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Scottish Ports
Committee

**PORTS IN
SCOTLAND**

*“Delivering
Value”*

British Ports Association

“Speaking for UK Ports”



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Ports in Scotland – a high value industry

Ports in Scotland are fundamental to the Scottish and UK economies. They have a unique role, not only providing a base for trade and employment, but in connecting communities.

In 2006 ports in Scotland handled 102m tonnes of freight, which represented 17 per cent of the UK's total, equating to a trade value of £65bn. This is equivalent to 21 tonnes of freight per person. In England the figure is 8 tonnes.

It is estimated that port and harbour related activity, such as cargo handling and storage, warehousing, ship repair and construction, generate economic activity to the extent of some 18,000 direct Full Time Equivalent (FTE) jobs in Scotlandⁱ (based on 2006 data). The potential additional knock-on employment of up to 21,000 is a result of indirect and induced expenditure effects through the supply chain. These figures exclude employment generated by the fishing and offshore oil and gas sectors which represent a very significant contribution to the Scottish economy.

Over 67 per cent of Scotland's total exports go out via Scottish ports, equating to 74 million tonnes each year. As well as goods, ports in Scotland handle 10.5 million passenger movements each year. Domestic services and links to Northern Ireland are vital to communities and the economy.

In addition to its cargo and passenger handling roles, the ports industry offers a range of other important services. These include the UK's largest offshore oil industry, maintaining ferry links to island communities, the growing leisure and recreation sectors as well as the largest fishing industry in the UK. Particular growth areas in recent years have been the cruise liner and private yacht mooring sectors.

Figure 1 - Foreign and domestic sea freight traffic at major Scottish Ports, 1995 to 2006

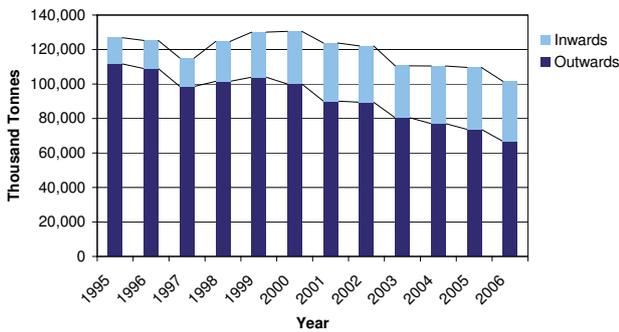
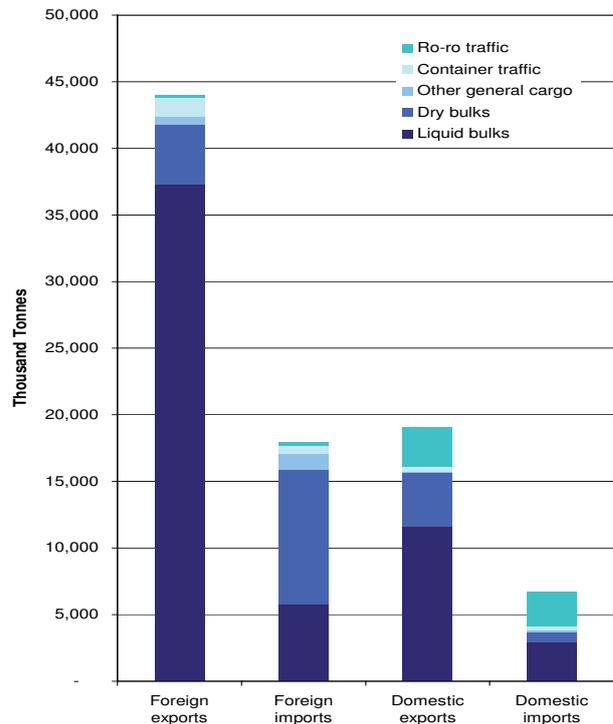


Figure 2 - Types of goods, foreign and domestic traffic at major Scottish Ports, 2006

