



# Transport Committee

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

Wednesday 11 May 2022

Ordered by the House of Commons to be published on 11 May 2022.

[Watch the meeting](#)

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

Questions 24–64

## Witnesses

[II](#): Chris Shirling-Rooke MBE, Chief Executive Officer, Mersey Maritime; Jos Standerwick, Chief Executive Officer, Maritime London; and Mark Simmonds, Director of External Affairs and Policy, British Ports Association.

Written evidence from witnesses:

- [Mersey Maritime](#)
- [British Ports Association](#)



## Examination of witnesses

Witnesses: Chris Shirling-Rooke, Jos Standerwick and Mark Simmonds.

Q24 **Chair:** Will each witness introduce themselves and where they are from? Chris, we will start with you and then go down the line.

**Chris Shirling-Rooke:** Good morning and thank you. My name is Chris Shirling-Rooke. I am the chief executive of an organisation called Mersey Maritime. We are a 20-year-old maritime cluster organisation based in Birkenhead in the north-west. Quite simply, our role is to create jobs and growth for that region in the maritime sector. We sit over the entire ecosystem. It is not just ports or shipping, or shipyards. It is the universities; it is professional services; it is telecoms; it is big tech; and it is offshore. I will be speaking from that point of view, and in my other role as assistant chair of Maritime UK as part of the regional cluster roll-out programme, which is also in Maritime 2050.

**Jos Standerwick:** Thank you for inviting me today. I am Jos Standerwick, chief executive of Maritime London. We are the trade association that looks after professional services in the UK—the asset managers, the insurers and the shipbrokers Lucy was just speaking about. We are the world leader in the provision of professional services. I look forward to talking to the Committee today.

**Mark Simmonds:** Good morning, everyone. My name is Mark Simmonds. I am the director of policy and external affairs at the British Ports Association. We represent over 100 port members who, between them, own and operate around 450 ports, terminals and port facilities across the UK. Our members handle around 86% of the UK's port tonnage.

Q25 **Chair:** Good morning to all three of you. Thank you very much for being with us. We have you for 45 minutes, and we have a lot to get through. As you heard me mention, we are covering four of the themes today: trade, competitive advantage, infrastructure and the environment. I am going to hand over to Simon Jupp on the first of those very shortly.

As my opener, what is one great advantage that you could give us from Maritime 2050 and one current challenge where you could do with some assistance from the Government to help your sector? Chris, shall we start with you, if that's okay? There's time to breathe.

**Chris Shirling-Rooke:** With my regional hat on, I think it has given all of our coastal communities a bigger voice, certainly with the creation of regional cluster organisations, the not-for-profit organisations that glue all the assets of our different regions together. We are all talking to each other. It gives us a big competitive advantage.

On the challenge, can I be cheeky straightaway?

**Chair:** Please do.



## HOUSE OF COMMONS

**Chris Shirling-Rooke:** I am not good at sharing. As an only child, I am terrible at sharing, so I would probably want the maritime Minister just to be focused on maritime, if there was one ask of today, rather than having such a large portfolio. Maritime is so vast that just having one person focused on it in Government would be an incredible advantage.

Q26 **Chair:** Is that because you look at something like the pandemic and see, as we did as a Committee, a massive focus on aviation, with maritime perhaps finding it harder to get its asks through?

**Chris Shirling-Rooke:** Aviation is sexy, but maritime is 95% of everything: our food and fuel supplies. Probably the biggest showpiece or focus was the blocking of the Suez. All of a sudden you could not get your iPad. You could not get your Adidas trainers. That put the global supply chain and how reliant on it we are as a country front and centre. Having a Minister with a focused portfolio on that would give us a tremendous advantage.

Q27 **Chair:** Excellent. Thank you. We threw that one at you and you have answered it brilliantly. Jos and Mark, they cannot be the same ones. Jos, one great opportunity and one current challenge.

**Jos Standerwick:** The best thing about Maritime 2050 is that it brought together what is, I suppose, quite a nebulous and broad sector, which is maritime in the UK. I actually think it marked the start of a much closer and more proactive collaboration between industry and Government. When you look at the last two years, despite the difficulties, which I am sure we will get into, the amount that has been achieved, maybe not as a direct consequence of Maritime 2050 but as a consequence of having Maritime 2050 at the heart of what we are doing, is really quite impressive. I think that is the positive.

The one area that can be improved on—we have certainly seen this recently, and Lucy mentioned it earlier—is the way Government Departments collaborate and talk to each other. There are a number of live issues at the moment that impact across Whitehall. Sometimes, the engagement between Government Departments is not as strong as it could be. That creates delay in getting important information and messaging out to the market. Looking at those structures and how they can be improved on, and in some cases formalised, would be really useful moving forward.

