

British Ports Association

Working in partnership with
the new Government



Summer 2017

British Ports Association

Key areas of focus for the new Government in and beyond Brexit negotiations must include trade facilitation, fast-tracked planning decisions and connectivity investment, all working in partnership with industry.

As the new Government takes shape this briefing summarises the leading topical issues the UK's diverse ports industry currently faces although it is not an exhaustive document. As an all-inclusive organisation whose aim is to represent ports of all types and sizes, the BPA looks forward to tackling these challenges with the new Government and our industry partners.

The BPA represents the interests of a wide range of ports and harbours to all tiers of UK government and beyond. 95% of the UK's international trade passes through its ports and they are vital gateways for economic success.

We have a good relationship with the Government and our priorities for a partnership approach would be:

Government to provide:

- An efficient and streamlined planning and consents regime for port activity and developments
- Priority given to public funding of road and rail connections to ports
- A Brexit trade facilitation pledge for 'frictionless' border controls
- Reduced burdens on business through the 'Great Repeal Bill'
- Recognition of the major benefits of maritime transport with targeted assistance for modal shift
- Active support for the cross-section of port ownership models

Industry to provide:

- An efficient, market led ports sector responsive to users and contributing to the economy
- A responsible industry which strives to minimise environmental impacts
- Information to regional and national planners
- High standards of marine and landside safety
- A safe, well qualified and trained workforce

The UK ports industry

The UK has the second largest ports industry in Europe collectively handling almost 500m tonnes annually and directly employing around 120,000 people.

The main markets for ports are unitised trade (which can be broken down into container and roll-on roll-off traffic), and bulk trade, most of which is comprised of oil, liquid products and dry cargo such as aggregates.

The main expansion over the past 20 years has been the growth of unitised traffic, reflecting changes in the UK economy which is heavily import dependent, especially for high-value finished goods.

Bulk cargo volumes had remained broadly steady in the last 10 years although recent changes in energy policy have seen, for example, coal throughput decline dramatically. Many of these cargoes are closely tied to, for example, changes in the oil price and the fortunes of the construction industry.

Other trades and non-cargo activities such as providing services to the offshore industries, landside hubs for the fishing industry, helping facilitate numerous marine leisure activities and cruise ship calls, means that between them, UK ports handle more than 60 million passenger journeys each year.



Ports are highly entrepreneurial, they continue to invest in infrastructure, equipment and their people at no cost to the Government.

They play a vital role in driving regional and national economies, but our Government must provide the right policy and regulatory framework and explore investment opportunities to better connect ports with national networks.



Brexit and trade facilitation



Together with our industry partners at the UK Major Ports Group we have spoken with Ministers and officials from a wide range of Westminster departments since the referendum. We have also met Ministers from the devolved governments at various points.

Discussions have included the re-introduction of frontier and customs controls on European port routes, environmental policy changes, new trade opportunities, transport infrastructure investment and stimulus, and the impacts and outcomes across the fishing sector.

In terms of trade, EU membership enables intra-EU cargo to move across the border and therefore through ports without needing customs declarations and with minimal disruption. This benefits a wide range of cargo traffic, but is especially valuable to the roll-on roll-off (Ro-Ro) freight on ferry services.

We welcome the Prime Minister's aspiration of 'frictionless' trade but the impact of customs requirements could be that Ro-Ro ferry traffic faces significant disruption from Government border checks and potential inspections. Such checks and delays represents costs for shippers and the freight sector, and these costs will be passed on to importers, manufacturers and consumers. Our members in Northern Ireland have the particular issue of being located near to the UK's only land border whilst handling a mixture of freight traffic heading to either the Republic or the North. There are ongoing discussions across Government regarding this challenge.

It is vital that Government agrees a post Brexit customs strategy that does not create lorry parks on roads leading to Ro-Ro ports such as Dover, Portsmouth and Holyhead.

It should be said that ports handling bulk shipments have expressed less concern. Tankers and single cargo shipments on UK-European routes are likely to only be required to produce single documents (and these are usually completed by agents).

The impact of tariffs on intra-EU traffic however is less clear to our members. Tariffs are usually collected away from ports and administered by shipping agents so their introduction is less concerning. The macro impact of tariffs on the economy and consequently on ports trade is less understood and we would hope that the UK Government is considering this fully in the run up to the negotiations.





