

OXFORD ECONOMICS

The economic impact of the UK Maritime Services Sector

A Report for Maritime UK
March 2015



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1 Executive summary

The UK maritime services sector's economic impact

This report, prepared on behalf of Maritime UK¹, quantifies the economic impact of the UK maritime services sector, here defined to include the activity of UK ports, shipping and maritime business services. It therefore excludes sectors such as North Sea oil and gas extraction, the manufacture of marine equipment and the naval defence industry. As such we would consider estimates presented in this paper as conservative figures

Direct employment contribution

- It is estimated that the maritime services sector employed approximately 219,400 people in 2013 or 0.7% of total UK employment.
- Removing the impact of foreign seafarers in the shipping industry suggests the maritime services sector created 139,800 jobs in the UK.

Direct contribution to UK GDP

- The maritime services sector made a £9.9 billion gross value added contribution to UK GDP in 2013. This is 0.6% of the UK economy's total output. This is larger than the value-added contribution of both travel agency and tour operators and the activities of hotels.

Direct tax contribution

- Through this activity and employment, the sector paid a total of £2.2 billion in taxes to the UK Exchequer. This equates to £35 for every person in the UK.

Multiplier impacts

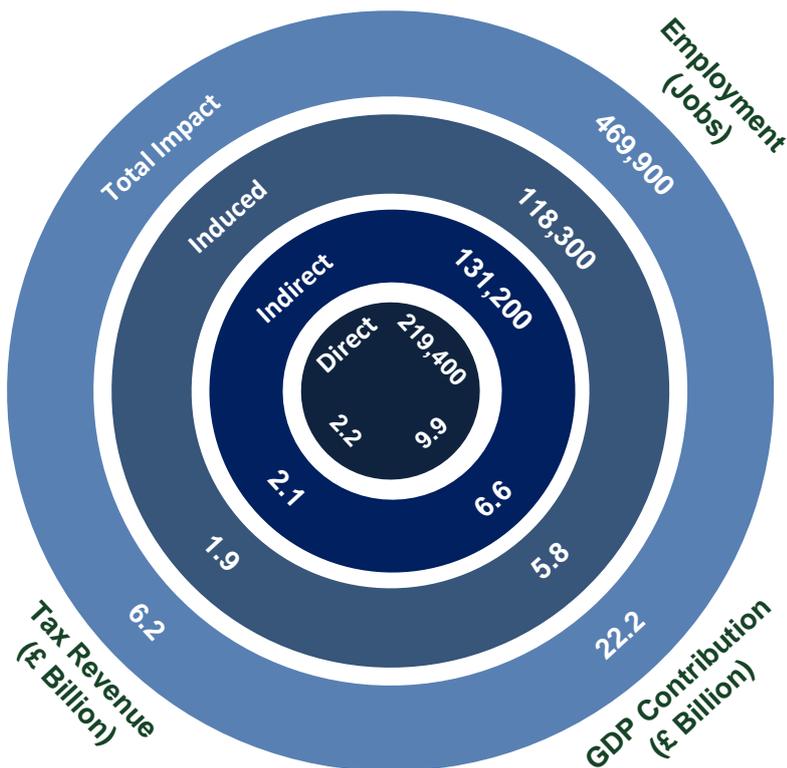
- Service providers' expenditure on inputs of goods and services stimulates economic activity in the sector's supply chain. In addition, the sector and the firms in its direct supply chain payment of wages, generates consumer spending at retail and leisure outlets. Such effects are typically referred to as the 'indirect' and 'induced' impacts, respectively.
- In total, the UK maritime services sector supported 468,900 jobs and a £22.2 billion gross value added contribution to UK GDP in 2013. The latter is equivalent to around 1.4% of total economic output created in the UK.
- In terms of UK-based jobs, the maritime services sector is estimated to support approximately 389,300 jobs inclusive of the multiplier impacts (removing foreign officers and ratings employed on UK-registered vessels in the shipping industry).

¹ Maritime UK is an overarching body comprising the Baltic Exchange, the British Ports Association, the UK Chamber of Shipping, the Institute of Chartered Shipbrokers, Maritime London, CLIA UK and Ireland and the UK Major Ports Group.

- Finally, inclusive of these multiplier impacts, the maritime service sector and its employees' total contribution to tax revenues was approximately £6.2 billion in 2013, equivalent to £1 in every £106 of government revenue collected.

The total economic impact of the maritime services sector - in terms of employment, gross value added contribution to GDP and tax revenues generated for the Exchequer - is summarised by channel of impact in Figure 1.1.

Figure 1.1: Summary of the economic contribution of the UK maritime services sector in 2013



The impact of the maritime services sector varies across the UK's regions

- In 2013, the maritime services sector employed 35,200 people in Scotland. This is 25% of the sector's total employment. The maritime services sector made a £2.1 billion gross value added contribution to GDP in London, and this is largely down to business services cluster headquartered in the region.
- The sector also employed over 10,000 people in the English regions of the South East, North West and the Yorkshire and the Humber.
- When including the wider multiplier impacts through the indirect and induced channels, the maritime services sector supported tangible impacts in regions with a limited direct impact, such as the East Midlands and West Midlands. Indeed, it is estimated that around 0.8% of employment in each region was supported by activity generated by the maritime services sector in 2013.

