



HOUSE OF COMMONS

Transport Committee

Oral evidence: [Maritime 2050: implementation, objectives and effects](#), HC 160.

Wednesday 11 May 2022

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Members present: Huw Merriman (Chair); Simon Jupp; Grahame Morris; Gavin Newlands; Greg Smith.

Questions 1–23

Witnesses

[I](#): Lucy Armstrong, Chair, Port of Tyne.



Examination of witness

Witness: Lucy Armstrong.

Q1 **Chair:** This is the Transport Select Committee's new inquiry on Maritime 2050, which is the national strategy for maritime growth developed in collaboration between Government and industry. It is the first long-term strategy for the UK's maritime industries. There are seven key themes in Maritime 2050. We will cover four of them in today's session: UK competitive advantage, the environment, infrastructure and trade. That leaves us with three themes for next time: technology, people and security.

This morning we have three panels. We will be hearing from the shippers and from the ports, and I will ask our first witness to introduce herself to the Committee.

Lucy Armstrong: I am Lucy Armstrong. I am chair of the port of Tyne, but I am here today because I was a member of the expert panel for the original Maritime 2050 work. The role of the panel, essentially, was to act as challenge and support, with 360° perspectives from shippers, insurers and bankers—a whole range of people involved in the maritime industry—to help Government to think through how they would set a multi-decade framework and guidance for the whole industry in order to take advantage of the big global trends that are going to influence maritime over the next 30 years, out to 2050. My role was to be a part of the challenge and support as they developed that framework.

Q2 **Chair:** Brilliant. A very good morning to you, Lucy. Thank you for being with us.

In the 30 minutes that we have with you, we are rather hoping that you can open up and help and guide us as to where we as a Committee should be looking in the recommendations that we will ultimately make to Government on Maritime 2050. Despite the fact that *Hansard* will be recording everything, we hope that you will spill the beans and give us lots of ideas. By way of an opener, do you think that the Maritime 2050 document adequately reflects the sector's challenges and aspirations and will really deliver for the industry?

Lucy Armstrong: I think it absolutely does. The reason for that is that the framework starts by looking at global macro-trends: demographic changes, with the weight of population and the weight of economic power towards Asia; the digitisation of the world; the move towards net zero and carbon reduction; climate change; and changing patterns in trade, with the Arctic opening up as a new trade route that halves the distance between China and western Europe. The report absolutely starts in the right place by looking at those huge changes that are taking place in the globe. It then looks at how Britain, as a whole and as a maritime sector, responds to and capitalises on them. It provides a framework. It is all about guidance on how you navigate those major step changes over decades.



Let me give you an example. If ammonia or hydrogen-powered ships evolve in the next 20 to 30 years, it means that Government regulation around those fuels also needs to evolve over that time period. It means that infrastructure in the port of Tyne needs to evolve in order to accommodate those kinds of ships. It means that the training of the staff who are running those ships needs to evolve. We need 10-year-olds now to be learning and thinking about problem solving and competencies for running those ships, running those ports, devising that regulation and putting the insurance and banking in place in 20 to 30 years' time. The idea of a framework is absolutely core and to be applauded because it will transcend short-term blips and Government election cycles and put us, as a whole industry and a whole nation, best placed to be successful.

Q3 Chair: That is a look forward, which is great for long-term strategy, but can you tell us about some of the current challenges that are facing your port and the industry and that need to be dealt with in conjunction with looking as far ahead as 2050?

Lucy Armstrong: The important thing is that the two are actually symbiotic and need to be done simultaneously. Let me give you an example. About 40% of the UK's tea comes through the port of Tyne. All of us are sitting here with a cup of tea this morning. The chances are that some of it has come from us. Within two or three months, our graduates devised a project to make the warehouse for that carbon-neutral. The whole supply chain for tea is not yet carbon-neutral, but will become so over time.

My challenge, and that of my colleagues, at the port of Tyne is not just what we do, but how we help our customers become carbon-neutral. You do not do that immediately, but you have to take steps within a framework. It is very hard to take those initial small steps unless you have some sense of purpose and direction in the bigger picture. I would say that there is interplay between the two—the policy level and the case level, if you like. You are constantly adjusting your short-term decision making to your long-term decision making.

The fact that we have a graduate scheme at the port of Tyne for the first time is another example. Those people are adding value now, not just for what we do today and to enhance our performance today, but for what we will look like in 20 or 30 years' time, when I will need more software engineers in the port than I will need crane drivers. We need to be training flexible, adaptable, bright people who are 10 and 15 now, in school and college, for where we need to be as the huge step changes that you have mentioned around the environment and infrastructure take place.

