



The importance of maritime trade

After decades of decline, the UK merchant fleet is growing again, contributing more to the national balance of payments and delivering higher volumes of imports and exports

Each year, in excess of 90% of the total goods traded internationally throughout the world are transported to and from their destinations along the principal global sea-trading routes. It takes more than a million sailors, manning just under 50,000 vessels, to do this and this huge effort generates an income in excess of US\$380 billion per annum within the global economy. This represents 5% of total world trade in terms of freight rates within the global economy, and is carried on a mixture of different types of ships with general cargo vessels making up 39% of the global fleet, tankers accounting for 25%, bulk carriers 13%, passenger ships 12% and container vessels 7%.

The importance of maritime trade to the UK

The UK's coastline extends over 10,500 miles and contains some 600 ports of various sizes. These are critical to the UK's livelihood, as more than 95% of its visible trade is reliant on shipping. Not surprisingly, a number of major sea routes lie off British shores, with the English Channel being the second busiest international waterway in the world. Each year, there are in excess of 80,000 traffic movements through the Dover Strait alone.

According to figures produced by the Department for Transport (DfT), the total trading fleet on the UK register, of ships over 100 gross tonnes and above, has increased by 350% since the introduction of the tonnage tax in early 2000. Furthermore, the UK-owned trading fleet, which represents ships owned by UK-based companies, has increased in size by 148% over the same period. This increase in the registered fleet means that it is currently the sixth largest within the European Union, according to figures published by the European Community Shipowners' Association. As such, approximately 27,000 UK merchant seafarers are required worldwide to man this level of British-owned or registered vessels.

Figures from the Office for National Statistics highlight that Sea Transport was the UK's third largest service sector with export

earnings of £9,407 million in 2005. In the same year the UK-owned fleet of over 700 ships and almost 18 million deadweight tonnes generated revenues of £11,605 million. Only the financial sector and the tourism industry generated more revenue for the UK exchequer.

In 2005, 586 million tonnes of freight traffic passed through the UK's ports; by comparison the figure for air freight was about 2 million tonnes. There were also 24.7 million international sea passenger journeys to and from the UK; 23.7 million were on ro-ro ferries, 935,000 were on cruises and 52,000 on long sea journeys. The single largest commodities by volume are crude oil and oil products, which make up nearly half of total traffic (43%).

Furthermore, according to the DfT, Europe is by far the UK's largest trading partner and currently about 112 million tonnes of cargo are shipped to Europe and 168 million tonnes imported from it. By weight, the UK exports almost twice as much to North and Central America as it imports, but trade with the rest of the world is predominantly in the opposite direction. ▶

Major ports traffic to and from the UK¹

(Million tonnes)	To UK	From UK
North & Central America	18.1	33
South America	14	0.7
Europe ²	168	112.8
Africa ³	20.2	2.2
Asia ³	22.4	11.1
Australasia	12.7	0.6

1: Not including traffic with unspecified countries.

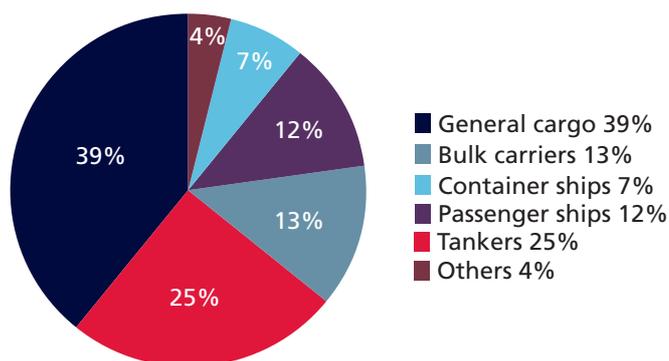
2: Including traffic with Mediterranean countries.

3: Excluding traffic with Mediterranean countries

Source: DfT Maritime Statistics 2005

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Breakdown of Global Fleet



Source: International Chamber of Shipping.