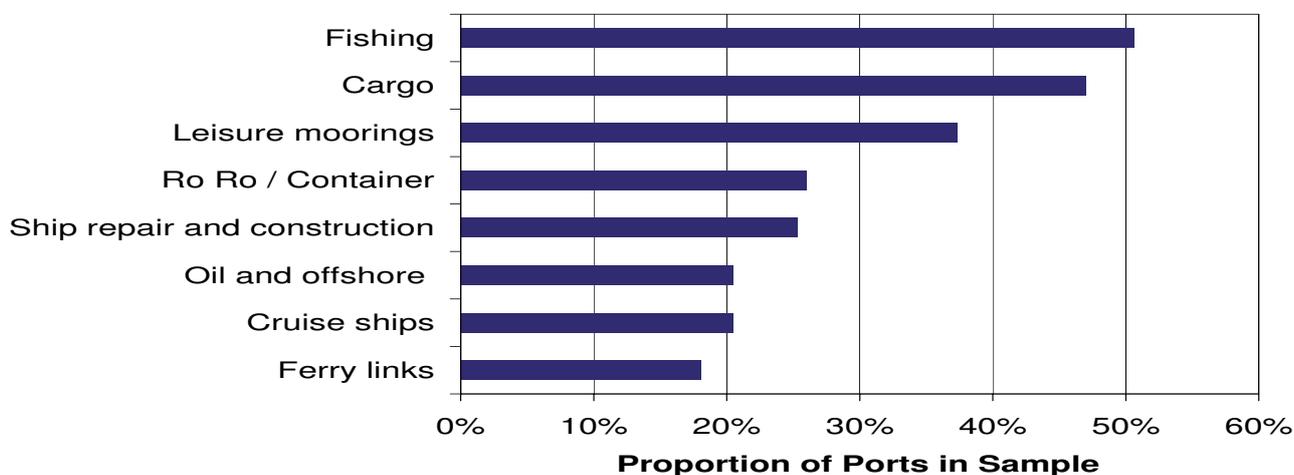




Scottish port activities

The proportion of different activities at ports, based on a review of 80 of the most significant Scottish ports, is illustrated in Figure 3, belowⁱⁱ:

Figure 3 - Range of uses at Ports in Scotland



Port ownership and representation

There are three types of port ownership in Scotland; Trust, Municipal and Private. All ports operate on a commercial basis independently from government and receive almost no public funding or assistance.

A **Trust Port** is an independent statutory body governed by its own local legislation and controlled by an independent board. Any profits Trust ports make are re-invested into the port. Trust ports in Scotland include Aberdeen, Cromarty Firth, Fraserburgh, Peterhead, and Tarbert (Loch Fyne). All have a high degree of accountability.

Privatised ports are privately owned companies and can often be part of a larger port group - for example Ayr and Troon ports are both owned by Associated British Ports, while Clydeport is owned by Peel.



Municipal ports are run by local authorities and report to one or more elected councillors. Prominent Scottish Municipal ports include substantial oil operations in Orkney and Shetland.

The Scottish Ports Committee (SPC) is the only national forum representing port interests. It meets regularly with the Scottish Government and acts as a voice for the industry.

Scottish Ports Review 2006

Ports policy was reviewed in 2006 by the Scottish Government. The main conclusion was that the sector had benefitted substantially from its independence and that the Scottish Government supported its mixed ownership structure, (i.e. Trust, Municipal and Private). Investment decisions based on market needs rather than through central direction have been positive for the sector. The BPA's response to the Review's findings was supportive. With the Review as a foundation, the challenge now is for the industry and the Scottish Government to create a policy framework which promotes port activity as part of a properly resourced transport sector.



Developing new strategies

The 2006 Scottish National Transport Strategy forms the basis of a holistic approach to promoting transport in Scotland with the aim of facilitating economic development. The strategy recognises the importance of ports as key international gateways for goods and people into the Scottish economy, and as key links in the chain of life-line services. The strategy also reinforces a market-led port industry and the importance of commercially-viable development without distorting subsidies.

The Scottish Government is formulating a National Planning Framework. This for the first time identifies important Scottish 'National Development' infrastructure projects that will be rolled out up to 2030. The Scottish Government has said that its economic strategy requires a planning framework that supports sustainable economic growth across Scotland. Included in the proposed nine National Developments are three large projects specifically related to the ports industry.