- In terms of its relative contribution to the UK's nations and regions, it is in Scotland where the maritime services sector has the greatest impact. The sector supported an estimated 2.6% of the country's GDP and 2.3% of employment in 2013. Other notable contributions include those in Northern Ireland and the North East of England, where the sector supported over 2% of GDP.

2 Introduction

This report, prepared by Oxford Economics, describes the economic footprint of the UK maritime services sector in 2013, providing an update on previous research². Here 'maritime services' refers to the combination of the ports, shipping and maritime business services industries, whose economic contribution is analysed individually in a separate set of reports.

2.1 The channels of economic impact

There are many channels through which the UK maritime services industry makes a contribution to the UK economy. This report looks at three expenditure channels that are included in a standard economic impact study:

- **Direct impact** – employment and economic activity generated by all businesses forming part of the maritime services sector itself, including the ports, shipping and maritime business services sectors.
- **Indirect impact** – the economic activity supported by the sector's purchases of inputs of goods and services from its UK supply chain.
- **Induced impact** – the firms in the sector and its direct supply chain pay their staff wages. A proportion of this income is spent at retail and leisure outlets, which stimulates economic activity there and in the outlets' domestic supply chains.

When dealing with a single firm/sector the total economic impact of its activities would be defined simply as the sum of these three individual effects. However, due to the interconnections between the three industries under consideration it is important that adjustments are made to eliminate the risk of 'double counting'. This issue is explored in more depth in Chapter 4.

2.2 Report structure

This report is structured as follows:

- **Chapter 3** explores the contribution to the UK economy of each of the three sectors in isolation, covering employment, the gross value added contribution to GDP and tax revenues raised for the Exchequer.
- **Chapter 4** analyses their combined economic impact, in terms of the same three metrics.
- **Chapter 5** provides a breakdown of the regional impacts.
- **Chapter 6** concludes.

² Oxford Economics, (2013), 'The economic impact of the UK's maritime services sector', February.

3 The Economic Impact of Each Individual Sector

This section investigates the contribution each of the three separate sectors (ports, shipping and maritime business services) make to the UK economy, focusing on three key metrics (jobs, gross value added and tax revenue). For more detail on any of these sectors, consult the separate individual reports which were produced in conjunction with this study³.

KEY POINTS

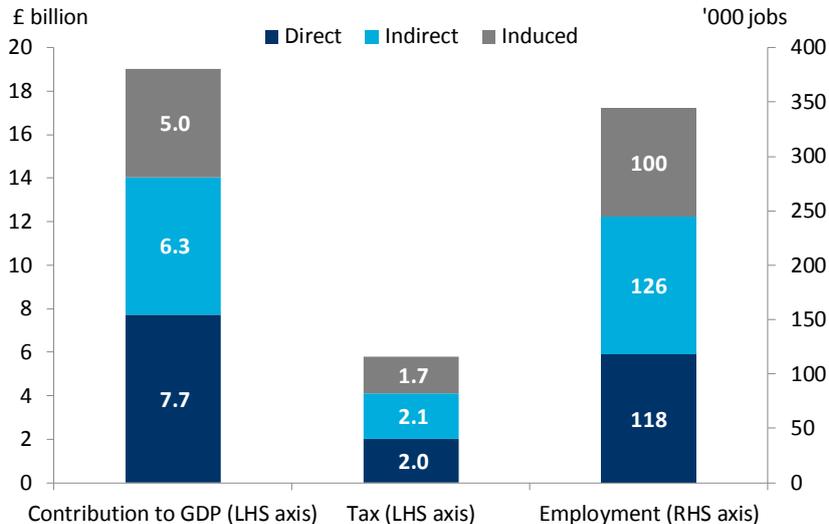
- The UK ports industry, including direct, indirect and induced effects, supported **344,300 jobs**, a **£19.0 billion gross value added contribution to UK GDP** and **£5.8 billion in tax receipts** in 2013.
- In total, the shipping industry, including direct, indirect and induced effects, supported **209,300 jobs** (of which 129,700 were UK-based), a **£7.7 billion gross value added contribution to UK GDP**, and **£1.7 billion in tax receipts**.
- In 2013, including direct, indirect and induced effects, the maritime business services sector supported **48,600 jobs**, a **£3.5 billion gross value added contribution to UK GDP** and **£1.0 billion in tax revenues**.

3.1 Economic impact of the ports industry

In 2013, the UK ports industry employed around 118,200 people and generated a £7.7 billion gross value added contribution to UK GDP (or 0.5% of total). This was more than the contribution of both real estate agencies and motor vehicles repair industries. Moreover, this activity generated over £2.0 billion in tax revenue for the UK Exchequer. The impact of the ports industry extends beyond its direct contribution, however, through its expenditure on inputs of goods and services and payment of wages. These expenditure effects helped to raise the industry's overall contribution to GDP to nearly £19.0 billion, activity which supported approximately 344,300 jobs (equivalent to 1 in every 94 jobs) and raised nearly £5.8 billion in tax receipts (Chart 3.1).