**Chair:** Thank you. Mark?

**Mark Simmonds:** I agree with both of the things that Chris and Jos mentioned, although I would say that maritime is sexy as well.

**Chair:** We are here to make it sexy.

**Mark Simmonds:** I totally agree that we would like to see a Minister just focused on maritime. It was that way a couple of years ago, and then the maritime and aviation briefs were put together. We think there are



## HOUSE OF COMMONS

enough challenges in maritime to justify having a whole Minister dedicated to it. The current Minister does an admirable job, but he has a very large brief.

A third advantage for us is that it would allow industry to hold the DfT to account almost, in that we could see what their priorities are. We have a very long list of recommendations and actions that they have to take forward. We could see where they have made progress and where they have not. Even in thinking about Maritime 2050 this week, in preparation for today, I looked through the list of recommendations. There were some that I had forgotten about, to be honest, and things that we will be taking up with DfT and asking them what happened to that piece of work. It is incredibly useful there.

The route maps that come out of each of the individual themes—Jos touched on this—allow us to work very closely. The environment theme is probably the best example for us, where we have been working incredibly closely with DfT on our shared ambitions for decarbonisation and reducing emissions in the maritime sector. That would be the big advantage for us.

One challenge for the sector? There are so many. The biggest one that we face is probably decarbonisation and tackling emissions. I think that has been where a lot of the work has been done on Maritime 2050 and where most of the progress has been from our perspective, which ties in with the industry's broad priorities.

**Q28 Chair:** Is that a challenge? At the moment, looking at all of the sectors, we have a fuel in the future inquiry; we have looked at alternative fuels and we will be putting out our report and recommendations. It struck us that maritime was the one area that does not seem to have a solution from a tech basis. Also, it is a global delivery, yet the Government have put a 2050 target over you.

**Mark Simmonds:** Yes; there probably will not be one solution for maritime, as I think you heard in your inquiry. There will be a variety of them. You are right that it is a global challenge. When it comes to those sorts of things, it is difficult when the UK is a relatively small player in the global market. It is not something that the Government have as much control over as they do on other things. Yes, it is difficult, but there is stuff we can do now, in the short term, and things we are looking at. There are areas we have control over, such as emissions at berth and emissions in ports. That is where there has been a lot of work and where the focus has been in the last year or two from DfT.

**Chair:** Thank you. I now hand over to Simon Jupp to carry on talking about trade and the impacts.

**Q29 Simon Jupp:** Good morning. I will come to you first, Chris. In the previous panel, I touched on the impact of Covid-19 on the maritime sector as a whole. At Mersey Maritime, how did it affect you and what



## HOUSE OF COMMONS

was the impact? What changes have been made and what challenges did you face?

**Chris Shirling-Rooke:** I suppose it is two things. Mersey Maritime is a relatively small organisation. There are only eight or nine of us. We are not for profit. We are focused on the ecosystem. The way we operated changed. Operationally, I will not bore you with that. The story you might want to hear is from the ecosystem.

We tend towards pastoral care; those are words that spring to mind. People think about maritime as the big ports, the big shipyards or the big shipping lines, but it is actually the tiny cogs, the SMEs and sole traders, that really keep it alive and breathing. That was where we had to change how we supported them to pastoral care, simple things like helping them to get all the support available from Government. I must say that DfT were very good with that. Some of our members who might have a registered address on a boat, but it was not registered locally, could not have support from the Government. The DfT were really supportive of them. It was very much hand-holding on that, making sure that they had a voice.

The regions came into their own as far as the Covid recovery plan was concerned. Pre-Covid, we had the regional council up and running on which various Government Departments sit. Different regions sit on it. Very quickly and concisely, we were able to give feedback to the Government about exactly what was happening on the ground. We could say, "This is happening in Humber. This is happening in Glasgow. This is happening in Southampton, and this is the support that is needed." Again, the Government reacted very quickly.

The micro-support we could offer was very bespoke, depending on the size of member, but the more general advantage was the ability to feed information to Government very quickly about what was happening on the ground and then take action.

Q30 **Simon Jupp:** I will touch on the recovery route map in a moment. I have the same question to you, Jos. What was it like, and how did you manage to adapt to the conditions?

**Jos Standerwick:** The first thing is that excepting passenger and ro-ro, because it is pretty obvious what happened to them during the pandemic, the key shipping trades, while there was more volatility in the market over the last two years, actually performed quite well. As you saw near the end of the pandemic, the liner trade was hitting record numbers. The dry bulk market was doing relatively well. At the beginning of the pandemic, the tanker market performed very well.

The thing that underpins the shipping industry, if you like, was largely unaffected by Covid-19. That, of course, was good for my members in the professional services because it meant that their core work continued. Of course, there were very real challenges in operating. We are a heavily



## HOUSE OF COMMONS

brokered market. It does not matter which sector you are looking at, there is normally a lot of human interaction that takes place. All of that moved online simultaneously.