Improving Safety and Skills

The BPA has strong links with Port Skills and Safety (PSS), a national organisation which provides advice on safety issues and promotes best practice throughout the UK. It has successfully launched two national safety initiatives to minimise risks in the workplace and has formed a strong alliance with the shipping industry and the trade unions to promote high standards. Safety levels are closely linked to levels of skills and training. PSS is the Standards Setting Body for ports and is developing a national programme of standards and qualifications linked to colleges and training providers to meet the needs of employers and employees. Part of this process in Scotland has been the introduction of new Scottish Vocational Qualifications (SVQs) for Port Operations and their Supervision. Apprenticeships and higher level qualifications will be introduced as part of the development strategy. PSS builds on the strengths of the ports network to promote quality services.

Sustainable development & environmental protection



Responding to key Directives from the European Commission will be integral to future ports policy. New quality standards introduced by the Water Framework Directive require measures to achieve targets set by the catchment area advisory groups. These targets will have to complement other coastal plans and activities. The possible setting up of a Marine Management Organisation or similar type of body could assist this process. In preparing ports for the impact of such changes the BPA plays a full role in the Scottish Environment Protection Agency's River Basin Planning National Advisory Group meetings and also monitors the regional meetings.

By 2021 Scotland will also have to comply with the EU Commission's Marine Strategy Package Directive which will require each member state to develop a marine strategy which introduces 'good environmental status' for the marine environment. The BPA is also represented on the Sustainable Seas Task Force's Advisory Group on Marine and Coastal Strategy which is examining the future of coastal management in Scotland. Balancing commercial and environmental objectives will be key targets for the SPC.

Environmental issues have become an increasingly important issue for ports. The sector is keen to limit its effect upon the environment. An example of a port-driven environmental initiative is the EcoPorts Foundation. EcoPorts is a network of ports and port related stakeholders established in 1999 who share environmental experience and good practice. The initiative enables ports to track their environmental strengths and weaknesses and also apply for a certificate as a validation of their environmental activities and achievements. The initiative is an example of how ports have attempted to minimize their impact on the environment pro-actively, using the strength of the network.

It is worth noting that out of all the major transport modes, shipping has the least environmental impact. The waterborne transportation of goods and passengers has a dramatically lower carbon footprint than the road, rail and aviation sectors. A recent European study of carbon dioxide emissions from various forms of transport showed that shipping emitted the least. It found that ships emitted just 0.119 kg of CO₂ for each unit of cargo, per kilometre; trains emitted 0.673 kg/km; and lorries emitted 2.296 kg/km. Shipping also helps to remove traffic and congestion from our roads.



Scottish Parliament amends Habitats Directive

In June 2007 the Scottish Executive announced that it was planning to amend the Scottish Conservation (Natural Habitats) Regulations by altering the original Conservation (Habitats &c.) Regulations 1994 and extending the application of Part IV of the Directive to include all plans or projects. This move will provide Scottish Ministers with the power to 'call in' any plan or project which may have a "significant" impact on a protected site and limit the development and growth of ports in Scotland. The SPC believes that the recent changes demonstrate the need for a more long term and considered strategic approach to safeguarding the environment. In particular there are must be consistent application of EU legislation throughout the UK.

Commercial Sectors

General cargo

Scottish ports handle trade across a wide range of goods and services and support employment in national, local and regional economies. According to DfT figures ports in Scotland handled 17 per cent of all traffic entering and leaving the UK in 2006.

