

# Maritime and Ports Sector Report

1. This is a report for the House of Commons Committee on Exiting the European Union following the motion passed at the Opposition Day debate on 1 November, which called on the Government to provide the Committee with impact assessments arising from the sectoral analysis it has conducted with regards to the list of 58 sectors referred to in the answer of 26 June 2017 to Question 239.
2. As the Government has already made clear, it is not the case that 58 sectoral impact assessments exist. The Government's sectoral analysis is a wide mix of qualitative and quantitative analysis contained in a range of documents developed at different times since the referendum. This report brings together information about the sector in a way that is accessible and informative. Some reports aggregate some sectors in order to either avoid repetition of information or because of the strong interlinkages between some of these sectors.
3. This report covers: a description of the sector, the current EU regulatory regime, existing frameworks for how trade is facilitated between countries in this sector, and sector views. It does not contain commercially-, market- or negotiation-sensitive information.

## Description of sector

4. As an island nation, the UK has been dependent on the sea for its trade and defence throughout history, and strong traditions of merchant seafaring can be traced back hundreds of years. The UK maritime sector is comprised of several distinct, but connected, sub-sectors spread across the country including: a large and varied port sector primarily supporting domestic imports and exports across the economy; a smaller shipping sector serving both domestic and international markets, including the oil and gas sector; a world leading cluster of UK based maritime business services, primarily supporting international shipping; and a linked UK marine sector, which includes marine equipment manufacturing to support shipbuilding around the world, ship construction (where a number of UK businesses are involved in niche high value markets such as superyachts) and ship repair. The UK is also a world leader in maritime education and research.
5. This sector is an enabler of trade in goods, ensuring the supply of energy, food and commodities. It provides the most efficient form of carrying imports and exports to the rest of the world and lifeline services to the most remote locations in the UK. It is inherently international in nature, with ships carrying over 80% of global trade by volume.<sup>1</sup> In addition:
  - a. Almost 90% of the EU's external freight trade by volume is carried by sea;<sup>2</sup>
  - b. 95% of all goods by weight entering and leaving the UK are moved by sea;<sup>3</sup>

<sup>1</sup> Review of Maritime Transport, UNCTAD, 2016, [http://unctad.org/en/PublicationsLibrary/rmt2016\\_en.pdf](http://unctad.org/en/PublicationsLibrary/rmt2016_en.pdf)

<sup>2</sup> Maritime: What do we want to achieve, European Commission, [http://ec.europa.eu/transport/modes/maritime/index\\_en.htm](http://ec.europa.eu/transport/modes/maritime/index_en.htm)

- c. 20 million international short sea passenger journeys were made in 2016;<sup>4</sup>  
and
  - d. Shipping moves around 40% of our food.<sup>5</sup>
6. The Maritime sector supports other major sectors of the economy, such as offshore oil, gas and renewable energy, as well as automotive exports. According to recent industry estimates, the UK Maritime sector also directly contributed a total of £14.5 billion in gross value added (GVA) in 2015.<sup>6</sup>

## Ports

7. The UK ports sector is one of the largest in Europe, handling some 484 million tonnes of freight in 2016, of which 207 million was traded with the EU.<sup>7</sup> In the same year UK ports also handled 22 million international sea passengers, of which 14.7 million were travelling to or from France and 2.7 million were travelling to or from the Republic of Ireland.<sup>8</sup> According to recent estimates commissioned by Maritime UK, UK ports directly employ nearly 24,000 people and directly contribute £1.7bn in GVA.<sup>9</sup>
8. As well as directly employing tens of thousands of people throughout the UK, ports also support other business both at the port and in surrounding locations. They act as catalysts for a range of other economic activities on the port estate (for instance, distribution and recycling).
9. Most of the UK's biggest ports, managing the majority of total tonnage handled in the UK, are in the private sector and their ownership is international in nature.<sup>10</sup> The strong competition between ports drives an efficient market.
10. There is considerable variation in the share of EU trade across ports. Around one-fifth of trade at Southampton, Belfast and Milford Haven is intra-EU, whereas nearly all (99%) freight moved through the Port of Dover is intra-EU.<sup>11</sup>
11. Most goods entering or leaving the UK on a vehicle (to or from the EU) go through a ro-ro (roll-on/roll-off) port or terminal. By far the largest of these is the Port of Dover,<sup>12</sup>

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<sup>3</sup> Maritime Growth Study, Department for Transport, 2015, <https://www.gov.uk/government/publications/maritime-growth-study-report>