³ Oxford Economics (2015), 'The economic impact of the UK Maritime Services Sector: Shipping', 'The economic impact of the UK Maritime Services Sector: Ports', and 'The economic impact of the UK Maritime Services Sector: Business Services', January

Chart 3.1: Summary of the economic impact of the ports industry in 2013

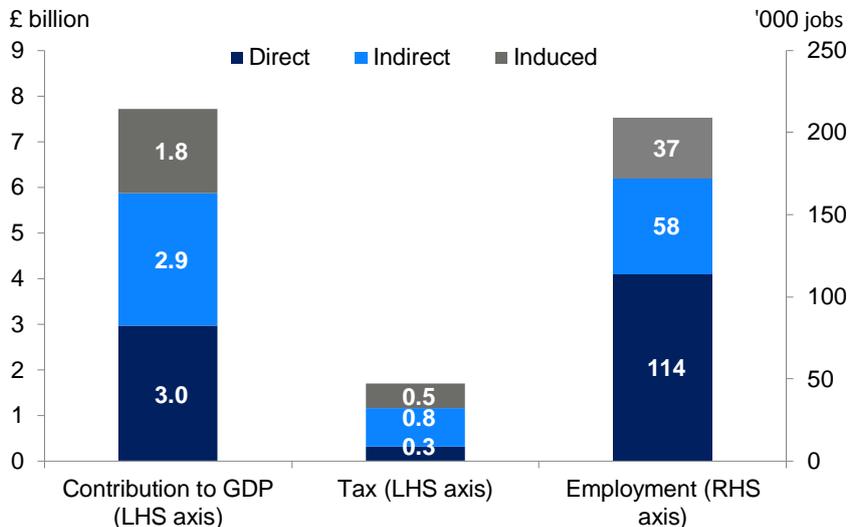


Source : ONS, HMRC, Oxford Economics

3.2 Economic impact of the shipping industry

In 2013, the shipping industry employed 114,200 workers, of which 34,600 were UK-based (removing foreign officers and ratings employed on UK-registered vessels). It made a £3.0 billion contribution to UK GDP, equivalent to 0.2% of the UK economy. This activity helped to raise over £285 million for the UK Exchequer. In total (including the indirect and induced impacts) the shipping industry supported a £7.7 billion gross value added contribution to UK GDP, 209,300 jobs (129,700 UK-based jobs) and £1.7 billion in tax revenues (Chart 3.2).

Chart 3.2: Summary of the economic impact of the shipping industry in 2013

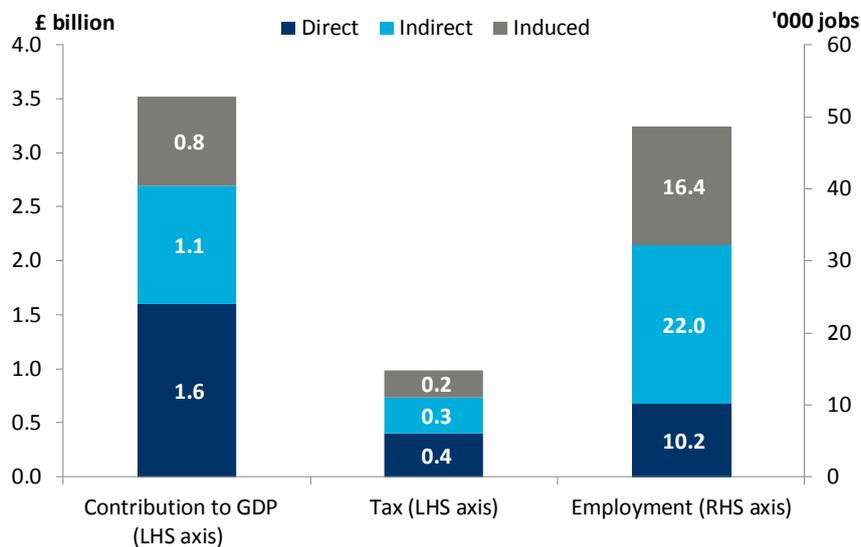


Source : UK Chamber of Shipping, ONS, HMRC, Oxford Economics

3.3 Economic impact of the maritime business services industry

Although significantly smaller than the ports and shipping industries, the maritime business services sector, centred in the City of London, still makes a valuable contribution to the UK economy. Estimates by Oxford Economics, which rely on data gathered by Baltic Exchange⁴, suggest that the industry employed an estimated 10,200 people in 2013, helping to generate nearly £1.6 billion in gross value added and raise £403 million in tax receipts for the UK Exchequer. Workers in the industry are on average very productive; indeed, each employee generated nearly £156,800 of GVA on average compared to an economy-wide average of nearly £50,000. Therefore this activity creates proportionately large multiplier effects, with 22,000 jobs created in the sector’s supply chain. In total, it is estimated that the maritime business services industry supported 48,600 jobs, a value added contribution to UK GDP of £3.5 billion and £1.0 billion for the UK Exchequer (Chart 3.3).

Chart 3.3: Summary of the economic impact of the maritime business services sector in 2013



Source : Baltic Exchange, ONS, HMRC, Oxford Economics

⁴ Wei, S, (2014) 'Updates on UK maritime professional services revenue and employment', the Baltic Exchange

4 The Combined Economic Impact of the Ports, Shipping and Maritime Business Services Industries

When combining the results of the three individual impact studies, it is necessary to remove the “double counting”, which arise from different parts of the sector being in each other’s supply chain. This presents the results of the combined estimates in terms of their employment, gross value added contribution to GDP and the tax revenue raised for the Exchequer.