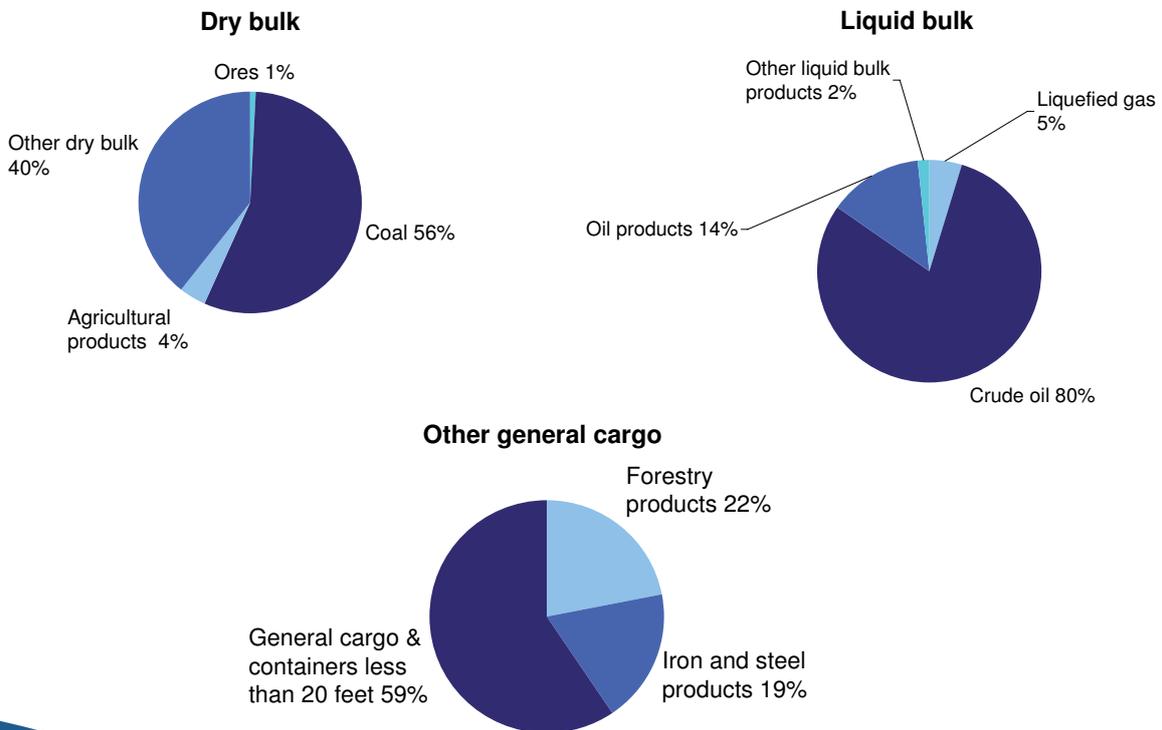
An array of dry bulk goods such as coal, timber, aggregates, paper, agricultural products, fertilizers, peat, salt and scrap metal enter and leave the country through ports.

Although, the total amount of freight exported from Scottish Ports has reduced over the last decade, the amount imported has gradually increased.



In 2006 1.74 million tonnes of unitised goods were handled. The Central Belt is the focus of much of Scotland's container shipping industry as well as the main point of entry for significantly high levels of coal imports, much of which is transported on to England. The west coast of Scotland ships out more than six million tonnes of aggregate each year to various destinations all over the world. The port of Montrose is an example of a highly diversified general cargo port. It is the largest pulp handling port in Scotland and one of the largest in the UK.

Figure 4 - Types of goods, foreign and domestic traffic at major Scottish Ports, 2006





Scotland - the UK's gateway to offshore oil

The oil and gas industry is of immense economic significance to Scotland and the UK. Due to their location close to North Sea oil and gas reserves, Scottish ports provide an essential role in supporting exploration and production activities including transfer and servicing of ships, rigs and of course, handling the oil itself.

Oil related activities have led to the growth of developments at a number of ports. Sullom Voe on the Shetland Islands and Flotta on the Orkney Islands play a major role in the transferring of crude oil and gas from their pipelines on to tankers. Ports such as Aberdeen, Peterhead, Lerwick and Cromarty Firth play a vital role in servicing platforms, rigs and numerous other oil and gas related activities.

It is estimated that oil and gas production in the UK currently supports about 260,000 jobs in the supply chain, 40 per cent of which are in Scotland. Using turnover figures relating to exports, it is estimated that direct export activity from the supply chain could be supporting a further 100,000 UK jobs.