Q4 Chair: You are a private industry. It is the Government's maritime strategy, albeit in conjunction with the industry. We are all aware of the law of unintended consequences, where the Government and Parliament intervene to be helpful but can sometimes be unhelpful, with unforeseen consequences. Do you have any concerns about the Government role



here? Is the balance right between what the Government can do and what the industry should be doing, it being a private industry?

Lucy Armstrong: I will correct you on one thing. The ports industry is a mixture of private and public.

Q5 **Chair:** You are right.

Lucy Armstrong: The port of Tyne is actually a trust port.

Q6 **Chair:** Yes. I think of you as a sector that is private rather than public.

Lucy Armstrong: We are commercial. That is the best way to put it. We invest our profits.

The key thing is that this framework helps to guide Government on where they do or do not intervene. When I looked through the strategy again, I reckoned that at least nine Government Departments were involved in some way, shape or form in influencing Maritime 2050 and the aspirations and goals.

When I looked quickly at the Queen's Speech yesterday, I identified three Bills straight away that will impact me at the port of Tyne. One is the digital trade documentation Bill, which is from the Department for International Trade. One is out of DCMS, around 5G. We are putting a 5G network into the port of Tyne at the moment to help our customers with blockchain and digital. The third is around ensuring high-quality staff, well paid and with good employment contracts. Those three, which you might think of as short-term initiatives and Government intervening, sit within the framework. They enable me, as the chair of the port, and my leadership team to continue to think in terms of decades because they sit within the framework.

Q7 **Chair:** You bring us on to another good point there. As you say, there are lots of other Departments involved. Their policies and legislation can impact your industry. The Department for Transport is the link that is responsible for the industry. How is the Department for Transport ensuring that the rest of Government delivers policies that are consistent with the aims of Maritime 2050?

Lucy Armstrong: My hope is simply the fact that they commissioned Maritime 2050 and constantly talk about it. A good example is around current electricity and fuel prices. Whether you are in Paisley, Stockport or Brentford—wherever your constituency is—one in eight of your lights is a result of fuel that comes through the port of Tyne. It is similar for the port of Liverpool. That is a current important issue for a number of Government Departments, not just for the Department for Transport. What I have seen the Department for Transport do is liaise across the governmental silos in order to remain consistent so that we keep the lights on. That was absolutely evident through Covid, and continues to be.



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Again, I see that this framework helps everybody. It helps civil servants. It helps politicians. It helps businesses. I hope it helps the citizen see the sense of direction and purpose. It has the seven themes you talked about: trade, competitive advantage and infrastructure, as well as the important themes of technology, security and people. It enables all of us, irrespective of our role in the sector, to move broadly in the same direction, irrespective of what happens in the outside world.

Chair: I listed the seven themes. You have just touched on them as well. How were those seven themes agreed? It looks like it is all-encompassing. Is it all-singing, all-dancing? Are there any that are missed off? I cannot think of any. Are there too many? Is it too broad? Is it too ambitious?

Lucy Armstrong: I describe this as a call to action, not an action plan. It is really important for everybody, whether you are a shipbroker, a financier, an insurance person, someone who runs a port or someone who runs a shipping line, to see this as a framework within which you make your own strategic plan, make your own decisions, allocate resources and so forth.

Again, I can give you a good example. I will be selfish. Our vision at the port of Tyne, Tyne 2050, is absolutely modelled on the seven themes, to reflect how we are doing it. We found it a really useful skeleton, or scaffolding, on which to build our own business plan. It also enables us to talk to other players in the marketplace—whether shipping lines, agents or insurers—about where we are going, and over the long time period, because we are talking decades.

I think that there are the right number of themes. It is comprehensive, but it is high level and it is guidance. It is not a business plan. It is a call to action, with broad themes and some illustrative, important, early-stage recommendations, and then longer and more diffuse recommendations as we move through time. I see it evolving and reiterating. I hope that your review will be part of that process.

Q8 Grahame Morris: Good morning, Lucy. I was very interested in what you were saying and in the example that you gave of the graduate training centre. You gave the particular example of tea imports and the efforts of the students to make those net zero.

We will look at the theme of people a little later in the inquiry, but, as you mentioned it, I wonder whether I can put this to you. You gave a good example there. My understanding is that the 2050 strategy commits only to provide seafarers working on the UK continental shelf with protection under the terms of the national minimum wage. That includes crews working in the offshore oil and gas sector. At the time, that was broadly welcomed, but it has since emerged that this basic protection does not include seafarers working in offshore wind and other renewable sectors—servicing the turbines and so on. How can we uphold Maritime 2050's clean maritime growth agenda if seafarers in the offshore supply



chain continue to be flown in from around the world? How will we deliver on the zero target and develop our offshore wind capacity if the people manning those vessels are coming in from the far east, the Indian subcontinent and so on?