I have to say that the market performed remarkably well; English law and arbitration moved to online hearings straightaway and performed remarkably well. Actually, I think the way we performed in that sector is a key advantage for us moving forward, such as the placing of insurance premiums, whether in Lloyd's or the company market. Everything went online and we managed to continue to operate and keep global trade going. If you cannot insure your vessel or your cargo, you are unable to sail. There were remote surveys. We saw an acceleration of technology and the way in which data and digitisation was being used. I think in the long run that will be a good thing.

Of course, that creates a question about the physical market and the cluster that exists in London and the UK. While we did very well, what I have been really pleased to see over the last few months since restrictions have been raised is the market coming back. Offices are full again and people are meeting. I think that is because, although you can do an awful lot online, a lot of what we do is quite complex. You have to bring trainees on board. They need to see how the market operates, and they need to learn. The physical market has come back very well over the past couple of months. On the whole, I think we dealt with the pandemic as a sector, and shipping as a whole, incredibly well.

As Chris said, the DfT and other Government Departments, when there were issues—there were issues; it would be remiss to say that there were not—were incredibly supportive when looking to remedy them.

**Q31 Simon Jupp:** Mark, is there anything you would like to add to that from your experience in an overview role?

**Mark Simmonds:** Yes. There was a direct impact on ports and on staff, and the situation that Lucy described at the Port of Tyne was fairly typical. Lots of ports had to learn very quickly how to deal with it. They all stayed open right the way through, but it was tough. There were direct impacts on staff. As Lucy mentioned, pilots were identified as a critical area for most ports because they are highly skilled. You cannot just bring them in from somewhere else. You cannot bring in someone at short notice. It takes a long time. Generally, you have as many as you need, so when they were ill that could be a problem. All ports stayed open all the way through.

As Jos described, the impacts on different trades and cargoes obviously impacted different ports in different ways. At the time we had new import and export controls coming in because of Brexit, which affected some ports at the same time. That was quite unhelpful. Clearly, ports handling particular cargoes that were most highly affected, such as oil and gas, had a huge drop-off in demand. Aviation fuel, for example, affected ports that handled large quantities of that.



## HOUSE OF COMMONS

Passengers and crews clearly felt a big impact. Part of the freight ferry market relies on passengers as part of its business model. That was under strain for a while, but they came through that. More broadly, there were ongoing difficulties around global supply chains, particularly containers coming from Asia. They were having lockdowns, but not at the same time as us, so there were gluts and peaks and troughs in the volumes of containers coming. That sort of volatility is not something that ports are used to, certainly not over such a large period of time.

Broadly, the sector coped well. There were challenges at times, particularly in the container sector. I think the resilience of the ports sector is borne out by the fact that we have a large number of them and that they are so competitive. There is usually another option if a particular port is not coping. There are other ports hungry for that sort of business.

Overall, we have learnt a lot about resilience. We are very proud that the sector stayed open and kept the country supplied. We have learnt lessons from that for other challenges that are coming down the track, with new trade barriers and things like that.

Q32 **Simon Jupp:** Before I move on from Covid-19, the Government have promised a route recovery map. What one thing would you like to see as a priority in that? I will ask that of all the panellists, Mark first.

**Mark Simmonds:** One thing is always a difficult ask.

Q33 **Simon Jupp:** I can come back to you. Jos?

**Jos Standerwick:** A continued commitment to open liberal markets and being able to access markets freely all around the world. That is absolutely crucial to the vitality of the shipping industry in the UK, whether that be maritime professional services, shipowners, and so on. We have to be able to operate globally with as little disruption as possible, otherwise we will have a competitive disadvantage. Having that reflected in the route map is really important.

Q34 **Simon Jupp:** Chris?

**Chris Shirling-Rooke:** I think it is about taking advantage of the opportunities that we have. There are generational opportunities now with offshore. An example is that we are going to need one offshore service vessel for every meg of offshore energy we produce. We are going to be producing 50 meg of offshore energy in the next few years, so we need 50 of those ships. The ships can cost £50 million or £60 million. We should make sure that they are UK-built and designed ships.

I do not think every ask from Government should be money. We should regulate for UK content with this. We have a huge opportunity with offshore energy to benefit numerous different coastal communities. It will have different strengths in their different offshore fields. We need to be really smart as a Government about how we make the most of it, and



say, "It is a once-in-a-generation opportunity. We are not buying Norwegian. We are not buying German. We are not buying South Korean. We are not buying American. We are buying British and then we are exporting it." As opposed to thinking about recovery, I am thinking about opportunity.

Q35 **Simon Jupp:** Mark?