<sup>4</sup> Provisional Sea Passenger Statistics, Department for Transport, 2016, [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/593116/provisional-sea-passenger-statistics-2016.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/593116/provisional-sea-passenger-statistics-2016.pdf)

<sup>5</sup> UK Food Production to Supply Ratio ('Self-Sufficiency') all Food (p 101), Department for Environment, Food and Rural Affairs, 2006, <https://www.gov.uk/government/statistics/agriculture-in-the-united-kingdom-2016>

<sup>6</sup> The Economic Contribution of the UK Maritime Sector: A Report for Maritime UK, CEBR, Sept. 2017, <https://www.maritimeuk.org/value/>

<sup>7</sup> Port Freight Statistics: 2016 (revised), Department for Transport, <https://www.gov.uk/government/statistics/port-freight-statistics-2016-final-figures>

<sup>8</sup> Final Sea Passenger Statistics, Department for Transport, 2016, <https://www.gov.uk/government/statistics/final-sea-passenger-statistics-2016>

<sup>9</sup> The Economic Contribution of the UK Maritime Sector: A Report for Maritime UK, CEBR, Sept. 2017, <https://www.maritimeuk.org/value/>

<sup>10</sup> The UK Ports Industry, UK Major Ports Group, <http://ukmajorports.org.uk/about/the-uk-ports-industry/>

<sup>11</sup> Port Freight Statistics: 2016 (revised), Department for Transport, <https://www.gov.uk/government/statistics/port-freight-statistics-2016-final-figures>

which benefits from relatively short sea crossings due to its proximity to Calais and Dunkirk. Short crossing tend to be favoured for time-critical cargoes, including, for example, items such as perishable foodstuffs.

12. Vehicles and their occupants travelling from continental Europe through ro-ro ports or terminals currently undergo immigration checks but are not subject to routine customs controls. Because of the nature of the trade and the fact that the majority of ro-ro ports are space constrained, it would not be desirable to hold vehicles for any amount of time in order for customs declarations to be lodged.<sup>13</sup>

## Shipping

13. Shipping is a complex international sector. A number of parties around the world may have commercial interests in a single vessel. Ships can be managed by the owners themselves or via a management company so both ownership and management activities can have economic value to the country in which they are located. Cities such as London and Glasgow are significant centres for ship management.
14. There are three key definitions of the UK fleet:
  - a. **UK registered** - the vessel is registered on the UK Ship Register (UKSR: often also referred to as the UK 'flag');
  - b. **UK direct or parent owned** - the registered owner of the vessel is a company registered in the UK, or the company with the controlling interest in the direct owner is registered in the UK; and
  - c. **UK managed**: the company managing the ship is a UK company.
15. The UK Ship Register is the 19<sup>th</sup> largest trading fleet in the world.<sup>14</sup> The tonnage of trading vessels on the UK Ship Register grew by 6 per cent during 2016 to 14.4 million deadweight tonnes (a measure of the vessels' cargo carrying capacity).<sup>15 16</sup>
16. The four measures of the UK trading fleet shown in the chart below – relating to ownership and management as well as registration – have shown broadly similar trends in recent years. In general there was growth throughout the decade to 2009, followed by a period of decline until 2014. Since 2014, the registered trading fleet and UK parent ownership have grown, whereas UK direct ownership and management have continued to decline.

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<sup>12</sup> Ibid. (Table port0206)

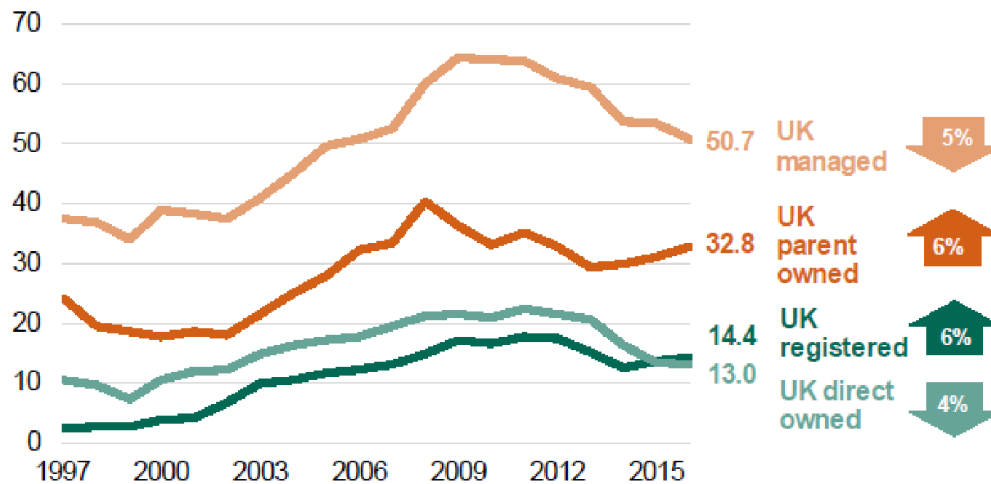
<sup>13</sup> Customs Bill, legislating for the UK's future customs, VAT and excise regimes, HM Treasury, October 2017, [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/650455/customs\\_bill\\_white\\_paper\\_print.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/650455/customs_bill_white_paper_print.pdf)