Lucy Armstrong: You illustrate eloquently the reason why there are the seven themes in the framework. In order to achieve the net zero target, you need high-quality people. What 2050 talks about is the need to develop high-quality, well-paid roles, some of which we will not even have envisaged yet, that will be 20 or 30 years out, and for the UK to be positioned firmly as a high-quality, high-wage economy, with people who are attracted to going into the industry. That is why it is an issue as much for the Department for Education as it is for the Department for Transport and for DEFRA. That is why the themes all link together. It all has to be seen as part of making Britain advantageous and the place of choice, because you could build your offshore wind farms using Norwegian or Dutch resources. All these things need to come together in order for the UK to compete well and to win in that space.

Q9 **Grahame Morris:** You mentioned the training centre. The Committee is hoping to visit a port as part of this inquiry.

Lucy Armstrong: You are more than welcome to come to the port of Tyne. It is not far for you and me.

Q10 **Grahame Morris:** It would be an easy one for me, but it is very kind of you to make the offer.

Is the training facility that you mentioned providing training just for your immediate needs in the port of Tyne or supporting the industry more broadly in the objectives of the strategy?

Lucy Armstrong: Maritime 2050 talks very clearly about needing a maritime innovation hub. It just so happens that, before this, the port of Tyne had launched its own innovation hub, alongside a number of global ports, global shipping businesses, local universities and international universities and partners. We have readily accepted being the host for the national centre.

The innovation hub is up and running. It runs sprints. It runs project management training, not just for the port of Tyne but for businesses in the north-east, global businesses. We belong to something called Connected Ports, alongside Los Angeles, Rotterdam, Hamburg and a number of others, where we share data. Blockchain and data are how ports add value to their customers' supply chain. It is not what we actually do at the port; it is what we do at the port that helps them upstream or downstream.

I will give you another example for us, which speaks to your point about infrastructure. Recently on the A19, a local dual carriageway in the north-east, a roundabout was taken out and a flyover put in. That was two years of disruption for you and me—



Grahame Morris: Testo's roundabout.

Lucy Armstrong: Testo's roundabout. That takes five minutes off the journey from Nissan to the port of Tyne, an improvement of over 20% in the time cars move to the port or components move to the plant. That 20% advantage—that connectivity of the road with the port—will remain for the next 20 or 30 years. The road is already there, so in 10 or 15 years' time, when autonomous cars are driving themselves to the port at 4 in the morning, when there is no other traffic, Nissan will get even more advantages. The road needs to go now. It needs to join the port now. That is why that work is being done now. It is a lovely example of why this framework straddles whole areas of infrastructure and economic activity, for long-term advantage for British-based businesses.

Q11 **Grahame Morris:** How will we measure success? It is a fairly complex and wide-ranging strategy, with seven themes and so on. That is a good example of a metric that could be used. How will we measure the success of 2050 over time and identify areas of weakness where the strategy may need to be modified?

Lucy Armstrong: In the summary, on page 9, there is some stuff around GDP and economic output. There are a number of baseline statistics throughout the report on where we are starting from. They may prove to be the wrong statistics long term, but they are about things like the amount of diversity in the workforce. What is the gender balance? What is the race balance? What is the age balance? One of the biggest challenges is the age of the workforce in this sector. Most of them will not be in the workforce in 30 years' time, so we have to attract new ones.

There are a number of metrics already in the report that I would say are baseline. Individual organisations will set their own. I would expect Committees such as this and the Department to review the appropriate uplift in targets and objectives as we go. Ultimately, it has to be that we create more jobs and more tax take and achieve more economic growth and environmental goals by pursuing a high-quality, long-term maritime agenda.

Grahame Morris: Thank you very much.

Q12 **Simon Jupp:** Good morning, Lucy. Thanks very much for joining us this morning.

Obviously, you have grand plans. I am pleased to hear that the infrastructure surrounding the port has been improved recently. Over the last two years, of course, we had a seismic shock in our economy, with Covid-19. I want to reflect on some of the challenges that you have had with that, not least as regards the workforce. You mentioned that some of the people currently working there will not be there in 30 years' time. There are other challenges with recruitment and everything else. How has that changed over the last two years? We know that in other sectors—for example, aviation—we have seen a huge shrinkage in the number of people working. Even in unrelated sectors, such as hospitality, we have



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seen problems. What is your take on the impact of Covid-19 where you work?