KEY POINTS

- Overall, we estimate that the UK maritime services sector directly contributed nearly **£9.9 billion to UK GDP** in 2013; **supported 219,400 jobs** in a number of different activities and helped to generate **nearly £2.2 billion for the Exchequer**.
- In addition, the maritime services sector’s purchases of inputs of goods and services are estimated to support 131,200 jobs in its UK-based supply chain, with a further 118,300 created due to the wage financed spending of those employed directly and indirectly in the industry. Therefore, in total, the maritime services sector supported **468,900 jobs**, equivalent to 1 in every 69 jobs in the UK.
- In terms of gross value added, the maritime services sector is estimated to contribute £6.6 billion to UK GDP via procurement from its domestic supply chain and a further £5.8 billion due to induced effects. In total, the industry supported a **£22.2 billion gross value added contribution to UK GDP**, or 1.4% to the UK economy.
- In addition, this activity helped to generate £2.1 billion for the Exchequer indirectly and over £1.9 billion via the induced impact. Therefore, in total the maritime services sector supported **£6.2 billion in tax receipts**. This is equivalent to £1 in every £105 received by the government.

4.1 Issues with ‘double counting’

In order to combine the economic impacts of the three sectors together there are two key issues that needed to be addressed:

- firstly, the definitions of each sector used are not mutually exclusive, implying that by simply summing the three direct impacts would lead to an over-estimation, i.e. including the impact of certain sub-sectors more than once, or ‘double counting’; and
- Secondly, it is evident that, particularly in the case of shipping, the supply-chain effects (identified as part of the indirect impact) would have already been counted as part of the direct estimates of either the ports industry or the maritime business services sector. For example, some workers in UK ports and in the ship broking industry would already be captured as part of the shipping industry’s supply chain. Therefore, it is

necessary to identify the proportion of the shipping industry's supply chain that would have been accounted for by the ports and maritime services sector, and to adjust accordingly (see section 4.3). Lower direct and indirect effects would in turn feed through to a lower induced impact.

4.2 The combined direct economic impact

As outlined above, when assessing the combined direct economic impact, consideration had to be given the three definitions of the individual sectors were not being mutually exclusive. Indeed, parts of the ports industry included employment in both the 'sea and coastal transport sector' (part of the shipping industry) and the 'non-life insurance' sector (part of the maritime business services sector). Thus, the employment and gross value added attributed to those sectors were subtracted from the direct estimate of the ports industry, with the tax figures also adjusted to take account of the lower number of jobs created, industry profits etc.

The results are summarised in Table 4.1, which compare the direct economic impact of each sector in terms of the three standard metrics, in isolation and then in aggregate. Due to the adjustments to avoid double counting, the direct gross value added contribution to GDP of the ports sector falls from £7.7 billion to £5.4 billion, with a consequent fall in jobs created to 95,000 and tax revenue generated for the Exchequer to £1.5 billion. In total, this implies that, in 2013, the aggregate direct value added contribution to GDP of the combined maritime services sector was £9.9 billion (0.6% of UK GDP); helping to create 219,400 jobs (0.7% of UK employment or nearly 1 in every 147 jobs) and raising nearly £2.2 billion in tax receipts (0.3% of government revenue). Removing foreign seafarers employed on UK-registered vessels from the direct employment suggests that the maritime services sector employed over 139,800 UK-based people. This represents a decrease in UK-based employment of 15% since 2011.

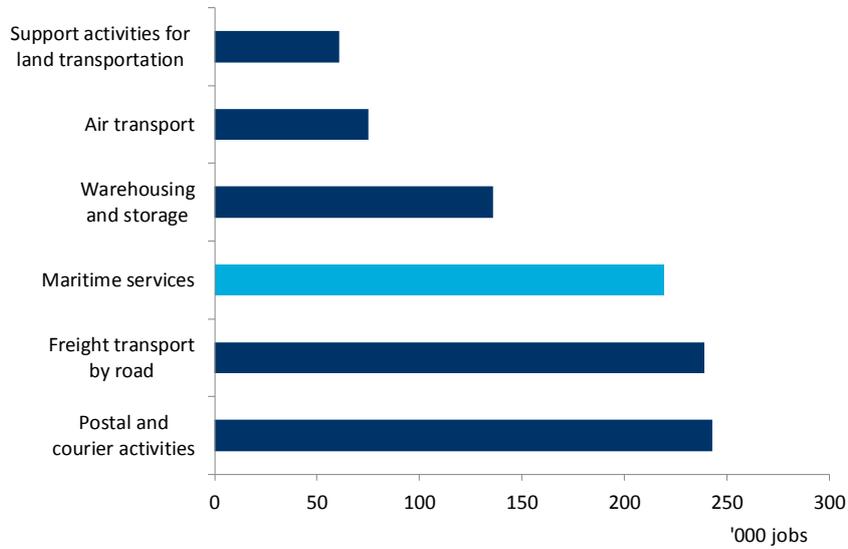
Table 4.1: Comparison of the direct economic impact of each sector in isolation versus in aggregate in 2013

Industry	In isolation			In aggregate		
	Contribution to GDP	Employment	Tax revenue	Contribution to GDP	Employment	Tax revenue
	£ million	000	£ million	£ million	000	£ million
Ports	7,737	118	2,020	5,372	95	1,523
Shipping	2,966	114	285	2,966	114	285
Business services	1,597	10	403	1,597	10	403
Maritime services	12,301	243	2,709	9,935	219	2,212

