

Written evidence submitted by the Maritime UK (FRE0026)

Executive summary

- Maritime UK and its members wish to see a deal agreed between the UK and EU in order to ensure a smooth transition that minimises disruptions and preserves the ease with which business is done with trading partners both inside and outside Europe.
- The maritime sector is concerned about the potential shock to the economy a no-deal Brexit could cause, and the impact that this will have on UK imports and exports. This is an especially pertinent point in light of the predicted economic impacts of the current COVID-19 pandemic.
- The effects of the COVID-19 pandemic upon the sector and economy as a whole has highlighted the interdependence of the global maritime sector, as well as the UK maritime ecosystem. Whilst the UK maritime sector has demonstrated strong resilience in its response to COVID-19 that should not detract from the importance of ensuring a smooth transition and avoiding congestion at border crossings and across the supply chain.
- The UK maritime sector, its businesses and workers, facilitate the movement of 95% of all UK trade, and contributes £46.1 bn to the national economy. The sector supports 1.1 million jobs.

Introduction

As the umbrella body and collective voice for the maritime sector, Maritime UK is submitting evidence for the inquiry on progress of the negotiations between the UK and the EU on behalf of its members from across the maritime industries: shipping, ports, engineering, leisure marine and professional services. The evidence responds to key questions set out in a letter to the Maritime UK Chair from the Chair of the Committee, dated 7 May 2020, providing input from across the UK maritime sector relating to the current negotiations and the future relations with the EU.

What are the sector's key asks of the UK Government in the negotiations? What things must the negotiations deliver for your sector? Are there any things that, while not essential, the negotiations could helpfully address?

Maritime UK and its members want to see a deal agreed between the UK and EU in order to ensure a smooth

departure. This should be a deal that minimises disruption at our ports and to the complex pan-European and global supply chains that the maritime sector provides the vital foundation for. More widely, a deal must provide access and clarity on services, for seafarers and other maritime workers, and on VAT arrangements which are fundamental to maintaining a mutually beneficial trade relationship between the EU and the UK. We believe the right deal between the UK and EU should enable us to move into the new relationship without dislocation of existing services and processes, and best preserve the ease with which we trade and do business with major partners both in the EU and internationally.

To maintain the competitiveness of the UK's maritime sector, industry must have access to the talent required to support its business. Professionals from across the world must have the ability to contribute to the work of the UK maritime sector and any new rules should not restrict access to the UK labour market for non-UK nationals.

The Government's negotiating text for the Comprehensive Free Trade Agreement contains a number of important, pragmatic elements that the maritime industries broadly welcome. But whilst we hope for the best this is clearly a negotiation and one must also prepare for other contingency scenarios. In the case of a no-deal scenario for the end of the transition period, additional funding and regulatory measures to support no-deal preparations would be welcomed by the sector and such contingency preparation must begin now. Though the UK maritime sector has proven itself to be a robust and resilient one and significant additional port capacity and capability exists outside of the short-straight routes this scenario would cause unavoidable disruptions at least for a period.

As the enablers of UK trade, concerns expressed by hauliers and others across the supply chain regarding a no-deal Brexit are seen as deeply worrying by the maritime sector. Maritime UK, representing the maritime sector, is concerned about the potential shock to the economy from a no-deal Brexit, and the impact that this will have on UK important exports. This is an especially pertinent point in light of the predicted economic impacts of the current COVID-19 pandemic.

Even with extensive preparations, the maritime sector will be managing the consequences of a complex and challenge event and working to minimise disruption and delay. It is critical that the world sees the UK as an open, dynamic and strong partner, and these ambitions must be reflected in the negotiations between the UK and EU. There must be a recognition

that realising a deal requires both negotiating partners to make compromises and engage in sensible and pragmatic discussions. Above all, what the maritime sector needs, along with the rest of the economy, is a pragmatic level certainty and stability.

How did the Government consult with your sector about its needs? What evidence can you identify to show that the Government has understood the needs of your sector?

The maritime sector has been working closely with government to prepare for no-deal and all other possible outcomes and will continue to do so. Maritime UK and its members have had a regular engagement with relevant government departments such as the Department for Transport, the Department for International Trade, the Department for Exiting the European Union and others. Individual members have also had specific interaction with HMRC and other Government agencies regarding border requirements and regulations, plus interact with the Government's cross-Whitehall Border Delivery Group.

Has the Government asked businesses and representative bodies about the effect of any of its of the EU's proposals on your sector? How concerned are you about the proposals on transport in the EU's draft legal text? What problems arise from the text as drafted? Have you seen any draft legal text from the UK Government?

Members indicate they have been well advised of all negotiations from government.

How is the Government updating your sector on the outcome of negotiating rounds and has it involved your sector in planning for future rounds?

Relevant draft documents have been shared with various Maritime UK members from across the sector as well as with Maritime UK itself.

How is your sector trying to lobby the Commission or influence its thinking? What input has your industry/sector had into the discussions of the MEPs, including members of the relevant EP committees, who are considering and helping to develop the EU position?

Maritime UK and its members have been engaging with sister organisations across Europe, within respective industries, as well as for the sector as a whole. Maritime UK and its members have also provided input by making representations at the Commission.