An example of the vital impact of the industry is Aberdeen where in 2006 activities at Aberdeen Harbour supported 11,000 full time jobs, many of which were oil related. In the region the jobs of more than 5 per cent of the workforce were directly connected to the oil and gas industry.

Although the North Sea fields are considered to be 'mature' having produced 36 billion boe ('barrels of oil equivalent' is a measure of oil and gas produced) there may be another 25 million boe available. However, the remaining oil and gas is more difficult and expensive to extract. Operators who specialise in extracting oil and gas from the more mature fields have purchased several of these assets from the oil majors. This has seen higher investment levels for some older fields with increased production being achieved.



Oil and gas from UK sources provides approximately 70 per cent of the nation's energy demand (2006). Despite a general trend of increasing operational costs and uncertainty about future energy prices, demand is likely to remain. Indeed current Government energy policy relies on oil and gas providing 80 per cent of its energy needs in 2020.

UKCS oil and gas investment has to compete with a range of other oil regions around the world. Scotland's fiscal and political stability together with its well developed supply chain compare very favourably with less stable areas overseas.

The centre of excellence established in the North East of Scotland has generated global trade in oil and gas equipment manufactured or serviced in the region. Aberdeen Harbour already has three scheduled services to West African oil and gas producing countries and regularly handles other energy related cargoes to and from many other worldwide destinations.

Ferry services and Ro Ro links

Ships from the ferry terminals at Stranraer, Cairnryan and Troon regularly sail to Belfast and Larne in Northern Ireland, providing an important freight and passenger link. These services are economically significant to Scotland and the rest of the UK. In 2006 Scottish ports handled more than 405,000 unitised freight units. Also that year ferries carried 590,000 vehicles and 10.5m passengers on Scottish foreign and domestic routes. Of these passengers, almost 8m were carried on Scottish inter island routes.

A high proportion of the freight and passenger traffic passes through the ferry ports of Cairnryan and Stranraer. In 2007 Cairnryan handled 328,084 passengers, 85,359 tourist vehicles and shipped 250,000 freight units.

Scotland is also well linked with Europe. Ports such as Rosyth have regular ferry connections with Zeebrugge in Belgium which provides an important entry point for European freight carriers into the UK.



Smaller scale ferry services not only provide local communities with an essential trade and passenger link with the mainland, they are also a gateway for tourists to visit areas that might be otherwise inaccessible by car or train. Examples of this type of link are on services operated by Caledonian MacBrayne, Orkney Ferries Ltd, Northlink Ferries and Shetland Islands Council.

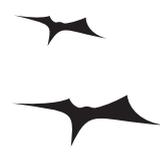
Each year Orkney Ferries Ltd carries approximately 300,000 passengers and 85,000 vehicles, while the Northlink Ferries services between Aberdeen and Lerwick and Kirkwall carry 140,000 passengers each year. This gives considerable economic and social benefits to both the port and harbour operators as well as the surrounding area, allowing for the movement of commercial traffic, local passenger traffic and growing numbers of tourists and visitors.

Outlying ferry links

Ports play an integral part in linking island communities with the mainland and harbours and ports are often vital to sometimes fragile local economies. Ports such as Lerwick in the Shetland Isles, Kirkwall and Stromness in the Orkney Isles and Stornoway on the Isle of Lewis, provide a 'lifeline' connection which is more than merely a ferry link to the mainland. Other mainland harbours such as Tarbert (Loch Fyne) and Ullapool act as an important intermediate link to island communities, and have themselves grown around such connections.



Caledonian MacBrayne operates a fleet of twenty-nine vessels on the Clyde and West Coast of Scotland, providing the main economic link between the Western Isles, the mainland and numerous small Isles communities on the West Coast. Orkney Ferries Ltd (run by Orkney Islands Council) operate ferries to thirteen Islands within the Orkney Islands, which provides the transport link to mainland Scotland via larger ferry links to Scrabster, Gills Bay, and Aberdeen. Shetland Islands Council provides the internal ferry system to eight Islands within their area. This, as in Orkney, provides a vital link to the larger ferry service to Aberdeen.