**Mark Simmonds:** Again, I agree with both of those. As an extension of what Jos said, a renewed commitment to a market-led ports sector would be very welcome. When the Government look more closely at port resilience, they should not be tempted to start to dictate to the market how goods should move in and out of this country.

I am going to tag on to Jos and cheat and have another one. Connectivity is something we will probably talk about a bit later. One of the items we would like to see move more quickly in Maritime 2050 is the infrastructure pillar, with more movement on port connectivity, particularly a follow-up to the 2018 port connectivity study—basically, a plan for investment now that they have identified where the issues are. If that had been acted on earlier, it could have helped. It is always easy with hindsight, but that could have helped relieve some of the supply chain issues that we have had over the last couple of years. Connectivity is necessary to help in any future supply chain issues or indeed the current ones.

Q36 **Simon Jupp:** Keeping investment in mind for a second—it has already been touched on in this session this morning—there is a perception that maritime is not as attractive an industry as aviation, for example. Do you think the sector faces a challenge securing finance compared with other transport sectors because it is seen as something that is not quite as exciting as aviation—wrongly, I hasten to add?

**Jos Standerwick:** I do not think it is about shipping being exciting. There are structural reasons why investment is difficult to come by in the shipping industry. I am going to talk about the asset, not port-side infrastructure, because I think that is a different investment model.

Obviously, there is a huge challenge in financing the industry in the context of decarbonisation. I think UMAS estimated—this is port-side and assets at sea—that it will cost in the region of \$1.9 trillion to reach absolute zero by 2050. However, I think this creates a genuine opportunity for the UK. We have already seen a fundamental shift in investment behaviour. In 2021, there were over \$2 trillion of sustainable bonds outstanding in the market. That is a huge amount of money. It shows where institutional investors are placing their priorities when it comes to looking at the future.

There is also a change in the market and the way that people look at sustainable investing. Another point in all of this is that the market is becoming far more transparent. Digitisation means that people can see



the way in which shipping companies are operating and what their carbon output will look like. That is becoming formalised through industry initiatives such as the Poseidon principles for ship-finance banks to seek the best charter for cargo owners and the Poseidon principles for marine insurers as well. All of those initiatives have been brought about on an international basis in the last two years.

We, as the UK, need to understand what we need to do to be able to attract some of that \$2 trillion into the shipping industry. A lot of that is about the Government providing assurance to investors to attract that capital into the market. There is an enhanced role for ECAs. There are products that could be deployed in capital markets to make the UK capital markets more attractive—possibly a REIT equivalent for shipping that would make the investment more accessible for individual investors.

That then creates a real opportunity for us, because the investment model in shipping will change. I think we will move to a more asset management focused model, with a greater mix of capital. That plays to the UK's strengths in jurisdiction. If we can get those products and those assurances in place early, we can build a fantastic international shipowning and asset-management base in the UK.

**Q37 Simon Jupp:** Chris or Mark, is there anything you want to add to that very energetic pitch for the future of the industry?

**Mark Simmonds:** Only that, again, it is different for different ports. There is huge diversity in ownership, size and model in the ports sector. Generally, they are attractive for long-term investment. As Lucy said, we are always going to need ports in an island nation. Most cargo sectors will undoubtedly grow in the next 30 years. Some ports at the smaller end of the market, or some of those in local authority ownership, could struggle. Certainly, the larger and medium-sized ports are usually attractive options for investment. We saw £1 billion invested by ports in infrastructure last year, despite the pandemic. We have a good record on investment.

The only thing I would add to that is that we are competing with other ports around the world, not just in Europe, for that investment. A lot of it is global, so we need to make sure that ports continue to be attractive to investment.

**Q38 Simon Jupp:** I will move to a different subject, if I may, and focus for a moment on freeports. In an exciting Government proposal, different regions have been given freeport status. I represent a constituency in Devon, and Plymouth has been given freeport status in a very competitive round of announcements last year. What benefits do you think freeports will bring to the industry and the areas within that cluster? Jos?



**Jos Standerwick:** To be honest, in terms of freeports my two learned colleagues are far better to comment than me. They are much more closely involved.

Q39 **Simon Jupp:** You are very generous. Chris?

**Chris Shirling-Rooke:** I would not actually say that was generous. Thanks, Jos. This is not going particularly well today.

We were also lucky enough in the north-west to get one in Liverpool. I am a Birkenhead boy. We have fourth generation employed there. We have high levels of deprivation in the north-west, specifically on Merseyside. Anything that can drive investment and increase jobs and skills is welcome.

I must admit that—forgive me—there are more learned friends in the room who know more about freeports. The great bit of the new freeport model that I particularly like, and has been broadly welcomed, is the tax bit. That is the bit which is getting foreign direct investment. People are really excited about moving into those areas. They are almost like enterprise zones—re-juiced up enterprise zones—in some of the most deprived areas, certainly on Merseyside for us.