Source: Baltic Exchange, Chamber of Shipping, ONS, HMRC, Oxford Economics

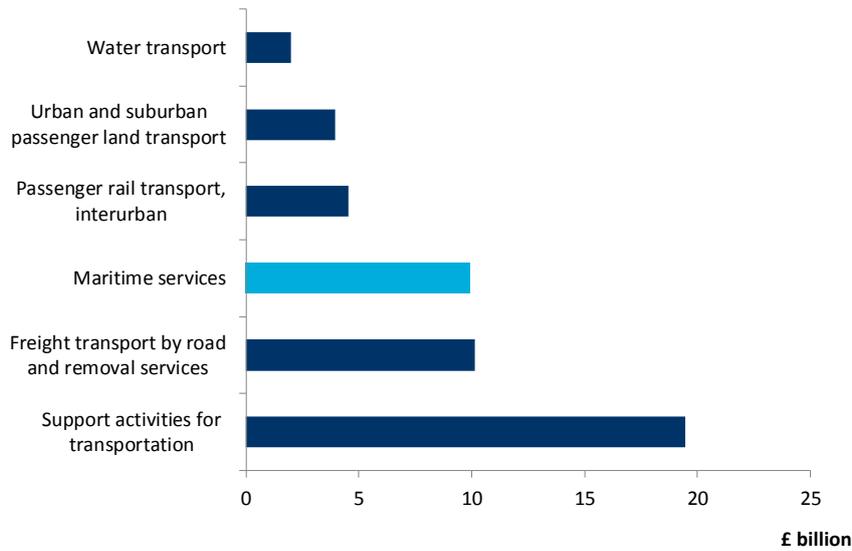
To place these figures into context, in 2013 the maritime services sector employed more people than warehousing and storage and air transport and slightly less than the freight transport by road and postal and courier activities (Chart 4.1). Meanwhile, the maritime services sector's gross value added contribution to GDP was larger than interurban passenger rail transport, urban and suburban passenger land transport and water transport, while being slightly lower than the contribution from the freight transport by road and removal services (Chart 4.2).

Chart 4.1: Comparison of employment contribution to other industries in 2013



Source : ONS, Oxford Economics

Chart 4.2: Comparison of GDP contribution to other industries in 2013



Source : ONS, Oxford Economics

4.3 The combined total economic impact

In order to calculate the total impact (i.e. including indirect and induced effects) of the maritime services sector, it is necessary to account for that part of the indirect impact (via the supply chain) of the shipping industry would have already been included in the definition of the direct impact of ports and maritime business services industries. Making use of ONS Supply and Use input-output tables⁵, it is estimated that just over 55% of the shipping industry's supply chain was in industries which we had already defined as part of the ports or maritime business services industries. Therefore, the estimates of gross value added and employment were scaled down appropriately, which consequently affected the induced impact (as a consequence of there being fewer indirect employees). The estimates for tax revenue generated for the Exchequer were lowered commensurate with the new assumptions about jobs created etc. In addition, it was necessary to scale down the estimate of the indirect contribution of the ports industry, based on the fact that its direct contribution was now assumed to be lower.

The results imply that the maritime services sector supported a £22.2 billion gross value added contribution to UK GDP in 2013, equivalent to 1.4% of the total economy, approximately 468,900 jobs, or 1 in every 69 jobs in the UK, and £6.2 billion in tax receipts for the UK Exchequer (Tables 4.2 and 4.3). In terms of UK-based jobs, it is estimated that the maritime services sector supported an estimated 389,300 people in employment (removing foreign officers and ratings from the employment impact of the shipping industry).

Table 4.2: Comparison of the total economic impact of each sector in isolation versus in aggregate in 2013

Industry	In isolation			In aggregate		
	Contribution to GDP	Employment	Tax revenue	Contribution to GDP	Employment	Tax revenue
	£ million	000	£ million	£ million	000	£ million
Ports	19,038	344	5,785	13,124	250	4,106
Shipping	7,723	209	1,661	5,607	170	1,087
Business services	3,518	49	983	3,518	49	983
Maritime services	30,279	602	8,429	22,249	469	6,176

Source: Baltic Exchange, Chamber of Shipping, ONS, HMRC, Oxford Economics

Table 4.3: Comparison of the total economic impact of each sector in isolation versus in aggregate, 2013

Industry	In isolation			In aggregate		
	Contribution to GDP	Employment	Tax revenue	Contribution to GDP	Employment	Tax revenue
	£ million	000	£ million	£ million	000	£ million
Direct	12,301	243	2,709	9,935	219	2,212
Indirect	10,310	206	3,273	6,560	131	2,094
Induced	7,668	153	2,448	5,753	118	1,870
Total	30,279	602	8,429	22,249	469	6,176

Source: Baltic Exchange, Chamber of Shipping, ONS, HMRC, Oxford Economics

⁵ ONS (2014), 'Input-Output Supply and Use Tables, 2014 Edition', 31 October

5 Regional impact of the UK maritime services sector

This chapter details the contribution of the UK maritime services industry to employment and GDP in the UK's regions. Results are presented for employment and contribution to GVA, accounting for adjustments made to remove elements of 'double counting' highlighted in section 4.1. Details on the methodology for calculating the breakdown of the impacts for each of the three individual industries comprising the maritime services sector are detailed in the individual impact studies that accompany this report⁶.