The Scottish fishing industry

Of all the activities which take place at ports and harbours in Scotland, fishing is the most common (See Figure 1.). The country is located amongst the most productive fishing grounds in the world. In 2004^v there were some 2,400 fishing vessels in the Scottish fleet and these landed 391 thousand tonnes of fish worth some £280m in export value. Much of this fish was processed in Scottish fish factories. The combined employment of these sectors amounted to 15,000 jobs. The importance of these jobs to local communities should not be underestimated given the often remote and isolated locations of the ports and harbours around the North-East, the North-West of Scotland and Shetland.



The Scottish fishing industry has stabilised in recent times. Fishing quotas have reduced the supply of fish in the British market which has in turn led to an increase in market value. There is a wide variety of fishing ports in Scotland, ranging from the smaller fishing ports in the Western Isles to the large scale operations at Peterhead, which each year lands the most fish of any port in the UK. Fraserburgh Harbour is the largest prawn/nethrops landing port in the UK and one of the biggest in this sector in Europe.

In 2006 landings of fish into UK ports by UK fishing vessels totalled £493m for all types of fish, and almost two thirds of the UK's total fish landings were made by Scottish vessels. Of the UK's total, 36 per cent was landed at the three largest fishing ports of Peterhead, Fraserburgh, and Lerwick. The market value of fish landed was £178m.

Facing rising operational costs and reduced fishing opportunities mean that achieving profitability remains a challenge for the Scottish fishing fleet. In recent years there has been a substantial investment by various Scottish ports in new market facilities, as well as a greater emphasis on increasing quality standards. Port authorities at Fraserburgh, Lerwick and Peterhead have all recently invested in fish processing and market facilities. At Fraserburgh both of the harbour's markets were upgraded during 2007 to allow vessels to land their catch at any time.

Figure 5 - Value of Landings of (all species of fish) into UK ports by UK vessels, 2006

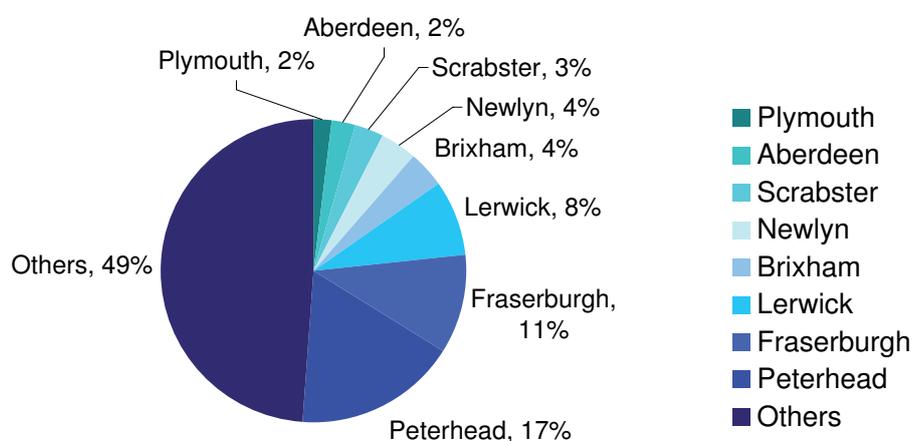


Figure 6 - Size and Value of Landings at Scottish ports in 2006^{vi}

Fish species landed at ports in 2006	Total for Scotland	
	Quantity (tonnes)	Value (£ '000)
<i>Demersal</i>	109,334	122,276
<i>Pelagic</i>	122,611	63,712
<i>Shellfish</i>	57,307	137,683
TOTAL	289,253	323,671

The fishing industry is still an important employer across Scotland and fish processing and farming are growth areas. Related employment, particularly in areas such as the Shetlands, remains very important. In 2007 it was estimated that the total employment impact (taking account of 'knock-on' expenditure effects through the economy) of the fish catching industry in Scotland was 10,472 FTE jobs. This represented £303m or 0.4 per cent of the country's GDP.