We are seeing a lot of take-up. Businesses want to move there. That helps us because it is going to help with skills. It is going to help with jobs. Those guys are going to be paying corporate rates. That is really good. In the north-west, we think there are going to be about 13,500 new jobs when the freeport is up and running. It will be pretty substantial. It is good. I am excited, as you can tell. I think it is great.

Q40 **Simon Jupp:** Yes, I can tell. Mark?

**Mark Simmonds:** We are also excited about freeports. The big benefit is that they attract investment. I do not think they are going to change the world, but they can be transformational.

Q41 **Simon Jupp:** Don't put a downer on it, Mark.

**Mark Simmonds:** They can be transformational for the areas and the regions they are in. As Chris said, they are enterprise zones on steroids. They are a package of measures. They are not really like other freeports around the world. There is quite often a fundamental misunderstanding of what the UK freeport model really is. None of the individual things is that great on its own, but together they form quite an exciting package.

Q42 **Simon Jupp:** I have a quick final question because I have to hand back to the Chair in a second. Should every port be a freeport, Mark?

**Mark Simmonds:** Yes.

Q43 **Simon Jupp:** Jos?

**Jos Standerwick:** Yes.



Q44 **Simon Jupp:** Chris?

**Chris Shirling-Rooke:** Yes. I would change the name as well.

Q45 **Simon Jupp:** What would you call it?

**Chris Shirling-Rooke:** Everyone thinks about the old freeport. It feels more like a global trade zone to me.

**Simon Jupp:** Nice; I like that. Marvellous. Thank you very much.

**Chair:** Thank you, Simon. Let's move to infrastructure next and bring in Grahame Morris.

Q46 **Grahame Morris:** Thank you, Chair. I want to pick up on a point that Mark made in answering an earlier question. The British Ports Association said in your submission that you were disappointed with progress on the infrastructure pillar. You might recall that the Chair pointed out that we are looking at trade, UK competitive advantage, infrastructure and environment in this section. Why were you disappointed with the Maritime 2050 commitment on infrastructure? What do you think should be happening, if you are not happy with it?

**Mark Simmonds:** We were pleased with the commitment; it was just that the follow-through has not really happened. I recognise that we have had a pandemic and, as others have said, the Department and the maritime directorate worked extremely hard and were pulled in a lot of different directions in responding to that, working with us to alleviate the issues of Covid and Brexit. I understand that they cannot have made as much progress as they would have liked.

We were pleased with the port connectivity study in 2018 in England. We were keen for the other Administrations to follow suit and do similar pieces of work. What we then wanted to see was an investment plan. We are also pleased that the Government are announcing more investment for roads and rail and that sort of thing, but we want to make sure that it is connecting up ports and making them more attractive.

The consensus has always been that, inside the port gate, ports will take care of that. There is plenty of investment available for port infrastructure, but we need Government to provide the connections, primarily road, but also rail, to get cargo and passengers in and out.

Q47 **Grahame Morris:** To be clear, your biggest priority is connectivity from the port to the hinterland, the area it serves.

**Mark Simmonds:** Yes.

Q48 **Grahame Morris:** Jos, can I put the same question about infrastructure to you?

**Jos Standerwick:** The commitments to infrastructure in Maritime 2050 are far-reaching. The important thing that Maritime 2050 needs to encompass, if there is a refresh—I think this is important—is the change



in the shipping industry structure. Cargo is genuinely going to be king, moving forward. We are going to see a far more integrated supply chain, where there is far more project working and project finance as a consequence. You are going to see a more collaborative system, which will largely be driven by new fuels entering the market, and particularly the ability for ships to be able to bunker the appropriate fuel for whatever they are using in the ports they are using. It will be far more structured, moving forward. As I say, the supply chain will become more integrated in terms of its stakeholders. That is an important thing that Maritime 2050 needs to encompass in a future iteration.

**Q49 Grahame Morris:** Chris, can I put the same point to you about infrastructure and what your priorities would be?

**Chris Shirling-Rooke:** We were chatting about that in the train on the way down. In some ways, we have led the world in this country with our Victorian infrastructure and our ports. We really have. However, after 150-plus years, it is not quite as fit for purpose as it perhaps once was. Of course, I am going to be talking about east-west connectivity, to free up freight capacity and open up all the heartlands between the north-east and north-west, to allow them to import, export and manufacture. East-west connectivity has been a big focus for us for a number of years.

**Jos Standerwick:** There is a very practical point about London as a cluster. The issues in national rail services, lack of rolling stock, and so on, and the ability for taxis to get in and out of the City easily, are massive at the moment. Commuters are struggling to get into work. International businessmen do not know how to access the City of London any more because taxis cannot go to half of the roads that exist. These are things that have to be looked at when we are looking at ease of doing business within the UK. It will create a structural issue in the not-too-distant future.