KEY POINTS

- Of the 139,800 people employed in the maritime services sector in the UK, 35,200 (or 25%) were based in Scotland in 2013. London ranks second, with 24,700 (or 18% of total) employed in the capital.
- In 2013, the maritime services sector significantly contributed to gross value added in London (**£2.1 billion**), where the sector generates most of its contribution to GDP.
- When including the wider multiplier effects of the indirect and induced impacts, London contributes both the largest levels of employment and gross value added. As such, significant supply chain activity located in the capital resulted in the maritime services sector supporting a total gross value added contribution to **GDP of £4.8 billion, equivalent to 1.5% of the London economy, and 79,600 jobs.**
- Relative to the size of the economy, the maritime services industry is most important in Scotland. The sector supports **2.6% of the country's GDP and 2.3% of all employment.** Other areas where the sector is important for the regional economy are in Northern Ireland and the North East of England, where the sector supports 2.2% and 2.0% of gross value added, respectively.
- Even in the English regions of the East and West Midlands, where the sector has a limited direct footprint, employment and gross value added supported through the multiplier impacts mean that around 0.8% of employment in each region is reliant on the activity generated by the maritime services sector.

5.1 Regional contribution to employment

Out of the 139,800 people employed in the maritime services sector, 35,200 (or 25%) were located in Scotland. London ranked second with 24,700 jobs (or 18%), where most of the employment is in the maritime business services industry (Table 5.1). In contrast, there are less than 700 people employed in the maritime services sector in each of the West Midlands and East Midlands regions.

⁶ Oxford Economics (2015), 'The economic impact of the UK Maritime Services Sector: Shipping', 'The economic impact of the UK Maritime Services Sector: Ports', and 'The economic impact of the UK Maritime Services Sector: Business Services', January

In addition to the direct impact of the UK maritime services industry on employment and gross value added, the UK's nations and regions also benefit from the activity of the sector through its expenditure on inputs of goods and service and payment of wages. The geographic distribution is altered when reviewing the multiplier effects. When including the wider multiplier impacts, the maritime services sector supports the most jobs in London, creating work for 79,600 people (Chart 5.1). It is evident that a significant proportion of the supply chain activity is located in London; nearly a quarter of all employment supported through the indirect channel of impact is in London. Other regions benefiting from relatively large supply chain impacts include the South East, as well as West Midlands and East Midlands, both of which support very few actual employees in the sector. As such, the results illustrate how the importance of the maritime services sector extends beyond the regions traditionally viewed as strong in this sector.

In terms of the relative contribution of the sector, figures range from around 0.8% of total regional employment supported in the East and West Midlands, to around 1.2% in the East of England and as much as 2.3% up in Scotland (Table 5.3).

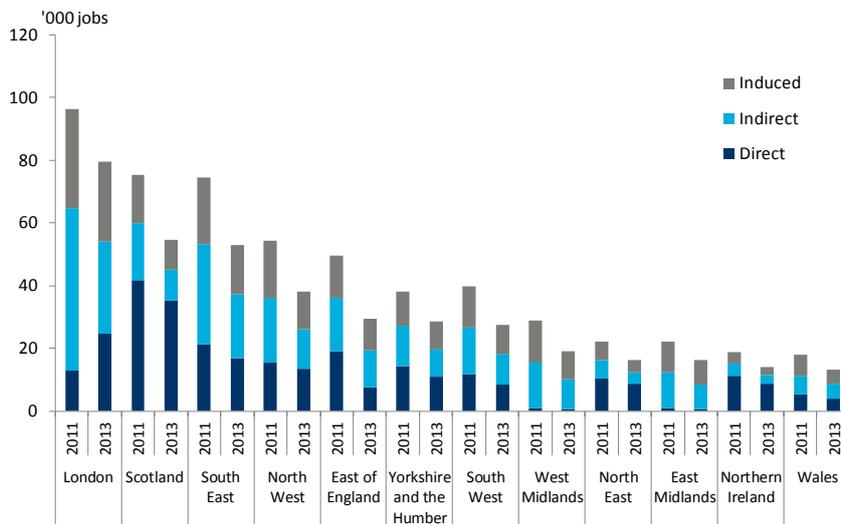
Table 5.1: Direct employment in Maritime Services in 2013⁷

Region	Direct Employment in Maritime Services Sector			
	Ports	Shipping	Business Services	Total
South West	4,800	3,400	200	8,500
South East	12,300	4,000	400	16,700
London	14,100	1,600	9,000	24,700
East of England	5,900	1,600	-	7,500
East Midlands	100	500	-	700
West Midlands	-	500	-	500
North West	9,400	4,000	100	13,600
Yorkshire and the Humber	8,600	2,200	100	10,900
North East	5,100	3,300	300	8,700
England	60,500	21,200	10,100	91,800
Wales	2,100	1,800	-	3,900
Northern Ireland	8,100	800	-	8,800
Scotland	24,400	10,800	100	35,200
United Kingdom	95,100	34,600	10,200	139,800

Source: Baltic Exchange, UK Chamber of Shipping, ONS, HMRC, Oxford Economics

Chart 5.1: Regional breakdown of employment in 2011 and 2013

⁷ Figures have been adjusted to remove the impact of double counting. Foreign seafarers have been excluded from the Shipping impact. Figures may not sum due to rounding.



Source : Baltic Exchange, UK Chamber of Shipping, ONS, Oxford Economics

5.2 Regional contribution to GDP

As would be expected, the regions in which the maritime services sector supports the most employment also tend to be the largest in terms of their contribution to GDP. The maritime services sector significantly contributed to gross value added in London (£2.1 billion), Scotland (£1.8 billion), the East of England and the North West (£1.0 billion) (Table 5.2). The large gross value added contribution to GDP in London, despite the relatively low level of employment in the region, can be explained by two factors. Firstly, the maritime business services sector, clustered in London, is characterised by a high level of labour productivity, such that on average, each employee generates over three times the contribution to GDP of the UK average. Secondly, a significant proportion of shipping companies are headquartered in London, despite employing seafarers from across the UK and abroad.