In 2007 almost 24,000 FTE people were employed in the fish processing industry, representing £672m or 0.9 per cent of Scotland's GDP. The economic impact of employment in the fishing industry is greater in outlying areas as expenditure is more likely to be captured by local markets and suppliers.



An example of how important a harbour is to the wider population or a region is Fraserburgh. The local community has the largest dependency on fishing of any town in the UK. Approximately 45 per cent of the working population in the Fraserburgh area is either engaged in fishing directly or indirectly by providing the many services which are essential to keep a modern fishing fleet at sea.



Leisure and tourism

Leisure moorings remain an important business income for many Scottish ports and help to support many businesses situated around harbours and marinas.

In 2006/07 the Scottish recreational boating industry had an estimated turnover of £99m. This represented a contribution to the economy of £35.3m^{vii}. The sector is growing and turnover increased by 11 per cent on 2005/05. Studies have illustrated that each job in the core coastal marina sector supports a further 12 jobs in the local economy as a result of visitor and employee expenditures in the wider economy. Many ports are examining the possibility of expanding so investment is generally concentrated on enhancing and refurbishing existing facilities.^{viii}

Tourism is an important market for coastal areas and islands. The money tourism brings to these regions helps to support employment in the leisure and hospitality industries. Recently the harbour at Stornoway has modernised facilities to accommodate a greater number of visitors to the Isle of Lewis, many of whom arrive on the ferry service from Ullapool on the mainland. Some communities have been able to successfully capitalise on their fishing heritage and use it to promote their tourist industry.



Tourism is one of Scotland's largest business sectors, providing direct employment for over 200,000 people and generating visitor spending of more than £4bn a year.^{ix}

Although there are a number of small inter-island flight routes, island ports act as the main gateway for visitors. While some ferry routes remain unprofitable their social and economic significance to Scotland's outlying communities mean that there is a case for targeted support for these vital ferry services by the Scottish Government.



Scotland is an important UK and European cruise destination and conservative estimates suggest that the cruise industry supports more than 800 employees, generating £23m GVA to the Scottish economy each year.^x The cruise sector has good medium-term growth forecasts.

The number of cruise ships visiting Scotland has grown steadily. Lerwick Port Authority in Shetland plans to build a new pavilion for tourists and cruise ship passengers in the future.

Ship repair

Strongly related to the ports and harbours of Scotland is the shipbuilding industry which, in 2005, was worth approximately £180m GVA to the Scottish Economy. Scotland's shipbuilding sector is concentrated primarily on the manufacture and support of naval ships and specialist, more complex vessels for niche markets.

In 2005, Scotland had 25 per cent of the UK's output in shipbuilding and employed 5,300 staff. Overall there are some 100 Scottish companies engaged in ship and boat building, with over 1,500 companies in the supply chain. It should be noted that almost 90 per cent of these 100 businesses were small firms with less than 25 employees.



Fraserburgh Harbour recently opened a six berth repair Shiplift, and together with its dry dock, the facilities are regularly used by the harbour's fishing fleet, as well as a growing number of oil vessels and ferries. The facilities provide employment for a range of ancillary trades including carpenters, painters and welders to service all types of vessels.





Partnership between the Scottish Government and the ports industry

The BPA exists to represent the interests of its members to all levels of government. Bearing in mind the unique dependence of the Scottish economy on its ports, devolution offers opportunities to develop policies which promote not only ports but the Scottish transport system and the economy.

It is our view that successful policies depend on the ports industry and the Scottish Government reaching a mutual understanding on how port markets are developing and especially the demands they are likely to make on road, rail and other public investments.

As operators within the private sector, ports run the risk of marginalisation when public spending decisions on road and rail development are taken. The setting up of the Transport Agency represents a further opportunity to develop a relationship with ports and to understand their infrastructure needs. In this connection, the BPA has supplied information to the Agency on much needed hinterland links.

The principles of strategic and financial independence underpin our approach. We very much support the current port ownership and management mix in Scotland and the UK and believe that this has added to the strength and vigour of the sector and should not be compromised.