<sup>14</sup> Shipping Fleet Statistics, Department for Transport, 2016, [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/603843/shipping-fleet-statistics-2016.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/603843/shipping-fleet-statistics-2016.pdf)

<sup>15</sup> The key alternative measure of shipping is 'gross tonnage' (gt) which represents the size of a vessel and is used when no more specialised measure suits all vessel types. Gross tonnage is also typically the measure used to assess the cost of vessel registration on the UKSR.

<sup>16</sup> Shipping Fleet Statistics, Department for Transport, 2016, <https://www.gov.uk/government/statistics/shipping-fleet-statistics-2016>

UK interests in trading vessels, million deadweight tonnes (100 gross tons and over) 1997 – 2016)<sup>17</sup>



17. Many international ship owners and management companies with UK interests choose to locate in the UK and use a range of business services to support their operations,<sup>18</sup> creating UK jobs, generating tax revenues and benefiting the UK as a whole.

18. The Red Ensign Group (REG) is the collective title for the shipping registers of the UK, UK Crown Dependencies and the UK Overseas Territories (the latter of whom operate shipping registers in their jurisdictions)<sup>19</sup>. Any vessel registered in the UK, a Crown Dependency or UK Overseas Territory are entitled to fly the Red Ensign Flag.

### Business Services

19. The UK is a global leader in maritime business services, including in insurance, legal services, shipbroking and ship classification.

20. The UK maritime business services sector is geographically concentrated in London but with some specialist companies located elsewhere, (including ship management firms based in Glasgow). Lloyds Register (the world's oldest classification society)<sup>20</sup> is based in the UK, as are the regional headquarters of other major maritime societies.

21. London is the preferred location for dispute resolution in respect of international maritime contracts; it has been estimated that more arbitrations were conducted in

<sup>17</sup> Ibid.

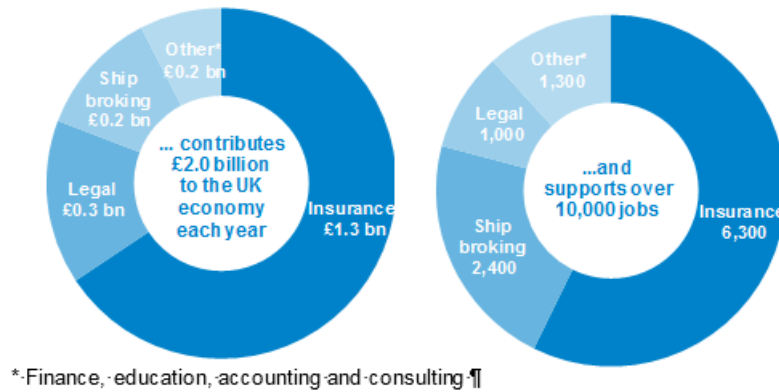
<sup>18</sup> Maritime Growth Study, Department for Transport, 2015, <https://www.gov.uk/government/publications/maritime-growth-study-report>

<sup>19</sup> The Crown Dependencies are the Isle of Man, the Bailiwick of Jersey and the Bailiwick of Guernsey. The Overseas Territories are Anguilla, Bermuda, the British Virgin Islands, the Cayman Islands, the Falkland Islands, Gibraltar, St Helena, and the Turks & Caicos Islands.

<sup>20</sup> A Brief History, Lloyds Register, <http://www.lr.org/en/about-us/our-heritage/brief-history/>

London between 2011 and 2015 than took place in any other international arbitration venue.<sup>21</sup>

22. The most recent industry estimates from 2016 found that the UK maritime business sector contributes £2.0 billion to the economy and supports over 10,000 jobs.<sup>22</sup>



23. The UK maritime business service sector is global. For example, 80% of the services provided by UK maritime law firms are provided to clients based outside of the UK. About 30% is with Western Europe (mostly EU), 10% with China, 10% with other Asian countries and 30% with the rest of the world.<sup>23</sup> Western Europe and Greece make up roughly 18% of all maritime business services.<sup>24</sup> The UK's business environment, geographic location, time zone (enabling access to North American, European and Asian markets), and skills base contribute to the strength of this sector.