Lucy Armstrong: In terms of the Maritime 2050 strategy and the framework, it is all about what we will need in the future and how we adapt our existing workforces. For example, the skills of insurance brokers or shipbrokers will need to change just as much as, if not more than, those of some of my colleagues on the quayside in the port.

I am pretty confident that in 2050 95% of the world's stuff—everything in this room, everything that we are wearing and everything that we are consuming—will still move by ship. We will still have cranes. We will probably still have containers. I guess that insurance could well be blockchain, so the need for maritime insurers to be software experts is probably more accelerated than some of the change that I might experience with my colleagues in the port. I said earlier that I anticipate having more software engineers and software specialists in the port than crane drivers in 30 years' time. Data will be absolutely central to how all those organisations work because of the complex nature of how the supply chains fit together.

Q13 **Simon Jupp:** Crucially, you had to keep going throughout the pandemic—

Lucy Armstrong: We did.

Q14 **Simon Jupp:** Because people still need stuff.

Lucy Armstrong: We do.

Q15 **Simon Jupp:** How was that? How were you able to deal with the challenges of social distancing, for example, and all the restrictions? What did they bring to you? How did you overcome them to make sure that we got our stuff?

Lucy Armstrong: At the port of Tyne we have 300 colleagues. We split the port in two. We had a red team and a blue team. It was not political, just a red team and a blue team. Both of those teams could run the port. Anyone who could work from home worked from home, but those two teams ran the port. Within those teams, nobody was in a group bigger than three, so that if anybody got Covid we could isolate the teams. We kept one in eight of the UK's lights on all the way through. You all had cups of tea all the way through. We kept going.

Our biggest vulnerability, frankly, was our pilot boats—getting the ships up and down the river—because you have to be a specialist driver to drive and navigate the River Tyne. That was our biggest source of vulnerability, but we remained open completely. We learnt a huge amount about how that operation worked and we have changed as a result. In terms of communications with our customers, we have put in a project called Customer First to provide much more communication with people such as Drax and Lynemouth power stations, and much more



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flexibility, on their part and on ours, about when product goes to them and comes to us, in order to keep a consistent flow of electricity to the UK all the way through the crisis. We are carrying that on. We have learnt a lot.

It was challenging emotionally for everybody. Personally, I did not set foot in the place, other than to walk into an empty room to sign documents. I did not see anyone in real life for 18 months. I found that hugely frustrating. On Good Friday this year, I spent the whole day walking around the port for the first time in almost two years. I was a very happy girl.

Q16 **Simon Jupp:** Have you managed to drop all the restrictions that were in place in your workforce? For example, I visited another method of transport recently where they still had some restrictions in place.

Lucy Armstrong: We are very careful and very sensitive to individual colleagues who are particularly vulnerable or who are sensitive, for whatever reason. We seek to accommodate that. Broadly speaking, we are back to working in a way that you would recognise as being pre-pandemic, but we have learnt some things. We have got better at some of our health and safety as a result of the pandemic. We have not gone back. You cannot go back. What we have learnt is to do it better in the new world. We have learnt from it. We have had a renewed focus on things such as mental health and team working. That still has to play out. There is still a long way to go.

Simon Jupp: I think it is the same in every sector. That was fascinating. Thank you very much. I am sorry for bringing back some awful memories from the last two years.

Q17 **Chair:** My next question is linked to that, in a way. A lot has changed, in this country and in the world, and lessons have been learnt since 2019, when this document was put together. Do you see that the document needs to evolve to reflect some of those changes?

Lucy Armstrong: Yes. It was written absolutely with the intent that you should have a framework that evolves through a 30-year time period.

We have had three huge shocks: Brexit, Covid and now the war in Ukraine. Those were enormous shocks. I think that this framework withstands those well, because the big trends—digitisation, technology, demographics, the need for infrastructure, international trade, climate change and carbon zero—transcend those shorter-term shocks. They are part of a much longer-term focus of change, which we need to capitalise on and to be successful through. We will still be an island in 2050. We will still move everything by ship, largely. We will still need stuff. That is why it is really important that this evolves, but those seven themes remain absolutely at its core.

Q18 **Chair:** How does it evolve? What is the process for reviews? Is it periodic, as and when the industry and the Department agree that it



should be?

Lucy Armstrong: I am delighted that your Committee is looking at it. I see that as an important part of the review process, to nudge whoever is in government to look at this periodically. It says in the report that the idea was that it would be reviewed on a five-yearly basis in any event. Not just the Transport Select Committee, but other Select Committees should be thinking about this. I hope that the fact that you have those three Bills in the Queen's Speech will prompt the DCMS or the Department for International Trade to say, "How does what we are doing fit with Maritime 2050, and vice versa?" We need both.

