplier effect of maritime industry here than other business sectors.

The need to support the UK's top-notch maritime training establishments and students appears to have been recognised. It is all good stuff.

However, optimism is tempered by the realities of today's market. Andrew Linington, spokesman for maritime professionals' union, Nautilus International, points out the 'catastrophic' decline in UK seafarer exports: 90,000 to under 30,000 in a generation. If you look at the demographics of the average age of a British seafarer, 75% are over 40, and it's similar for officers.

'We are on a cliff edge,' he says. 'In the early 1980s we had 3,000 to 4,000 cadets a year, by the end of the 1980s it was under 100. The tonnage tax

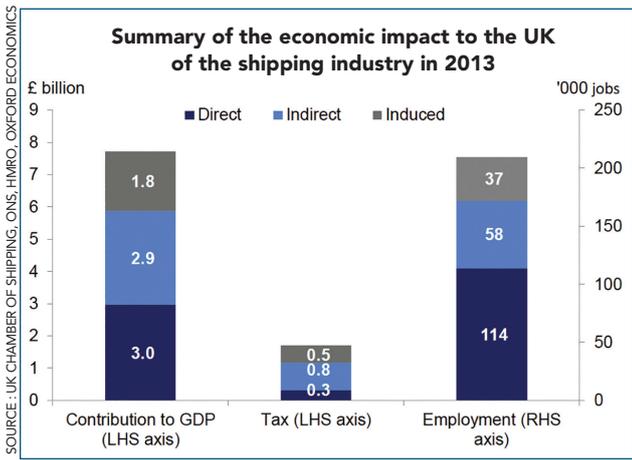
training linkage set a number of officers but not nearly enough. Academic research in the 1990s showed we needed 1,350-1,500 seafarers a year to sustain the maritime cluster but even with the tonnage tax training link we have got barely half of that, and if you look at the retirement profile...'

We need something more radical. Nautilus has been looking at member Netherlands' scheme. A holistic approach that has seen record numbers of cadets coming into the industry.

But what if we train these cadets but there are no jobs? Linington believes that will not happen. There is demand in new areas like superyachts, the fleet of which is growing rapidly, and wind farms.

What is exciting industry players is that maybe Lord Mountevans is





developing just such a strategic and holistic vision in which the interdependence of the various parts of the equation is recognised – something that is felt to have been lacking in earlier exercises by Sir Jeffrey Sterling and deputy prime minister John Prescott.

An important, though not essential, element is the UK flag. The registry, run by the UK Maritime and Coastguard Agency has been suffering of late, losing 60% of its tonnage in the last two years.

Doug Barrow, chief executive of UK

maritime services trade promotion organisation Maritime London, says: 'Ideally services based here, it's not essential but useful.'

The trouble with the MCA according to Linington is that it has a civil service mentality, a 9-5 culture, not the 24/7 approach that owners in a global market require. Also the MCA has had a pay freeze for five years so surveyors are being offered about half of what a master or chief engineer are paid (and that tax free), so many positions are vacant, up to 50% in some offices, compromising the flag's ability to respond quickly to requests for surveys and registrations.

Also he believes there is a conflict in interest between the flag's commercial and regulatory functions – poacher and

gamekeeper. 'We need clear blue water between the two,' he told Seatrade.

Fortunately a panel of industry and government personnel has just reported on a review of the MCA and recommended sweeping changes to the way it operates, so hopefully the industry will get more of what it wants from the registry.

Linington says only a third of companies owned in the UK are on the registry. 'Why?' It is dominated by foreign companies who could just go – as they have done.



Doug Barrow

The Government provides £15m for Support for Maritime Training (SMART), which it slashed but then reinstated. This is welcome, and the training requirement attached to it.

However, it still has its problems. According to Linington, the requirement only takes the cadet to first certificates at which point the company probably lets him or her go. If the tonnage tax rules were modified slightly so that companies had to give



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the cadet at least one voyage, then at least they would have something on their cv in terms of experience.

Also, the SMART money that was once about 50% plus of the cost of training an officer has diminished over time and is now more like 20-30%. And according to Maersk, the cost of training a British officer is higher than almost anywhere else in the world including Denmark.

The industry might hope that the SMART money could be, say, doubled, after the MGS, but as Linington points out, it would still be a drop in the ocean in the DfT budget and wouldn't build a mile of motorway.

Also at issue is the number of training places on board ships. There is a financial disincentive for owners to provide extra accommodation on board because of the tonnage rules. Most dues are calculated on gross tonnage and so owners are concerned to minimise it. A revision of these rules is on Nautilus's agenda and they are at one with the shipowners on this.

Comparison of the direct economic impact of each sector in isolation versus in aggregate in 2013

Industry	In isolation			In aggregate		
	Contribution to GDP	Employment	Tax revenue	Contribution to GDP	Employment	Tax revenue
	£ million	000	£ million	£ million	000	£ million
Ports	7,737	118	2,020	5,372	95	1,523
Shipping	2,966	114	285	2,966	114	285
Business services	1,597	10	403	1,597	10	403
Maritime services	12,301	243	2,709	9,935	219	2,212

SOURCE: UK CHAMBER OF SHIPPING, ONS, HMRO, OXFORD ECONOMICS

Barrow's organisation has been going international with trips to Norway, India, Russia, Cyprus and Turkey recently, and promoted long term relationships with Greece and China where it holds a well-attended conference every year. It has a forum in Greece in non-Posidonia year organised with the UK DTI and the Embassy. It is also trying to get more involvement of the UK regions in Maritime London, which despite its name is not confined to London issues. 'The North West is huge in terms of maritime impact on the local economy,' says Barrow.

Indeed the report from Oxford Economics which pointed this out, along with other salient facts about Britain's maritime capabilities in the international maritime context – like the

fact that Britain has twice as many providers offering maritime training compared with its nearest rival.



Andrew Linington

The OE report details the contribution of maritime services directly and indirectly to the UK economy. It concludes the 'multiplier' effect in maritime is much bigger than in many other industries.

This has led to industry figures arguing that money spent on, for example, maritime training, would effectively pay itself back.

London International Shipping Week, with its round of seminars, cocktail parties, gala dinners, and endless meetings in unsmoke-filled rooms promises to be one of the most exciting in UK shipping history. ●

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