### Marine Industries

24. The UK's marine manufacturing sector is recognised globally for its skills and expertise in marine systems, equipment, design, manufacturing, engineering and architecture. The UK also has sizeable operations building warships and submarines, high end leisure craft, marine equipment, systems for international shipping and maritime autonomous systems. It has recently been estimated that the shipbuilding, repair and maintenance sector directly supports over 26,000 jobs in the UK.<sup>25</sup>
25. The UK's marine research and development (R&D) base is extensive with a significant amount of R&D conducted by UK universities, research institutes and

<sup>21</sup> London Arbitration, Maritime London, 2016, <http://www.maritimelondon.com/wp-content/uploads/2016/09/London-Arbitration-Lo.pdf>

<sup>22</sup> *The UK's Global Maritime Professional Services: Contribution and Trends*, The City of London Corporation, April 2016, [https://www.cityoflondon.gov.uk/business/economic-research-and-information/research-publications/Documents/Research 2016/the-uk's-global-maritime-professional-services.pdf](https://www.cityoflondon.gov.uk/business/economic-research-and-information/research-publications/Documents/Research%202016/the-uk's-global-maritime-professional-services.pdf)

<sup>23</sup> Ibid. p20

<sup>24</sup> Ibid.

<sup>25</sup> *The Economic Contribution of the UK Maritime Sector: A Report for Marine Industry UK*, CEBR, Sept. 2017, [https://www.maritimeuk.org/documents/188/Cebr\\_Maritime\\_UK\\_Marine\\_finalised.pdf](https://www.maritimeuk.org/documents/188/Cebr_Maritime_UK_Marine_finalised.pdf)

businesses. The UK's marine research landscape features high numbers of small to medium sized enterprises (SMEs) at the forefront of R&D and innovation in marine products and services.

26. The UK's marine engineering and manufacturing industry is spread across the country, and not just on the coast. Major marine hubs exist in Scotland, Merseyside, the Solent and the South-West of England.
27. The global market for ships, boats and floating structures imports, excluding the UK, was worth around £52 billion in 2016.<sup>26</sup> Countries besides the 27 other EU Member States accounted for £42 billion, or 79%, of this global market.<sup>27</sup>

### **Contribution To The Economy**

28. It is estimated that the Maritime sector directly generated just over £40 billion in business turnover, £14.5 billion in GVA in 2015.<sup>28</sup> The marine and shipping industries are the largest constituent industries in terms of economic activity, contributing £6.5 billion and £4.3 billion in GVA respectively in 2015.<sup>29</sup>
29. After quantifying the indirect economic impacts through the industry supply chains and induced effects on expenditures, industry figures estimate that the Maritime sector helped to support a total of £37.4 billion of GVA in 2015.<sup>30</sup> This implies that, for every £1 in GVA directly contributed on average by the sector, a further £2.59 in GVA was generated across the UK economy.<sup>31</sup>

### **Supporting International Trade**

30. As a key facilitator of trade, shipping has a vital role to play in supporting UK exports. The shipping sector supports UK businesses by connecting them to international markets. This includes high value sectors in the UK that rely on shipping and the associated services that keep seaborne trade moving. For example, 1.54 million motor vehicles were exported by sea in 2016.<sup>32</sup>
31. In 2016, 484 million tonnes of freight were handled by UK ports in 2016, the lowest figure since 1990. This decline is largely attributable to reduced imports of coal. Conversely, unitised traffic grew in the same year, with UK major ports handling a record high of 5.9 million containers. 374.2 million tonnes of freight was moved

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<sup>26</sup> Data obtained from ITC, which is based on UN COMTRADE statistics. The value of the global market is defined as the sum of every country's imports for whom data was available, minus the value of the UK imports. Ships, boats and floating structures comprise HS chapter 89.

<sup>27</sup> Data obtained from ITC, which is based on UN COMTRADE statistics. The value of the global market is defined as the sum of every country's imports for whom data was available, minus the value of the UK imports. Ships, boats and floating structures comprise HS chapter 89.

<sup>28</sup> The Economic Contribution of the UK Maritime Sector: A Report for Maritime UK, CEBR, Sept. 2017, <https://www.maritimeuk.org/value/>

<sup>29</sup> Ibid.