Q19 **Chair:** To come back to one of the other points that you made, about infrastructure, a lot of the Department for Transport's infrastructure aims key nicely into ports: road investment strategy 2, which we are in now, and road investment strategy 3, which we are moving into, and the expansion of railways. Do you feel that ports are getting a good hearing in the prioritisation for some of those projects because of policies like Maritime 2050, or is it still too disparate between maritime, rail, road and so on?

Lucy Armstrong: As somebody who tries to help run organisations, I have to say that sometimes it is very difficult to deal with the governmental silos. We try to navigate through, around and under them. Maritime 2050 provides everybody—Government and the private sector—with a holistic framework that allows the individual decision making to be balanced. Earlier, Grahame mentioned the Testo's roundabout. He and I will have sat in traffic jams because of it, but the benefit to our region and to Nissan in the long term outpaces that. It is about helping the citizen to understand how you make those decisions. Infrastructure decisions need to be about long-term, sustainable viability for the UK as a whole, or the region, not just short-term inconvenience for individuals.

Q20 **Chair:** This is the last question from me. We will be discussing freeports with the next panel. Unless I have got this wrong—in which case, my apologies—and you sit under an umbrella I cannot see the port of Tyne under, you do not appear to be a freeport. Was that a conscious decision? Did you apply? What will be the negatives of your not being a freeport versus being a freeport?

Lucy Armstrong: We applied to be a freeport, and we were not allocated a freeport. There are about 3,500 freeports in the world. Until 2012, the UK had quite a few. Then there was a change in policy. The key thing is that within the framework of Maritime 2050 freeports are a policy initiative to help to move us towards being a pre-eminent maritime nation. They are really about trying to encourage investment to come to a particular place, or, if you were to have a digital freeport, to create a digital channel whereby goods flow to and fro, which encourages people to participate and encourages economic growth.



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From the port of Tyne's perspective, of course we were disappointed not to get one, but I see it as one way in which we can grow successfully as an organisation, not the only way. The key thing is that we should not assume that freeports are the only way in which the maritime industry will grow. A freeport does not make much difference to a shipbroker, a shipping banker or a big infrastructure investor such as Drax. Again, you have to be much more holistic, rather than thinking that you have a silver bullet in one policy idea with only half a dozen or so examples.

Q21 Chair: I notice that the Teesside port cluster is a freeport. Are you concerned that it will have a competitive advantage over you, or do you not see it making a difference?

Lucy Armstrong: Absolutely not, given the scale of the offshore wind opportunity and the stated ambitions of our current Government. There are three deep-water ports, effectively, on the east coast in the north: the Tees, the Tyne and Aberdeen. We could have six or seven deep-water ports, and we would still be busy building offshore wind farms for a long time to come. I have signed a 60-year contract to build the Dogger Bank wind farm. I will be dead by the time that is completed. We have plenty of scope.

The real prize for the United Kingdom in offshore wind is not to worry about whether Tees or Tyne has got it, but to make sure that the UK gets it ahead of Norway or Holland, and to grow. We must throw resources at growing it in order to achieve carbon zero, environmental improvement, competitive advantage, infrastructure and really interesting jobs for people—all the things that you have on your list. It needs to be secure, it will be digital and it will deploy new technology, which is another sector that will then be advantaged.

Q22 Chair: I said that that was the last question, but you have now prompted another one. Are you confident that you can deliver all the trade that we need, as well as the wind farms that will be so prosperous for you?

Lucy Armstrong: I am. No doubt some of my ports colleagues will confirm that. Yes, absolutely.

One of the things around levelling up that is a real opportunity for the UK is to start thinking much more about shifting where trade comes into or leaves the UK—the obsession with the south-east and Felixstowe, for example, for containers. Aberdeen and Tyne could serve the central belt of Scotland—9 million people. Liverpool, Humber and the Tees could serve the central belt across the M62—10 million or 15 million people.

At the moment, those millions of people are served largely by the south-east. Levelling up is about moving that to the deep-water ports in the north, the west and the east. Then you get levelling up. You do not lose any jobs. You do not lose value. You just shift where things come in and out of the UK and create a different balance in your economy—frankly, a more secure one.



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Q23 **Chair:** Excellent. Lucy, thank you ever so much. You have given us a really good opening 30 minutes and a good canter around the sector, the challenges and what Maritime 2050 can do. We will take what you have said and start probing further. Thank you for your time.

Lucy Armstrong: Thank you very much.