

## **Written evidence submitted by Hutchison Ports (UK) Limited (MAR0025)**

1. Hutchison Ports is the port and related services division of CK Hutchison Holdings Limited, one of the largest inward investors in the United Kingdom. It operates the world's leading port network with operations in 52 ports spanning 26 countries throughout Asia, the Middle East, Africa, Europe, the Americas and Australasia.
2. In the UK, Hutchison Ports owns and operates the Port of Felixstowe, Harwich International Port and London Thamesport.
3. The Port of Felixstowe is the largest container port in the UK handling 4 million TEU of container traffic per year, nearly 40% of all containers handled in UK ports. In addition, the port handles over 250,000 ro/ro freight movements each year. Harwich International Port is a leading ro/ro, passenger and offshore wind support port. London Thamesport handles containers, general and project cargoes and is situated on the Isle of Grain in Kent.
4. The ports of Harwich and Felixstowe are part of Freeport East, one of eight new Freeports in England announced by the Chancellor in 2021. Freeport East is predicted to create 13,500 jobs and to generate a GVA of £5.5 billion over a 10 year period. It will help address pockets of severe deprivation in the Freeport area and, by virtue of our ports' gateway roles, help promote the levelling-up agenda across the country.
5. Hutchison Ports welcomes the opportunity to contribute to the Committee's Maritime 2050 inquiry. We are members of the UK Major Ports Group and endorse the evidence it has submitted to the committee. We will endeavor not to repeat what they said but will try to build upon the points they have made.
6. We have grouped our comments according to the questions posed by the Committee in the terms of reference for the enquiry:

*a) whether and how the ambitions and objectives described in Maritime 2050 support the maritime sector;*

7. Hutchison Ports supports the ambition of Maritime 2050 to deliver a visionary long term strategy for the UK maritime sector; one that is bold, aspirational and seeks to secure the sector's position of global leadership long into the future.

8. The strategy recognises that the global economic picture will change and new technologies emerge over such a time frame. It notes correctly that the maritime sector is the key enabler for UK manufacturers and suppliers to reach out into international markets enabling the trade that underpins the UK economy.
9. The Covid pandemic has highlighted the high degree of global connectivity that characterises international supply chains and the disruption to supply chains that have been experienced since early 2020 confirm the need to influence, support and prioritise the sector.
10. Maritime is, by definition, an international sector and is exposed to a high degree of competition from players not subject to UK regulations or policies. Any long-term strategy must acknowledge the market forces that affect the sector. There are areas where the UK has a strong competitive advantage and others where it is less well placed to compete.
11. There are numerous components of the maritime sector, each with its own characteristics. The recent issue concerning the crews on P&O ferries has highlighted some of the challenges of competing in international markets. It is difficult for all western nations to compete as suppliers of labour in international shipping markets and while there may be action that can be taken with respect to ferry traffic, the UK will not be a significant supplier of maritime labour on other international routes. Despite this there is significant focus on seafaring aspects in Maritime 2050 and arguably insufficient on land-based maritime careers where the UK's competitive advantage may be greater.
12. As an island nation, the UK will always need ports to handle international trade and whilst a number of the ambitions and objectives within the document are relevant to the port sector there is little in it specifically about ports.

*b) progress towards the ambitions and targets set out in Maritime 2050, including the effectiveness, pace and priority of the strategy's implementation; and*

13. Progress has been good in some areas but less so in others. We do not consider this surprising or a cause of concern yet given the disruption to

business-as-usual caused by the Covid pandemic over the last couple of years. Taking the key themes in turn:

- a. **Technology.** The development of smarter ports usually depends upon the application of new technologies to a port environment rather than developing the technology itself. The creation of an Innovation Hub may help smaller ports understand the technological opportunities but for larger ports practical help navigating and accessing Government-supported programmes such as those on Connected and Autonomous Vehicles would be of greater assistance.
- b. **People.** Maritime 2050 recognises the link between technology and training and the need for continuing professional development and a culture of lifelong learning. It is also implicit in the strategy that the nature of work is changing and that a job-for-life, and even a sector-for-life, is to a large extent a thing of the past. It will be important therefore to attract people to the industry at all stages of their careers. The ports sector has already had to adapt to fewer ex-seafarers being available for employment which has led to changes in training regimes for some shore-based jobs. The importance of diversifying the maritime workforce is recognised and the Women in Maritime initiative, in which Hutchison Ports is an active participant, has been successful. We are seeking now to widen inclusivity to other groups that have traditionally been under-represented in the industry. In other respects there has been less tangible progress in promoting maritime careers or reskilling/upskilling of the workforce.
- c. **Environment.** There has been some good progress in the environment theme but all nations are improving and in some areas the UK is behind comparable countries including many of those in the EU. The Clean Maritime Demonstration Competition (CMDC) has provided support for a number of projects including one in which the Port of Felixstowe is involved looking at ways ports can reach net-zero. The extension of the CMDC into a multi-year programme is positive and it will be important for it to provide support for the roll-out of alternative fuel technologies in ports as well as other maritime settings. There is also the opportunity to integrate Maritime and ports more closely with other net-zero initiatives such as offshore

wind. the key focus of Maritime 2050 is on ship emissions when more support could be given to other maritime-related opportunities.

- d. **Trade.** The Maritime sector handles 95% of UK trade by volume and is crucial to future trade growth including securing the opportunities that will flow from Brexit. there are also opportunities to increase the UK's share of the offshore energy market that is linked to capacity at UK ports. As well as effective rules for trade which is covered in the strategy, securing these benefits will require an efficient route to develop the necessary port capacity. A more efficient planning process is needed to reach the right balance between development and conservation if we are to avoid the planning system being an impediment to trade.
- e. **Infrastructure.** The UK suffers from an infrastructure deficit as a result of decades of underfunding. port connectivity is a vital component of maritime sector competitiveness. There is plenty of scope to improve port connectivity particularly on East-West routes but progress is has been both intermittent and slow. For example, the need to improve rail connectivity along the Felixstowe to the North (F2N) route has been recognised for 25 years and whilst there has been some progress over that period the main bottleneck at Ely remains. A scheme to address the bottleneck was in Network Rail's forward plan but was cancelled following the McNulty Review. A new scheme is now back under consideration but there is no sense of urgency apparent and it is unlikely that it will be delivered before capacity constraints bite. This constitutes a clear failure in long term strategic planning for the maritime sector. There was an opportunity following the Covid pandemic and sharply reduced passenger numbers to make better use of the network for freight but this was missed and the opportunity may have passed.
- f. **Competitiveness.** The maritime sector has benefitted from the UK's historic light-touch approach to regulation. This has driven high levels of private investment in UK ports and there should be a clear commitment to retaining this policy in Maritime 2050to help secure future long-term investment.

*c) the effect of Maritime 2050 on Government policies and regulation, maritime sector decision making and economic and environmental outcomes, including the Clydebank declaration agreed at COP26.*

14. As noted above, there have been a number of positives that have come from the Maritime 2050 strategy but a number of areas that fall into the 'could do better' category. The question refers to economic and environmental outcomes and the planning system, where these two combine, is one that causes much frustration. As noted above, both the number and the height of the planning hurdles that need to be cleared to allow the port development upon which the future of the economy depends are getting higher. It is important that the right balance is struck in delivering the wider Maritime 2050 agenda.

15. To date we are not aware of any progress towards the Clydebank declaration to establish zero-emission green shipping corridors between 2 ports.

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