<sup>30</sup> Ibid.

<sup>31</sup> Ibid.

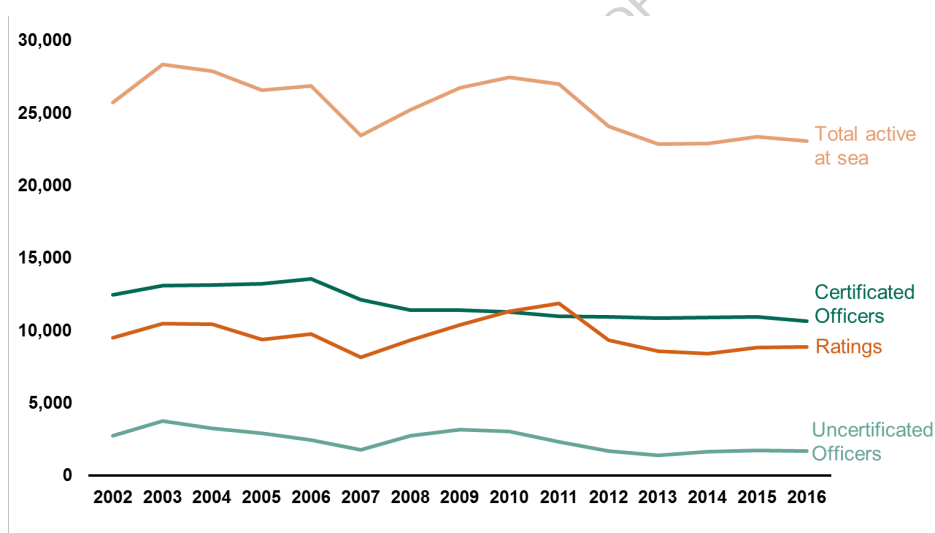
<sup>32</sup> Port Freight Statistics: 2016 (revised)table PORT0212) Department for Transport

internationally, including 206.8 million tonnes of goods moved between UK major ports and EU countries (or 55 per cent of international freight tonnage).<sup>33</sup>

## Employment

32. Recent industry estimates show that the Maritime sector directly supports 185,700 jobs. Of these the Marine subsector supports almost 100,000, the Shipping subsector supports almost 51,000, the ports subsector supports almost 24,000 and maritime business services supports 11,500.<sup>34</sup>
33. It has been estimated that the Maritime sector in Scotland directly contributed 39,300 jobs in 2015. The largest contribution came from Marine Offshore and Gas activities (20,600 jobs in 2015).<sup>35</sup>
34. There were 23,060 UK seafarers active at sea in 2016 with a mix of officers, ratings (the junior-grade members of a ship's crew) and trainees. This was one per cent lower than in the previous year and substantially lower than the figure of 27,500 in 2010.<sup>36</sup>

UK seafarers active at sea, 2002 to 2016<sup>37</sup>



## Funding

35. Some ports have received EU funding, including through the Trans European Transport Network (TEN-T) and the Connecting Europe Facility (CEF). Other than

<sup>33</sup> Port Freight Statistics: 2016 (revised), Department for Transport, <https://www.gov.uk/government/statistics/port-freight-statistics-2016-final-figures>

<sup>34</sup> The Economic Contribution of the UK Maritime Sector: A Report for Maritime UK, CEBR, Sept. 2017, <https://www.maritimeuk.org/value/>

<sup>35</sup> The Economic Contribution of the Maritime Sector in Scotland: A Report for Maritime UK, CEBR, Sept. 2017, <https://www.maritimeuk.org/value/>

<sup>36</sup> Seafarer Statistics, Department for Transport, 2016, <https://www.gov.uk/government/statistics/seafarer-statistics-2016>

<sup>37</sup> Ibid. (Table sfr0101)

recent grants to Dover,<sup>38 39</sup> the UK share of individual funding awards relating to maritime have not exceeded €1 million, or contributed to large-scale infrastructure projects.<sup>40</sup> There are some outstanding EU awards to ports, and there are likely to be further EU funding competitions prior to the UK leaving the EU.

