

Briefing: Maritime London

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Although London is no longer a major working port, it is still recognised throughout the world as the leading centre for international maritime services. The separate companies providing these services recognise the need to create commercial clusters which will maintain within London a critical mass of diverse skills. To support this principle of clusters and to maintain the critical mass the Corporation of London has helped to set up an organisation called Maritime London, through which the individual companies can promote their services in this country and overseas, and the Corporation has recently published a report on the future of the Maritime Services in London. This report recognises that there are pressures on such clusters caused by high costs at home and by competition from new maritime countries overseas, and it puts forward proposals to ensure the companies providing these services retain their present commercial position. The first priority is for central and local government to play a much greater role and to provide more support through organisations such as the London Development Agency. These proposals were presented and discussed at a recent well-attended meeting of the associate Parliamentary Maritime Group.

London was a major port from Roman times until 1969 when the docks were closed and moved down river to Tilbury. Although ships no longer unload in the London docks, the City of London is still today recognised by the worldwide shipping industry as the leading centre for maritime services. The practitioners providing these services are, however, concerned that with increasing competition from overseas, London might lose its pre-eminent position.

One of the problems the practitioners had already recognised and identified was a lack of cohesion within the London maritime services sector, and in 2000, in an attempt to address this problem, the service companies set up a promotional body called Maritime London. There are now 100 major companies supporting this initiative.

The Corporation of London helped to set up Maritime London and in 2004 it also commissioned a report, which was launched by the Lord Mayor of London, on the future of Maritime Services in London.¹ This report was the subject of the meeting and discussion of the Parliamentary Maritime Group on 21 June 2005.

The specialist maritime skills which London companies can contribute include a range of shipping interests and services such as those provided by ship owners, managers and brokers, intermediate and support services and skills in maritime governance and regulation.

The report recognises the principle of creating commercial clusters, a geographic concentration of interconnected companies in related industries who compete but also cooperate. The importance and strength of a cluster is that it is a practical example of commercial cooperation, based on the existence of a critical mass in a particular expertise, where the value of the whole exceeds the sum of the parts.

At present there are strong forces which hold the maritime services cluster together but the report identifies two threats from potential changes in the future. The cluster may be pushed apart by cost pressures as London becomes a more expensive place in which to work and live, and the cluster may be pulled apart by competitive pressures from overseas. Few would disagree that 'world economic activity is moving eastwards and competing centres in the Far East will gain in stature'.¹

Perhaps the most important part of the report is to identify the opportunities for change and the practical measures that could be taken to protect the maritime services cluster against both the cost pressures and the overseas competition and to ensure it retains its present position.

On a strategic level the report recommends that the maritime sector could learn from the financial services sector, which works with financial services clusters in other parts of the country in a mutually supportive arrangement. The report identifies cities such as Southampton, Liverpool and Glasgow as potential centres that would benefit from investment and would support the expansion of London and the development of a national maritime cluster.

The report also recommends that London should participate in the development of the competing overseas clusters so that London remains relevant and involved. This will help to ensure that no single overseas competitor reaches a dominance that might threaten London's position.

Throughout the report the authors stress the need for the maritime services to inform and communicate with the public,

including schools and colleges and others who can provide educated talent to encourage children and students to consider a maritime career. The fact that ships no longer unload in the London docks removes the immediate visual presence of shipping activities in London but the services sector is still strong and active and this message needs to be better promoted.

Above all, the report places first priority on the need for central and local government to play a much greater role. Central government must develop a better understanding of the maritime services cluster and accord it an increased priority and support. This should lead to a comprehensive set of public policy and financial proposals for London with, for instance, better tax incentives comparable with those enjoyed in European and Asian countries. The strategic thinking could be coordinated through

the London Development Agency and the relevant local authorities.

London, with all its commercial activities, was founded and prospered because it was a centre of shipping and did business with the rest of the world, but according to Mr Hassing, formerly of the Maersk Shipping Company, 'an integrated national maritime policy is long overdue and essential if London is to retain its status as a world-standing shipping centre'.

REFERENCE

1. ANON. *The Future of London's Maritime Services Cluster: A Call for Action*. Corporation of London, London, 2004.

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