**Q50 Grahame Morris:** I know that time is short, but I have a quick question. Mark, will you clarify a point from the written submission, where the British Ports Association says that there is an increased regulatory burden falling upon ports from right across Government Departments? Can you clarify, or are you seeking clarification from Government, the role that ports are going to play as we go forward?

**Mark Simmonds:** I think we said it in the written submission. Maritime 2050 is great, but we spend most of our time talking to other Departments. That is where the new regulatory burdens are coming from. With the Home Office, it is not just Brexit; it is over security, immigration, migration and those sorts of things. That is a big one. DEFRA is probably the biggest, with some of the stuff that is coming out of there. The environment part of Maritime 2050 was heavily focused on emissions. It did not talk too much about biodiversity. That is not really in the route map, but it is being handled by DEFRA, which I would suggest has a less well-developed understanding of the ports sector than the



## HOUSE OF COMMONS

Department for Transport does. That is where the most difficult new regulatory burdens are coming from.

One of the things that has been delayed is refreshing the national ports policy statement. I think it is over 10 years old now. It is quite a dry document. It will not make any front pages when it is republished or updated and we do not want to see major changes to it, but we would like to see it restated so that other Departments understand what the role of the sector is. In our view, and in the Government's view, over the past 30 years, that has been entirely independent of Government. It is largely self-funding. It is largely self-governing and runs its own affairs, but they are not generally tools of Government to deliver policy. We deliver Government priorities like levelling-up and all of that stuff, as well as prosperity in the regions, but we are not an arm of the state as some Departments, and increasingly the DfT, seem to think that we are recently, with the harbours Bill yesterday.

**Grahame Morris:** Thanks, Chair. I will hand over to Greg. I appreciate that time is moving on.

**Chair:** Mark, if you want to expand on that, write to us. I am quite interested in some examples of where other Departments are perhaps barrelling in. Maybe the Department for Transport could act, not as a veto but more by just saying, "Yes, this fits within the Department's policy as well." That would be great.

Q51 **Greg Smith:** Good morning to the witnesses. I want to explore coastal shipping and the use of inland waterways. Before I do, for transparency, I should say that I am chairman of the all-party parliamentary group on road haulage and logistics, which will have some crossover. It is not a formally declarable interest, but for transparency I thought it was worth saying.

Do you believe that the United Kingdom has realised the full benefits of coastal shipping? What is standing in the way of moving more goods around using that method?

**Chris Shirling-Rooke:** Generally, the UK these days does not have an understanding of maritime as we once did. We used to have a grandad or an uncle who was at sea, or a dad who might be in the merchant navy. We have lost that connectivity. That is how it feels, coming from a coastal community.

We have absolutely huge untapped resources, whether it be knowledge, our shipping expertise or our ports. There was a very good road haulage review about six or seven years ago. I will dig it out and send it to the Committee to review it. It was brilliant. It talked about moving things off the motorway. It was not anti-haulier; it was just getting them off the lorries and using shore to shipping. You would still need drivers at the end of it, but it was very smart in the way it was thinking about it. For me, put quite simply, no, we do not really understand the potential that we have. I will submit that report. I will dig it out.



Q52 **Greg Smith:** I guess this is a big one for London, Jos.

**Jos Standerwick:** It could be. It is not something that is directly pertinent to my members, I think it is fair to say. I am sure that Gavin from the UK Chamber of Shipping, who is giving evidence next, will have something to say on that.

In short, yes, I think there is a huge opportunity for coastal shipping. There are a number of issues at the moment with coastal shipping. We have an ageing fleet. We have a lack of investment. The UK ETS for domestic shipping has a real opportunity, as long as the income generated from that ETS can be used to support fleet renewal. We were talking about new decarbonisation technologies. The decarbonisation debate is not only about R&D. It is about commercialising that R&D.

A lot of the technology already exists. However, it is not being deployed in a commercial manner. Things like the UK ETS, as long as it is structured properly, can really support fleet renewal in domestic shipping and make it the go-to place to get cargoes around the UK. I think they will be able to do it in a far more efficient and environmentally friendly way than other forms of haulage.

There is a report currently being produced on the financing of domestic shipping moving forward in the context of decarbonisation. When it is complete, I will send it to the Committee.

Q53 **Greg Smith:** Is it solely the environmental elements, the decarbonisation elements, that are making it uncommercial at the moment, or are there other barriers to it being a genuine commercial option to take?

**Jos Standerwick:** Gavin is better placed to be able to answer that question in the next session, and maybe Mark has something to say on it as well. Moving forward, however, I know shipowners involved in short-sea shipping who are struggling to get finance at the moment for vessels that would be able to bring on transition to zero carbon propulsion systems, and so on. That is due to a high level of uncertainty.