## The current EU regulatory regime

36. Maritime transport is an inherently global industry. As such, many EU rules (particularly with regards to safety and the environment), build on standards established by the International Maritime Organization (IMO) and the International Labour Organization (ILO), both specialist agencies of the United Nations.
37. IMO Conventions establish and maintain common standards for safety and security, mainly for international ships.<sup>41</sup> This is done within the framework of United Nations Convention on the Law of the Sea (or “UNCLOS”), which governs the rights and responsibilities of flag and coastal States.
38. In some cases, EU rules are more stringent than their associated international requirements. This includes instances where provisions are brought into force earlier than is required under international law, or where requirements relating to international shipping are extended to cover vessels operating on domestic voyages as well.
39. The EU maritime acquis covers a wide range of areas. Detail on each of these areas, including key legislation, is provided below.

### Rules Of Internal Market

40. The rules of the internal market in relation to shipping are outlined in two significant pieces of EU legislation:
  - a. Regulation 4055/86, which guarantees the rights of Member State nationals to carry passengers or goods by sea between the port of a Member State and the port or offshore installation of another Member State, (or a non-EU country).<sup>42</sup>

<sup>38</sup> Building the Resilience of International and Dependent Gateways in Europe, INEA, 2014, <https://ec.europa.eu/inea/en/connecting-europe-facility/cef-transport/projects-by-country/united-kingdom/2014-uk-tm-0405-w>

<sup>39</sup> Building the Resilience of International and Dependent Gateways in Europe: Motorways of the sea II, INEA, 2014, <https://ec.europa.eu/inea/en/connecting-europe-facility/cef-transport/projects-by-country/multi-country/2014-eu-tm-0333-w>

<sup>40</sup> Transport: EU Grants and Loans: Written question - HL6322, Hansard, 2016, <http://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Lords/2016-02-22/HL6322/>

<sup>41</sup> That is vessels undertaking international journeys.

<sup>42</sup> This right also applies to non-EU shipping companies using ships registered in a Member State and controlled by Member State nationals.



- b. Regulation 3577/92, which guarantees the rights of EU shipping companies to provide maritime cabotage services. These are voyages carried out by ships of one state between two ports (or between an installation and a port), within the territory of another. Shipping companies based in countries outside the EU, but controlled by EU nationals, may also offer such services.

41. These pieces of legislation are complemented by other EU rules which seek to reduce technical barriers and encourage EU market integration, including rules governing market access for marine equipment,<sup>43</sup> and the harmonising of requirements relating to maritime professional qualifications.

### **Safety And Environmental Standards**

42. As noted earlier, many elements of EU legislation covering these areas derive from international standards agreed at the IMO. EU legislation largely incorporates these standards making them enforceable under EU law, and adapts them such that they can be applied to non-international ships. Some of the key legislation is outlined below.

#### *Safety*

- 43. There are a wide range of safety provisions within the EU Maritime acquis. Examples include: Directive 2009/45/EC, on standards for the safe construction and operation of domestic passenger ships, Directive 2009/18/EC on the investigation of accidents and Directive 2002/59/EC on vessel traffic monitoring.
- 44. There are also specific regulatory requirements covering the health and safety of workers, which are adopted on the basis of Article 153 TFEU. Directive 89/391/EEC is a framework directive which sets out general principles for the protection of workers. A number of other directives outlining more detailed requirements sit below this, including Directive 2006/25/EC regarding the exposure of workers to artificial optical radiation, Directive 93/103/EC on Health and Safety standards for fishing vessels and Directive 2000/54/EC, which lays down minimum requirements for the health and safety of workers exposed to biological agents at work.

#### *Environment*

- 45. There are a wide range of EU regulatory requirements that are designed to protect the marine environment. Directive 2008/56/EC establishes the framework for community action in the field of marine environmental policy.
- 46. Numerous EU requirements regulate pollution from ships. These include Regulation 2015/757,<sup>44</sup> which covers the monitoring, reporting and verification of carbon dioxide emissions in maritime transport, Directive 2005/35/EC on the discharge of polluting substances, Directive 2012/33/EU on the sulphur content of marine fuels, and Directive 2000/59/EC on reception facilities for ship-generated waste and cargo residues.

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<sup>43</sup> Through the Marine Equipment Directive, (more on this below).

<sup>44</sup> As supplemented by Commission Regulation 2016/2072.