There are of course a number of rules stemming from Brussels which we would like to see removed and the 'Great Repeal Bill' represents a real opportunity to revoke unsuitable legislation and red tape. Indeed the recently passed EU Port Services Regulation will create a host of unnecessary requirements on service provisions for UK ports which are already engaged in open competition. The rules will cover bunkering, mooring, towage and waste services as well as increased financial transparency, potentially limiting the UK ports sectors competitive edge. The previous Government understood and accepted our concerns and we will be pressing the new Government to revoke the Regulations at the earliest opportunity.

Post Brexit we will be calling for the EU Port Services Regulation to be repealed as it is unwanted and unnecessary. We will also be encouraging the Government to give real consideration to proposals for ports to become free trade areas to help stimulate economic growth and trade.

Additionally, many of our regional ports and their communities support important fishing activity. Our fishing port members have agreed an outline Brexit position calling on whoever forms the new Government to refrain from using UK fisheries as a bargaining chip. We are keen to see a pragmatic solution that allows more control over our own fisheries without limiting fish landings from EU vessels into UK ports. The recent announcement that the UK will be withdrawing from the London Convention has been celebrated by many in the fishing industry but there are a number of implications which are still unclear. Many UK ports and communities now rely on landings by foreign vessels and with no immediate replacement with UK trawlers likely, future fishing related services and activities in certain areas could be threatened.

We have also made it clear that, given the level of fish traded between the UK and EU, a sensible solution that does not include additional tariffs or unnecessary restrictions at the border must be found, as we are concerned the UK could lose landings to European ports.



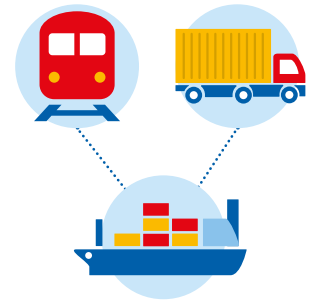
Transport and connectivity

Ports manage and develop their own infrastructure and facilities but in terms of their hinterlands, the sector depends on road and rail connections which are owned and managed by local and national government.

The overwhelming majority of all goods coming into and out of ports do so by road. Although the UK has a strong motorway network, good connectivity can be seriously compromised by the inadequacy of a port's local infrastructure links. Despite some new investments the UK has particularly limited public spending on transport infrastructure in comparison with our main industrial competitors.

Indeed, investment has tended to be focussed on big ticket passenger transport schemes and we are keen that freight and regional connectivity projects are prioritised. We have welcomed a recent Department for Transport initiative to undertake a new Port Connectivity Study in England.

We support what is initially a stocktake exercise but we hope this will be the opportunity to start seriously pursuing a range of high value for money (and much needed) local schemes for road and rail. We are also keen to see similar initiatives adopted in other parts of the UK and it is vital that ports are recognised in the Government's forthcoming Industrial Strategy.



We welcome the new Port Connectivity Study but it is vital that following this stocktaking exercise the Government rolls out an investment strategy to ensure good road and rail connections to all ports.

This will ensure that the UK has efficient links for goods and passengers and will help the economy compete.



Sustainable development

The ports industry has a range of environmental responsibilities, ranging from reception of waste generated by ships to issues of water and air quality. Many ports have substantial areas of land and water to manage, a high proportion coming under the robust protection regime guaranteed by EU standards.

Ports wishing to expand and develop within these areas come under particular scrutiny to ensure that activities are compatible with rigorous standards of environmental protection and conservation. This has accelerated in recent years with new areas and zones of environmental protection, which has become a major development hurdle for ports. While we fully support the principles of suitable development and responsible port activity we are pressing the Government to find a suitable balance.

Recently the BPA called on Ministers to introduce 'port zoning' in and around UK harbour areas to support jobs and trade post-Brexit. The BPA wrote to Government Ministers around the UK outlining the new concept that would see both marine and land areas within ports being classified as special areas for growth. These zones would be safeguarded against the impact of marine designations and planning system challenges, allowing ports to fast-track developments and have certainty about future activities.