Table 5.2: Direct contribution to regional GDP in Maritime Services in 2011 and 2013⁸

Region	Direct GDP contribution in Maritime Services Sector (£ million)				
	Ports	Shipping	Business Services	Total 2013	Total 2011 (2013 prices)
South West	150	70	50	270	580
South East	640	160	20	830	1,550
London	130	500	1,460	2,080	2,740
East of England	950	50	-	1,000	1,310
East Midlands	10	10	-	20	40
West Midlands	-	10	-	10	30
North West	900	80	10	990	750
Yorkshire and the Humber	310	50	10	360	800
North East	310	70	50	430	510
England	3,400	1,010	1,590	5,990	8,310
Wales	50	50	-	90	350
Northern Ireland	380	20	-	400	720
Scotland	1,550	230	-	1,790	2,350
United Kingdom	5,380	1,310	1,590	8,270	11,720

Source: Baltic Exchange, UK Chamber of Shipping, ONS, Oxford Economics

When including the wider multiplier effects of the indirect and induced expenditure channels of impact, it is again apparent that London accounts for the greatest activity of the maritime services sector. As such, the sector contributed an estimated £4.8 billion in gross value added to the capital's economic output, equivalent to 1.5% of its economy (Chart 5.2). It is noteworthy that gross value added supported through purchases from the supply chain and payment of wages is also relatively large in regions such as the South East, the South West and the East and West Midlands.

When considering the relative importance of the maritime services industry to the local economy, it is most important in Scotland with maritime services accounting for 2.6% of the country's GDP in 2013 (Table 5.3). Other notable contributions occur in Northern Ireland (2.2%) and the North East (2.0%). Even in the landlocked region of West Midlands, the sector still supports an estimated 1.0% of the regional economy.

⁸ Figures have been adjusted to remove the impact of double counting. Figures may not sum due to rounding. It is not possible to apportion the element of employee compensation that would accrue to foreign seafarers. As such, this element of the Shipping industry's contribution to UK GDP has not been allocated regionally.

Chart 5.2: Direct and Total GVA breakdown by region in 2013

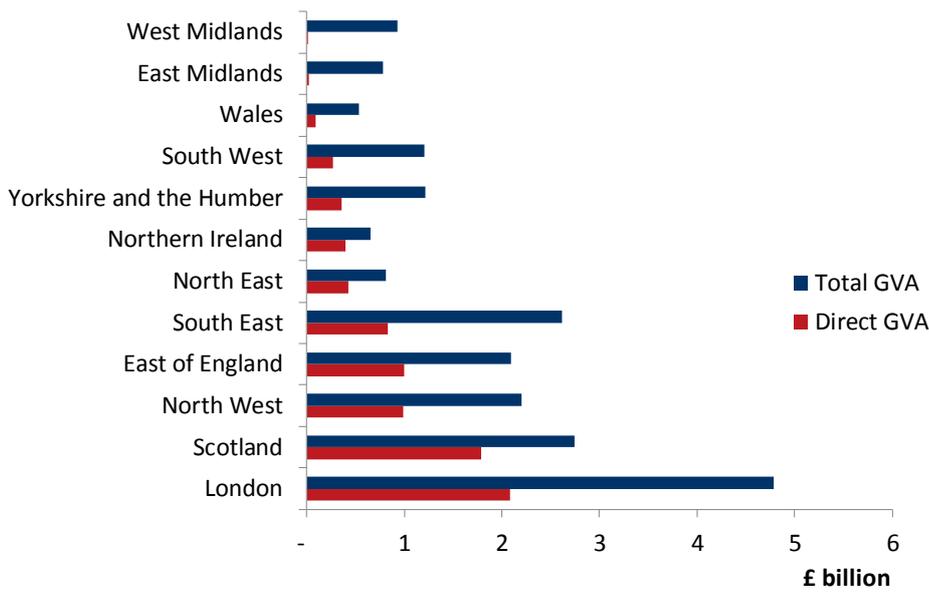


Table 5.3: Geographical breakdown of the total economic impact of Maritime Services in 2013⁹

	GVA (£million)					Employment				
	Direct	Indirect	Induced	Total	% of GVA	Direct	Indirect	Induced	Total	% of Employment
South West	270	490	450	1,210	1.2%	8,500	9,800	9,200	27,500	1.2%
South East	830	1,030	760	2,620	1.3%	16,700	20,600	15,700	53,000	1.4%
London	2,080	1,460	1,240	4,790	1.5%	24,700	29,300	25,600	79,600	1.7%
East of England	1,000	600	490	2,090	1.8%	7,500	11,900	10,200	29,600	1.2%
East Midlands	20	390	370	780	1.0%	700	7,800	7,700	16,200	0.8%
West Midlands	10	480	440	930	1.0%	500	9,600	9,000	19,200	0.8%
North West	990	630	580	2,200	1.7%	13,600	12,500	11,900	38,000	1.3%
Yorkshire and the Humber	360	440	430	1,220	1.3%	10,900	8,700	8,800	28,500	1.3%
North East	430	190	190	810	2.0%	8,700	3,800	3,800	16,300	1.6%
England	5,990	5,710	4,950	16,650	1.4%	91,800	114,100	101,900	307,700	1.3%
Wales	90	230	220	540	1.2%	3,900	4,700	4,500	13,100	1.1%
Northern Ireland	400	130	120	650	2.2%	8,800	2,600	2,500	14,000	2.0%
Scotland	1,790	490	460	2,740	2.6%	35,200	9,800	9,500	54,500	2.3%
United Kingdom	8,270	6,560	5,750	20,580	1.5%	139,800	131,200	118,300	389,300	1.4%

Source: Baltic Exchange, UK Chamber of Shipping, Nautilus International, ONS, Oxford Economics

⁹ Figures have been adjusted to remove the impact of double counting. Figures may not sum due to rounding.