47. EU law also covers requirements relating to ship recycling. This includes Regulation 1013/2006 on shipments of waste and Regulation 1257/2013, which applies the requirements of the Hong Kong Convention to ships flagged with EU Member States.<sup>45</sup>

### ***Passengers' And Workers' Rights***

48. The EU has a number of rules regulating seafarer living and working conditions as well as the training standards for seafarers. These mostly derive from IMO and ILO rules, such as the Maritime Labour Convention (MLC) 2006.
49. In relation to seafarers, Directive 2013/54/EU details flag state responsibility for compliance and enforcement of the MLC, while Directive 2013/38/EU requires EU states to provide further enforcement of the MLC through the mechanism of port state control. Outside the MLC there are other instruments regulating workers' rights, for example Directive 2009/13/EC, which addresses working time issues for seafarers.
50. In relation to passengers' rights, EU Regulation 1177/2010 establishes a set of rules for the rights of passengers when travelling by sea and inland waterway. These rules cover compensation in the event of cancellation or delay, complaints mechanisms, the rights of disabled passengers and the right to information regarding passenger rights.

### ***Security***

51. Maritime security in the EU is regulated primarily by two measures, authorised under Article 80(2) TEC (and now Article 100(2) TFEU).
52. Regulation 725/2004/EC on enhancing ship and port facility security applies provisions of the International Ship and Port Facility Safety Code, as adopted by the IMO, and makes some of these provisions mandatory (rather than optional).
53. Directive 2005/65/EC on enhancing port security requires that ports are subject to a security regime, with the objective of further enhancing the safe zones provided for under Regulation 725/2004/EC. The directive requires that ports specify a perimeter within which unlawful entry is prohibited and specifies the security rules that should be applied within that perimeter. It also provides for inspection and verification by the Commission.

### ***Outfitting And Construction Standards***

#### ***Recognised Organisations***

54. Flag States appoint certain organisations (mostly Classification Societies) to perform, on their behalf, statutory certification and services which are mandatory under IMO

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<sup>45</sup> The international standards for ship recycling are contained in the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships ('the Hong Kong Convention') and the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal ('the Basel Convention').

instruments and national legislation. Classification societies which are recognised by the EU are known as Recognised Organisations (or “ROs”). The EU legislation which deals with classification societies is Regulation 391/2009 and Directive 2009/15/EC, made under Article 80(2) TEC (now Article 100(2) TFEU). This legislation is intended to implement and enhance IMO requirements, particularly in relation to the monitoring and assessment of ROs.

### *Marine Equipment*

55. Under Directive 2014/90/EU, (the “Marine Equipment Directive” or “M.E.D”, made under Article 100(2) TFEU), UK maritime testing and approval bodies (or “Notified Bodies”) are able to approve products prior to their being placed on board vessels in the EU. The system is designed to ensure that equipment placed on board ships complies with specific standards. Under M.E.D, UK manufacturers of marine equipment can obtain certification for their products and sell these to consumers across the internal market, without the need to appoint an Authorised Representative in another member state.

### **TEN-T**

56. Article 170 TFEU provides for the establishment and development of Trans-European Networks (TEN), including in the area of transport (TEN-T), to ensure the cohesion, interconnection and interoperability of the trans-European transport network, as well as access to it. Regulation 1315/2013 defines an EU-wide transport network which covers the main modes of transport (including roads, rail, aviation and maritime) and sets standards for transport infrastructure with deadlines for implementing them. The TEN-T also acts as a focus for EU Transport legislation.

57. The Regulation defines “core” and “comprehensive” ports for all Member States. It includes ports from all four constituent countries of the UK, including (but not limited to), Dover, Holyhead, Belfast and Stranraer.<sup>46</sup>

58. The main impact of this is that a number of EU requirements (including for instance the Port Services Regulation and the alternative fuels Directive), apply based on whether or not a port falls within scope of the TEN-T Regulation, with different degrees of application depending on whether they are a “core” or “comprehensive” port.

### **EMSA (European Maritime Safety Agency)**

59. As an EU Member State, the UK is a member of EMSA This agency provides technical, operational and scientific assistance to the European Commission and Member States on maritime safety, maritime security, pollution prevention and pollution response. EMSA also assists Member States affected by pollution caused by ships and oil and gas installations upon request. However – in contrast to other EU agencies – EMSA is not an enforcement body. EMSA also includes representatives from Iceland and Norway.

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<sup>46</sup>TENTtec Interactive Map Viewer, Mobility and Transport, European Commission, [http://ec.europa.eu/transport/infrastructure/tentec/tentec-portal/map/maps.html?layer=input\\_1,20,21&country](http://ec.europa.eu/transport/infrastructure/tentec/tentec-portal/map/maps.html?layer=input_1,20,21&country)

60. In addition to these responsibilities, EMSA also hosts a variety of information systems which are used by the relevant agencies of different member states, including the UK's Maritime Coastguard Agency (MCA) and Marine Accident Investigation Branch (MAIB). These systems help the agencies of member states undertake their core functions in a range of areas, including Port State Control, pollution prevention and casualty investigations.