Although investment in transport does not in itself grow the economy, it is nevertheless clear that transport facilitates economic growth. As part of the mutual understanding of future capacity needs, there is a responsibility to identify economic trends in Scotland and areas of current and future transport demand. For example, inward investment initiatives, particularly in manufacturing would need to be linked with transport plans.

Where public money is being invested in public transport, care should be taken that public money does not distort the market and is not used to provide unnecessary subsidy. Lifeline services apart, waterborne and port transport developments should be commercially viable in their own right. To this extent, we see Scottish policy reflecting policy elsewhere in the UK.

Successful transport requires an efficient planning system. Ports need development consents by means of Harbour Revision Orders. Byelaws regulate activities of users in the harbour. The byelaw system needs modernising and sometimes there are insufficient resources dedicated to processing HROs. The possible setting up of a Marine Management Organisation (MMO) in Scotland creates the opportunity to have a central point for all maritime consents. We believe this possibility should be seriously investigated. In tandem, we support the use of Marine Spatial Planning (MSP). This should not be used to ossify planning, but to create a system which is better informed about the marine environment and its dynamics. Our view is that MSP should provide developers with greater pre-application certainty, cover the entire coast and minimise problems associated with the land and sea planning overlap. A single integrated licensing system should be fast, efficient and properly resourced.

The BPA Scottish Ports Committee has the following aims:-

- To achieve a mutual understanding with the Scottish Government and all relevant public authorities on future capacity needs and future direction of travel of the industry
- To continue to press for increased transport investment to improve connections to ports
- To protect the environment in a sustainable way which balances economic and social needs pragmatically
- To achieve an efficient planning and consents system which delivers more certainty
- To continue to provide a knowledge resource for its members and a forum for the exchange of information and best practice
- To continue to dedicate resources to represent port interests to all levels of government





British Ports Association

“Speaking for UK ports”

Scottish Ports Committee

Aberdeen Harbour Board - <http://www.aberdeen-harbour.co.uk>
Aberdeenshire Council - <http://www.aberdeenshire.gov.uk>
Angus Council - <http://www.angus.gov.uk>
Caledonian Maritime Assets Ltd - <http://www.cmassets.co.uk>
Clydeport - <http://www.clydeport.co.uk>
Comhairle Nan Eilean Siar - <http://www.cne-siar.gov.uk>
Cromarty Firth Port Authority - <http://www.cfpa.co.uk>
Dumfries & Galloway Council - <http://www.dumgal.gov.uk/dumgal>
Foster Yeoman (Glensanda quarry) - <http://www.foster-yeoman.co.uk/index.html>
Fraserburgh Harbour Commissioners - <http://www.fraserburgh-harbour.co.uk>
Highland Council - <http://www.highland.gov.uk>
Inverness Harbour Trust - <http://www.invernessharbour.co.uk>
Lerwick Port Authority - <http://www.lerwick-harbour.co.uk>
Mallaig Harbour Authority - Tel: 01687 462 154
Montrose Port Authority - <http://www.montroseport.co.uk>
Moray Council - <http://www.moray.gov.uk>
Orkney Islands Council - <http://www.orkneyharbours.com>
Perth & Kinross Council - <http://www.pkc.gov.uk>
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Shetland Islands Council - <http://content.shetland.gov.uk/ports>
Stranraer - Stena Line Ports - <http://www.stenaline ferries.org/>
Stornoway Port Authority - <http://www.stornoway-portauthority.com>
Tarbert (Loch Fyne) Harbour Authority - <http://www.tarbertlochfyne.com>
Ullapool Harbour Trustees - <http://www.ullapool-harbour.co.uk>
Wick Harbour Trust - <http://www.wickharbour.co.uk>

Associate Members of the BPA in Scotland

Babcock (Engineering Services) International Group PLC - <http://www.babcock.co.uk>
Jacobs Babtie - <http://www.jacobsbabtie.com>
Northern Lighthouse Board - <http://www.nlb.org.uk>

This brochure has been produced by the British Ports Association's Scottish Ports Committee, which represents the overwhelming majority of port interests in Scotland (2008).

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