Of course, and we might get into this, there are the structural issues that exist within the shipping industry. If you are going to invest in a lower carbon to zero-carbon vessel, there is going to be a higher CapEx and a higher OpEx, which will make you uncompetitive in the charter market. You also have the issue of split incentives, and the landlord/tenant continuum that exists in shipping, and who bears the costs of these things. There are a number of structural issues preventing new investment, which will have to be in transitional to zero tonnage moving forward anyway. I think there are opportunities for the UK to address those things.

Q54 **Greg Smith:** Briefly, given the London element, clearly there will be a capacity constraint, but how much growth could there be coming into the Thames Estuary and further into London?



## HOUSE OF COMMONS

**Jos Standerwick:** If I am honest, we represent professional services almost entirely. We do not have that much engagement with tonnage working on the Thames, so I am not really placed to answer that question.

Q55 **Greg Smith:** Mark?

**Mark Simmonds:** To answer the question, no, I do not think we are grasping the opportunity enough around coastal shipping. To link back to what we said on connectivity issues, I should have said that we actually have quite a good trunk road network. The issue we are looking at is the last-mile connections. Improving those can help with coastal shipping. We would like to see more focus on moving freight by water in the two modal shift grants that are available from DfT. They are overwhelmingly dominated by rail investments, and moving road to rail.

I am told that 95% of the population is within 30 miles of the coast. It is a huge opportunity. A small coastal tanker can take 220 road tankers off the road. That is a huge saving in emissions and good for local ports like Plymouth, Shoreham and places like that, as well as London and our inland waterways.

There are some good examples where it works really well. TimberLINK is often quoted. It is the scheme in Scotland set up by the Forestry Commission there. I think it takes 8,000 lorry journeys off the roads every year in Scotland, moving timber around between Argyll and Ayrshire by sea. There is a huge opportunity. It needs a bit more resource from Government to make it work.

Q56 **Greg Smith:** Really quickly, because I am mindful of time, rivers and inland waterways are barely mentioned in Maritime 2050. Is that a massive oversight or, in reality, are rivers and inland waterways—they sound fluffy and nice, and what a wonderful way to move goods around—never going to be commercial or practical?

**Mark Simmonds:** I disagree. I think they can be commercial. It happens on the Thames already. We have lots of river traffic, and we want more. There is the Humber and the Manchester Ship Canal. There are loads of opportunities to use our rivers and inland waterways. It happens in Europe. It is very common in Europe, and we would like to see a lot more of it in the UK.

Q57 **Greg Smith:** Do either of the other witnesses want to add anything to that point?

**Chris Shirling-Rooke:** I will just pick up Mark's point and say, yes, absolutely; the Manchester Ship Canal is an absolutely fantastic example. It is 90% under-utilised, but huge investment has gone in privately in the past few years. We are starting to see it really pick up and get going. It has taken an enormous number of lorries off the road.

Q58 **Greg Smith:** What has been the spark that got the Manchester Ship



Canal that private money going in?

**Chris Shirling-Rooke:** The big factor is that it is the same owner at both ends of it. I think it probably has a very forward-looking owner in Peel.

**Chair:** Thank you very much indeed. The last section is the environment. Gavin Newlands.

Q59 **Gavin Newlands:** Thank you very much, Chair. We have touched on the environment a number of times already throughout the session this morning, so I am tempted to dig a little deeper. The clean maritime plan is due to be reviewed this year by the Government. How do you think it should be updated? Mark, I think you deal with environmental policy for BPA, so I will start with you.

**Mark Simmonds:** How should we update it? I think the plan is to add some short-term and medium-term targets for the sector, which would be helpful. We are going to be involved in doing that. Whether it is done this year, I am not so sure. It may well move into next year.

The clean maritime plan has probably seen the most movement in the whole of Maritime 2050 and the most engagement with industry. Jos is on the Clean Maritime Council alongside me. A huge amount is going on there. It has been really positive. The DfT listens and that engagement is real. It is not just superficial. They do not just get us in and then go off and do their own thing anyway. It is really positive.

There is some stuff that needs to be refreshed, and some updated thinking, given developments in the last couple of years, but I think they are broadly taking forward different strands of work like infrastructure within the environment. Those bits of work are being taken forward individually. The new plan will probably reflect those new structures.

Q60 **Gavin Newlands:** Jos, if there was one thing that is not in the current plan that you would like to see in the updated maritime plan, what would it be?

**Jos Standerwick:** Can I have a couple of things?

**Gavin Newlands:** That's fine.

**Jos Standerwick:** Mark makes a very good point about giving some certainty around short and mid-term measures. The more certainty we can add to decarbonisation targets, the easier it is for the industry to respond and for the required investment to enter the market. That is really important.