61. EMSA also provides training to all member states and third countries to share best practice in safety, pollution prevention and pollution response.

### ***Devolution issues***

#### *UK Nations*

62. Across the UK nations, Maritime transport matters are mostly reserved, although ports and harbours are generally devolved, save in Wales, where they will be devolved on the coming into force of the Wales Act 2017. The devolution settlement in Wales will change upon the principal appointed day, on which the Wales Act 2017 fully comes into force.<sup>47</sup>

63. In Scotland, marine transport is reserved, including the subject matter of the Merchant Shipping Act 1995, but ports, harbours, piers and boatslips are generally devolved.<sup>48</sup> In Northern Ireland, navigation, including merchant shipping, is reserved, but harbours and inland waters are devolved.<sup>49</sup>

#### *Crown Dependencies And Overseas Territories*

64. Some of the IMO/ILO conventions have been extended to the Crown Dependencies and Overseas Territories, but the EU provisions are not applicable. The Crown Dependencies are nevertheless subject to those elements of the *acquis* which relate to the customs union.

65. The EU maritime *acquis* applies to Gibraltar. However, Gibraltar is not subject to those elements of the *acquis* which relate to the customs union.

### **Existing frameworks for how trade is facilitated between countries in this sector**

66. The arrangements described in this section are examples of existing arrangements between countries. They should not be taken to represent the options being considered by the Government for the future economic relationship between the UK and the EU. The Government has been clear that it is seeking pragmatic and innovative solutions to issues related to the future deep and special partnership that we want with the EU.

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<sup>47</sup> Wales Act 2017, section 71(3).

<sup>48</sup> Scotland Act 1998, Schedule 5, Paragraph E3.

<sup>49</sup> Northern Ireland Act 1998, Schedule 3, Paragraph 3.

67. The EU has entered into a number of Free Trade Agreements (FTAs) and Partnership and Cooperation Agreements (PCAs) with third countries, which often contain specific provisions on references to general cooperation in relation to inland and maritime transport. FTAs provide for the confirmation and codification of law and practices that provide business with certainty, which in turn promotes investment in the territory of the contracting parties. PCAs include general cooperation on safety, environment and security.

68. Key agreements between the EU and third parties which cover maritime include:

- a. **Comprehensive Economic and Trade Agreement** (or “CETA”)<sup>50</sup>, which is the trade agreement between the EU and Canada. Chapter 14<sup>51</sup> covers International Maritime Services, establishing the framework for regulating the maritime transport market between the EU and Canada. It includes measures to ensure equal access to ports and to promote fair competition in the provision of commercial services offered by ships;
- b. **EU-China Maritime Transport Agreement.**<sup>52</sup> This agreement entered into force in 2008 and is aimed at improving the conditions under which maritime cargo transport operations are carried out to and from China. It contains provisions promoting the freedom to provide maritime transport services, free access to cargoes and cross trades, and unrestricted access to (and non-discriminatory treatment in) the use of ports and auxiliary services; and
- c. **EU-US Agreement on Mutual Recognition of Certificates of Conformity for Marine Equipment.**<sup>53</sup> This agreement is designed to facilitate EU-US trade in marine equipment by giving EU manufacturers the possibility of approving their products for the US market with a Conformity Body located in the EU in accordance with the M.E.D. Likewise, the agreement also enables US manufacturers to approve their products for the EU market with a Conformity Body located in the US, in accordance with relevant US laws and regulations.

## Sector views

[This information was provided by the Government to the Committee, but the Committee has decided not to publish this section]

<sup>50</sup> CETA, [http://trade.ec.europa.eu/doclib/docs/2014/september/tradoc\\_152806.pdf](http://trade.ec.europa.eu/doclib/docs/2014/september/tradoc_152806.pdf)

<sup>51</sup> CETA, (p. 108), [http://trade.ec.europa.eu/doclib/docs/2014/september/tradoc\\_152806.pdf](http://trade.ec.europa.eu/doclib/docs/2014/september/tradoc_152806.pdf)

<sup>52</sup> Summary of EU-China Maritime Transport Agreement,

<http://ec.europa.eu/world/agreements/prepareCreateTreatiesWorkspace/treatiesGeneralData.do?step=0&redirect=true&treatyId=7406>

<sup>53</sup> EU-US Mutual Recognition of Certificates of Conformity for Marine Equipment, <http://ec.europa.eu/world/agreements/downloadFile.do?fullText=yes&treatyTransId=7>