UK maritime cargo breakdown 2000 - 2005

Crude oil	27%
Ro-ro	18%
Oil products	16%
Container	9%
Coal	9%
Other dry bulk	7%
Other general cargo	5%
Ores	3%
Other liquid bulk products	2%
Agricultural products	2%
Liquefied gas	1%

Source: DfT Maritime Statistics 2005

Traffic through top 10 UK ports (million tonnes)

Port	In	Out	Total
Grimsby & Immingham	43.7	17.0	60.7
Tees & Hartlepool	19.9	35.9	55.8
London	45.0	8.9	53.8
Southampton	25.4	14.6	39.9
Milford Haven	21.3	16.3	37.5
Forth	4.8	29.4	34.2
Liverpool	25.5	8.3	33.8
Felixstowe	13.9	9.2	23.1
Dover	13.4	7.7	21.1
Sullom Voe	3.9	16.6	20.5

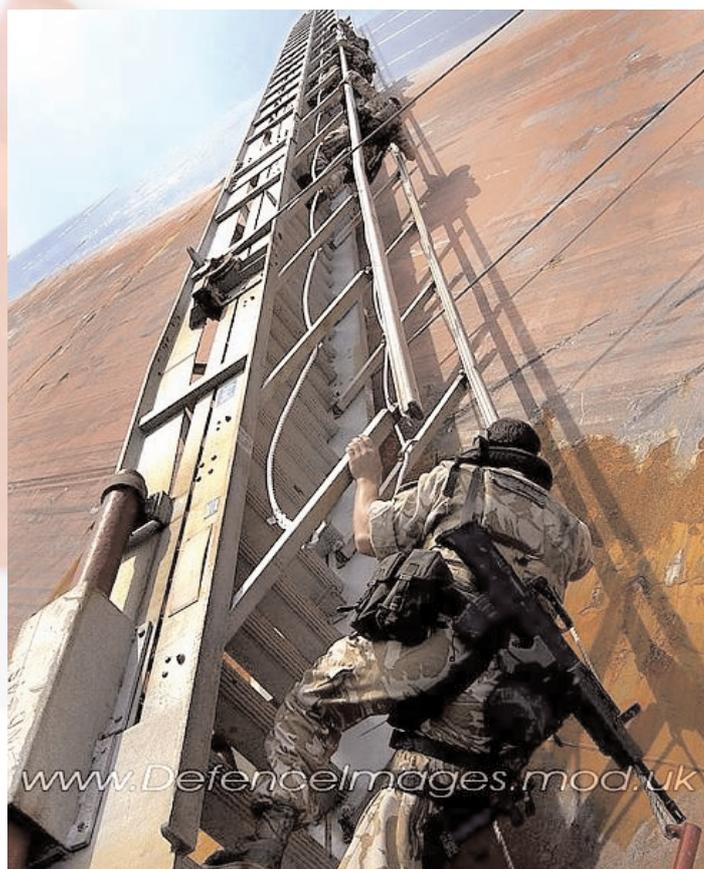
Source: DfT Maritime Statistics: 2005

Major UK ports and freight figures

The UK's busiest ports are evenly distributed around the United Kingdom, from the oil terminal at Sullom Voe in the Shetland Islands to Southampton on the south coast. In terms of tonnage, Grimsby and Immingham processed more throughput than any other port in the UK, with Tees and Hartlepool beating London into third place.

Energy

Oil: The UK's energy needs for heating and electricity supply are met by a mixture of gas (39%), oil (35%), coal (15%), nuclear (9%) and others (2%). Figures from the Department for Business, Enterprise and Regulatory Reform show that since the first surplus on oil trade (£0.3 billion) in 1980, oil trade has contributed £98 billion to the UK balance of payments. The largest surplus of £8 billion was recorded in 1985. Since 2000, the surplus has steadily declined and in 2005 the UK became a net importer of oil (-£0.5 billion), much of this coming from the Middle-East through the Mediterranean via the Suez Canal and the Strait of Hormuz.



Gas: With almost 40% of energy needs met by gas, the UK has the largest natural gas market in Western Europe. However, gas from the North Sea peaked in 2000 and is now in steady decline, so much so that the UK became a net importer in 2004 and is expected to import as much as 50% by 2011.

Much of it is transported into the UK via a network of pipelines from Norway and the Netherlands, but increasing demand, and a need to spread the risk across different forms of delivery, has meant that the UK has started to develop a network of liquefied natural gas (LNG) import and storage installations, initially on the Isle of Grain in the Thames estuary, and at Milford Haven in Wales. Seaborne LNG shipments are due to double in the next decade. The main exporter countries into the UK are Malaysia, Netherlands, Norway and Qatar. In the near future, Algeria, Egypt and Russia are expected to become major players. ■