

London International Shipping Week

London's future as the preeminent global shipping service centre is up for debate post Brexit

September 14, 2017

Standard Club debate at London International Shipping Week reveals that the winds of change are blowing

Leaders of the shipping industry met to debate whether London would remain the preeminent global shipping service centre post Brexit. The debate was hosted at Lloyd's by P&I insurer, The Standard Club, as part of London International Shipping Week.

About the event:

The event was attended by representatives from the global shipping industry and took place on Wednesday 13 September. It was hosted by Julian Bray, Editor-in-Chief of Tradewinds, at Lloyd's.

Speaking at the event were:

- Euripides L Evriviades, High Commissioner for the Republic of Cyprus
- Kwasi Kwarteng, MP for Spelthorne and an economic historian
- Michael Elwert, CEO, Elektrans Group Singapore
- Philipp Wuenschmann, Head of Shipping, Berenberg Bank
- Nicholas Fairfax, 14th Lord Fairfax of Cameron, Director, Sovcomflot UK

The following points were made:

Euripides L Evriviades, High Commissioner for the Republic of Cyprus:

- Speaking about the impact of Brexit: "The only certainty is uncertainty".
- No deal has been agreed yet and no deal is better than a bad deal. The EU's position is that those outside of the EU cannot have the same benefits of those in the EU.
- The new Customs Union and the Community Customs Code: new checks and controls will have a negative effect. At present 90% of the UK trade is handled by ports and the EU is the UK's largest trading partner.
- UK shipping companies may lose the right to offer cabotage services throughout the EU.
- The potential loss of 'passporting' rights by UK based Insurance firms will impact the sector
- The UK may lose access to the Surveillance Information Systems provided by European Maritime Safety Agency (EMSA), which may cause delays. Ships trading with the EU will still have to abide by EU regulations.
- The outcome of the "exit" negotiations and the resulting future relationship between the UK and the EU will be the biggest impact.
- In conclusion: "It's a divorce and a re-marriage of sorts. As the Englishman Darwin said, 'It is not the strongest species that survives but the one that is most able to adapt to change.'"

Kwasi Kwarteng MP:

- London has a wonderful heritage of maritime trade and the port sector is very important to the economy. London's place in the world has been built over time and won't be diminished so easily.
- On international trade: "People are fixated on trade deals but trade happens without deals. The country that the UK trades most with is the USA. If there is demand, there is trade."
- Today, 44% of our international trade is with the EU but 12 years ago this was 56% and so this was already a declining share due to globalisation, which may have been accelerated by Brexit.
- The rest of the world has grown at a faster pace than Europe for the last 30 years.
- When Kwasi Kwarteng MP visited Dubai with the transport committee he saw how much investment Dubai was putting into trading with London.
- In conclusion: "Brexit will bring positive benefits for the UK."

Michael P Elwert – Group CEO, Elektrans Group:

- The competition to be the maritime hub is global. Brexit will influence London's position in the maritime sector but there is more to it than Brexit.
- Asia also has the same ambition to be a leading shipping hub and faces similar challenges to London.
- To be a leading successful global maritime centre you need a number of factors including trade, brokers, ship finance and ship yards.
- In conclusion: "London has not been as ambitious to lead in shipping until recently and this is long overdue."

Philipp Wuenschmann, Head of Shipping, Berenberg Bank

- Coming from the continent to the UK, the UK is more focussed on Brexit than the EU is. For example, in Germany the focus of the electoral debates is on migration rather than the impact of Brexit.
- Brexit is not the main issue that will impact the London shipping sector. Other factors such as ship finance are an issue. There have been no ship financiers in London.
- London was attractive as a hub for shipowners but the changes to the non-dom tax status earlier this year will impact whether shipowners stay in London
- In conclusion: "Despite Brexit, London's heritage of language and its tax system are very strong and this continues to make London a strong shipping centre."

Nicholas Fairfax, 14th Lord Fairfax of Cameron, Director, Sovcomflot UK:

- London is the pre-eminent centre for law, insurance and education – not just shipping. The cluster effect of London makes it a hub for business: the concentration of skills and services, ICS, IMO, Lloyd's; plus time zone advantages.
- London must not become complacent, other centres such as Singapore are competing hard especially in sectors of ports and operators. Leaving the EU will make the UK less constrained when it comes to global trade.
- Brexit allows the UK to rediscover itself and trade with the world, unconstrained by the EU
- Brexit will enable UK to choose the best people from around the world, not just from EU.
- Artificial Intelligence and digitisation will have a huge impact on the industry, which will be bigger than Brexit.
- In conclusion: "The government is committed to making international trade work post Brexit."

Quote from The Standard Club:

Robert Drummond, Business Development Director of The Standard Club, concluded the debate by saying:

“London is currently the preeminent global shipping service centre, however it is clear that the winds of change are blowing and its future is less certain. Brexit brings both challenges and opportunities for the UK maritime sector and on a global scale this is only a small part of the equation as the impact of digitisation and artificial intelligence technology will radically change the sector. It is clear that London needs to continue to support its maritime services industries if it is to remain a major player.”