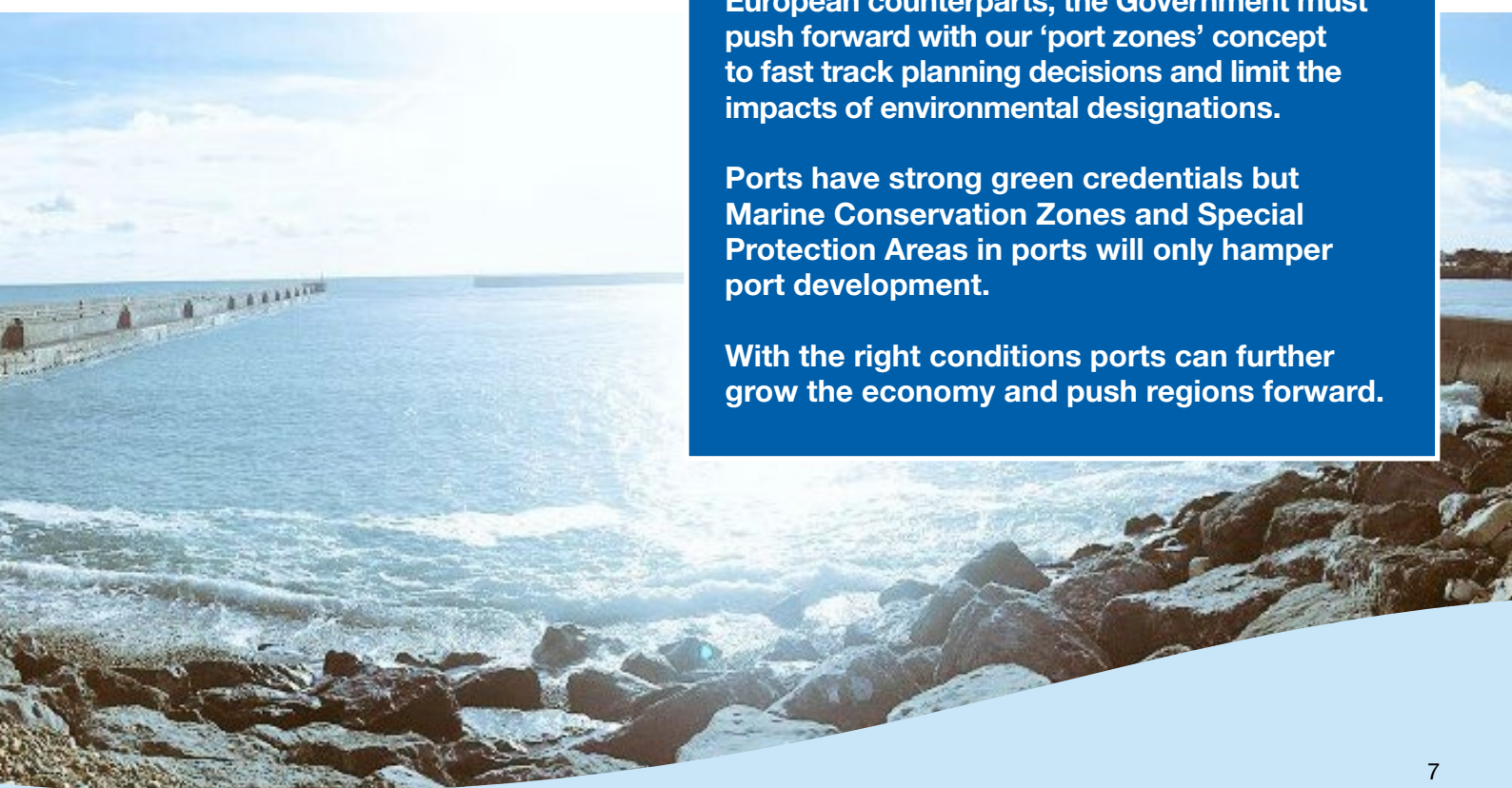
As pre-existing economic areas, ports can be forced to undertake costly assessments to continue operating. We are keen to work with the new Government on this concept and hope that the new administration seek to actively encourage port growth and development.



If UK ports are going to compete with their European counterparts, the Government must push forward with our 'port zones' concept to fast track planning decisions and limit the impacts of environmental designations.

Ports have strong green credentials but Marine Conservation Zones and Special Protection Areas in ports will only hamper port development.

With the right conditions ports can further grow the economy and push regions forward.



We look forward to tackling these challenges with the new Government.

British
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