Earlier, I talked about the changes in financing and investing on both a global and a shipping level. It is important that that is reflected more strongly. More strongly is not particularly good phraseology. It needs to be emphasised, shall I say, in the refreshed clean maritime plan.

There is important work under way at the moment, particularly looking at the IMO targets and the potential impact on the UK. I actually think there



is a good story to tell. We talk about the huge levels of investment, but shipping is a remarkably economic way to move cargoes. The cost per unit of cargo will be relatively small, and the pass-on to the consumer will be relatively small. It is important that policymakers understand that dynamic. It will give you more confidence as you look at environmental policy in the context of maritime moving forward.

That piece of work is under way at the moment through the auspices of the Clean Maritime Council and the clean maritime plan. Hopefully, it will be included in the refresh. As I say, I think it is an important part of the jigsaw puzzle that is not currently included.

**Q61 Gavin Newlands:** I am conscious that we are over time at the moment, but could I come to you, Chris, on SHORE? That is over £200 million of funding, which sounds great but in comparative terms, compared with other sectors of transport, it is quite a low number. Vehicle charging outstrips that massively, as one example. I have frontloaded the question, but do you think it is enough investment or is it a good start, and how would you see it spent wisely?

**Chris Shirling-Rooke:** Four years ago we did not have anything, and now we are up to £206 million. It is a great start. If we continue on that trajectory, goodness knows where we will be in five or 10 years of that sort of investment.

It recognises the opportunity in maritime. I touched on the various opportunities we have to build the most modern ships in the world, which are environmentally friendly, with lots of IP and lots of tech, and export them. This is a real opportunity now. The fact is that there is some funding available. Is it enough? Well, it will never be enough. You could add a couple of zeros to that, but it is a good start.

I think the areas where they are going to focus that funding will be announced next week.

**Q62 Gavin Newlands:** Where would you like to see it focused?

**Chris Shirling-Rooke:** That is a loaded question.

**Chair:** All our questions are loaded.

**Q63 Gavin Newlands:** Liverpool, obviously.

**Chris Shirling-Rooke:** No. I actually think we can have national projects. Of course, I am a big supporter of something called the Bibby net-zero offshore service vessel. We are going to need hundreds of those things all over the world. We have the opportunity to build an absolute prototype in Glasgow. We can build bits of it in the Humber. We can build it at Harland & Wolff. I see national endeavours led by different regions. I would be really focused on a specific project and go for it in terms of money.



## HOUSE OF COMMONS

**Mark Simmonds:** Can I make a very quick intervention on the funding point? I agree with Chris that we would always love more, but the £206 million was much more than we expected, if I am honest.

**Gavin Newlands:** Don't tell the Treasury that.

**Mark Simmonds:** One of the issues is that it is focused on R&D and innovation, but a lot of the technologies that are going to get us to net zero or meet some of our short-term targets are already mature technology. They are things like shore power, which we are talking to Government a lot about at the moment. It is just not commercially viable. The industry has money to invest. What it needs is to know what to invest in. What it does not want to do is invest £20 million at a couple of berths to put shore power in, and then for the Government to turn round two weeks later and say, "Here is a £50 million fund for shore power and we are going to give it to your competitor next door."

We need to know whether this ties into the national ports policy statement and the Government refreshing their commitment to how the sector is funded, and whether they are going to change their approach when it comes to decarbonisation, which is obviously one of the biggest challenges we have. We are keen to see investment in some very specific areas, as well as the targets and certainty that will help private investment come in as well.

Q64 **Gavin Newlands:** Jos, just to finish this off, where would you see it spent?

**Jos Standerwick:** I completely agree with Mark's point. R&D is of course important and will act as a catalyst to our manufacturers and shipyards, but what also needs to be addressed are the structural issues in the market that currently preclude those technologies being taken up commercially.

That is not just about direct capital investment. In fact, I do not think it is about direct Government money. It is about the Government being able to provide assurance to investors. That is another element, as well as bridging the competitiveness gap that exists on both the CapEx and the OpEx side in the industry. That is absolutely crucial if we are to successfully decarbonise. That is the other point I wanted to make.

**Gavin Newlands:** Time has defeated us, Chair. I am going to hand back.

**Chair:** It has indeed. We could have gone on a long time with the three of you. Thank you very much for the evidence you have given us. I am quite interested in your views on how we can take more goods off the road and use the seas. We are writing a report on HGV driver shortages, and I mentioned this yesterday when I was writing that bit up, but I would love to get an email from you this week if you want to expand on that point as well.

Thank you very much indeed, Chris, Jos and Mark. Do write to us on the



# HOUSE OF COMMONS

other matters as well. We would be keen to get some of your views.