What evidence can you identify to show that your sector is able to prepare for the end of the transition period in December? What do you see as the biggest opportunities and how

confident are you that your sector can take advantage of them? What evidence can you point towards to show that the Government understands and is mitigating the main risks?

Whilst the maritime sector works hard to prepare for the end of the transition period, these adjustments are made difficult as specific requirements and new regulations are not yet known. Whilst the release of the Government's negotiating text for the Comprehensive Free Trade Agreement and the Command Paper on Northern Ireland has provided useful insight into both the Government's goals for the future trading relationship inevitably there remain important questions about implementation. It will take time for the sector to implement new procedures, for example at borders, and requirements must be known before industry action can be taken. It is important also that the Government prepares for contingency scenarios as well and doesn't rely on a single scenario.

There are some opportunities arising for the maritime sector in the process of the UK exiting the European Union. In the move away from State Aid guidelines, there is an opportunity for government to provide increased support for domestic procurement. This also ties in to recommended measures to mitigate the effects of the current pandemic for maritime industries involved in engineering and manufacturing. There is also greater potential to introduce a meaningful freeports approach in the UK which would positively contribute to the the UK's main trading gateways with the world – its seaports – and boost investment, jobs and prosperity in coastal communities. On a more tactical level, potential changing

flows of trade with the EU present opportunities for ports and surrounding communities in a number of locations in the UK.

In the renegotiation of different trade relationships across the world, there is an opportunity to form bespoke trade agreements with non-EU countries and to strengthen the links to other international markets. There is also an opportunity to develop a competitive Tonnage Tax regime.

The main risk associated with the exit from the European Union is the disruption of flow of imports and exports, and the additional costs and economic effects associated with delayed processes, reduced capacity at some ports and the wider supply chain.

How much time does your sector need to prepare for any new arrangements? Is there an absolute cut-off date by when business in your sector need to know what the new arrangements will be if they are to prepare successfully?

While some parts of the sector point towards approximately 6 months as the minimum time required to make necessary adjustments to new processes, parts of the industry where changes require investment in infrastructure and so on will need more time. All other parts of the maritime sector will be indirectly affected by these delays.

The pandemic has the potential to change fundamentally the transport industry and travel patterns. How best can the two sides ensure they are negotiating for a settlement that will reflect such changes?

Maritime UK and its members are working hard to mitigate the effects of the COVID-19 pandemic on the UK maritime sector. This work includes understanding what the effects may be in the medium and long term, and what the future will look like. Government must continue to work closely with industry as they prepare to exit the initial stages of the crisis, and unpredicted challenges arise.

The maritime sector is diverse and resilient to shocks. There must however, be an acknowledgement that the disruptions predicted to follow an exit from the EU, independent on whether a deal is in place or not, will now be accompanied by disruption experienced as a result of the COVID-19 pandemic. These two events will continue to impact the maritime sector as well as the wider economy for some time.

May 2020



Committee on the Future Relationship with the European Union

House of Commons, London, SW1A 0AA

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07 May 2020

Harry Theochari
Chair
Maritime UK

Dear Mr Theochari,

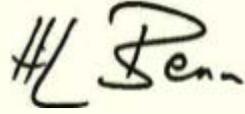
The House of Commons Committee on the Future Relationship with the European Union is inquiring into the progress of the negotiations between the UK and the EU. Under normal circumstances, the Committee would hold regular oral evidence sessions in Westminster. However, measures to prevent the spread of the coronavirus make this difficult.

The Committee wishes to gather as much evidence as possible to inform its deliberations and I am writing to you to ask whether you would be willing to help us with our work by making a written submission. We welcome general responses to our [call for evidence](#), which was published on 4 March. We also hope that you would be willing to answer the more specific questions set out below on issues that fall within your area of expertise. Submissions need not address every bullet point and can include other matters that you think are relevant to the negotiations and should be drawn to the attention of the Committee.

- What are your sector's key asks of the UK Government in the negotiations? What things must the negotiations deliver for your sector? Are there any things that, while not essential, the negotiations could helpfully address?
- How did the Government consult with your sector about its needs? What evidence can you identify to show that the Government has understood the needs of your sector?
- Has the Government asked businesses and representative bodies about the effect of any of its or the EU's proposals on your sector? How concerned are you about the proposals on transport in the EU's draft legal text? What problems arise from the text as drafted? Have you seen any draft legal text from the UK Government?
- How is the Government updating your sector on the outcome of negotiating rounds and has it involved your sector in planning for future rounds?
- How is your sector trying to lobby the Commission or influence its thinking? What input has your industry/sector had into the discussions of the MEPs, including members of the relevant EP committees, who are considering and helping to develop the EU position?
- What evidence can you identify to show that your sector is able to prepare for the end of the transition period in December? What do you see as the biggest opportunities and how confident are you that your sector can take advantage of them? What evidence can you point towards to show that the Government understands and is mitigating the main risks?
- How much time does your sector need to prepare for any new arrangements? Is there an absolute cut-off date by when businesses in your sector need to know what the new arrangements will be if they are to prepare successfully?
- The pandemic has the potential to change fundamentally the transport industry and travel patterns. How best can the two sides ensure they are negotiating for a settlement that will reflect such changes?

The Committee staff will be happy to discuss the inquiry, any issues raised, or the process for submitting written evidence. You can contact them at freu@parliament.uk.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'H/ Benn'.

Hilary Benn
Chair of the Committee