Table 5.4: A comparison of the geographical breakdown between 2011 and 2013

	GVA 2013	GVA 2011 (2013 prices)	% change in GVA	Employment 2013	Employment 2011	% change in employment
South West	1,210	1,950	-38%	27,500	39,700	-31%
South East	2,620	4,140	-37%	53,000	74,600	-29%
London	4,790	6,800	-30%	79,600	96,400	-17%
East of England	2,090	2,780	-25%	29,600	49,500	-40%
East Midlands	780	1,090	-28%	16,200	22,200	-27%
West Midlands	930	1,420	-35%	19,200	28,800	-33%
North West	2,200	2,660	-17%	38,000	54,400	-30%
Yorkshire and the Humber	1,220	1,970	-38%	28,500	38,000	-25%
North East	810	1,080	-25%	16,300	22,100	-26%
England	16,650	23,900	-30%	307,700	425,700	-28%
Wales	540	950	-43%	13,100	17,900	-27%
Northern Ireland	650	1,070	-39%	14,000	18,700	-25%
Scotland	2,740	3,960	-31%	54,500	75,200	-28%
United Kingdom	20,580	29,880	-31%	389,300	537,500	-28%

Source: Baltic Exchange, UK Chamber of Shipping, Nautilus International, ONS, Oxford Economics

6 Conclusion

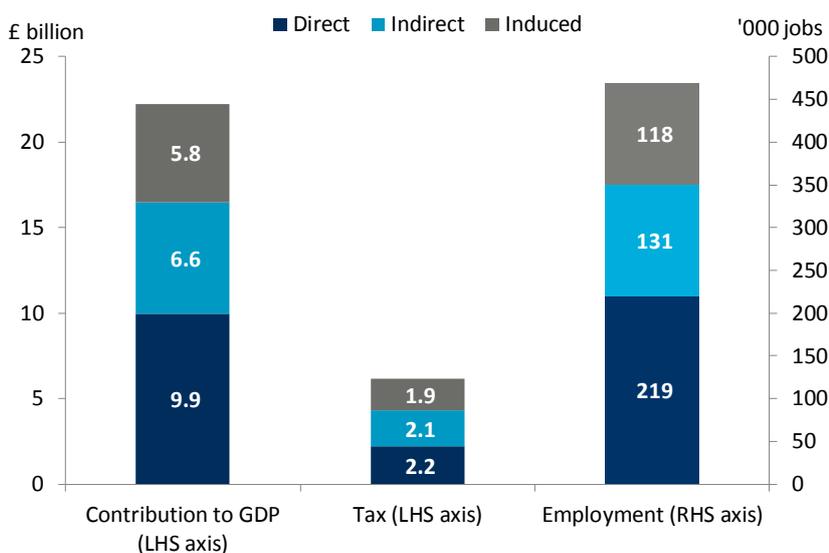
This study measured the contribution the maritime services sector makes to the UK economy. The maritime services sector is here defined to include the ports, shipping and maritime business services industries. Each industry was assessed in more detail in three individual reports, conducted in conjunction with this study. As many of the maritime industries are in each other's supply chain, calculating the sector's aggregate contribution to the UK economy is not simply a case of summing the individual industries' impacts. The ONS input-output tables have been used to estimate the extent of each industry's procurement from other industries in the sector.

The headline results suggest that the sector's economic impact in 2013 was considerable. It employed approximately 219,400 people (or 0.7% of total employment), made a £9.9 billion gross value added contribution to GDP (0.6% of the total), and generated £2.2 billion of tax revenues.

Moreover, this activity generates multiplier impacts through its supply chain (indirect effects) and wage consumption effects from those employed directly and indirectly by the sector (induced effects). Having accounted for these, it is estimated that in 2013, the maritime services sector supported around 468,900 people in employment, equivalent to 1 in every 69 jobs in the UK, contributed £22.2 billion to UK GDP, or 1.4% of the value of all economic activity and supported £6.2 billion in tax receipts (amounting to £1 in every £106 of all tax revenue collected).

This report has also examined the impact of the maritime services sector in the UK's nations and regions. The results, presented in Chapter 5, indicate that the sector is particularly important to the economies of Scotland, Northern Ireland and the North East, supporting over 2.0% of total GDP in each region. Even in the West Midlands and East Midlands, where the direct impact is relatively low, activity supported through the multiplier impacts means that around 0.8% of employment in both regions is reliant on the maritime services sector.

Chart 6.1: Summary of economic impact in 2013



Source: Baltic Exchange, UK Chamber of Shipping, HMRC, ONS, Oxford Economics

This study was financed by Maritime UK

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