

Associated British Ports
January 2014

Economic Value of ABP to UK plc

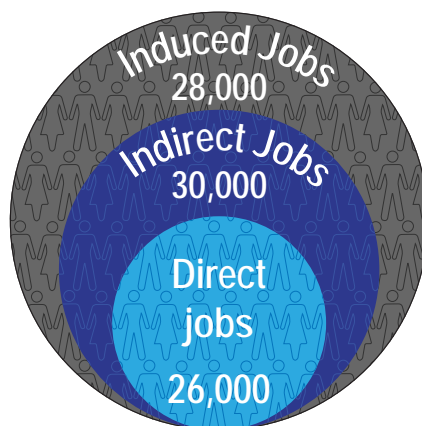
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Overview

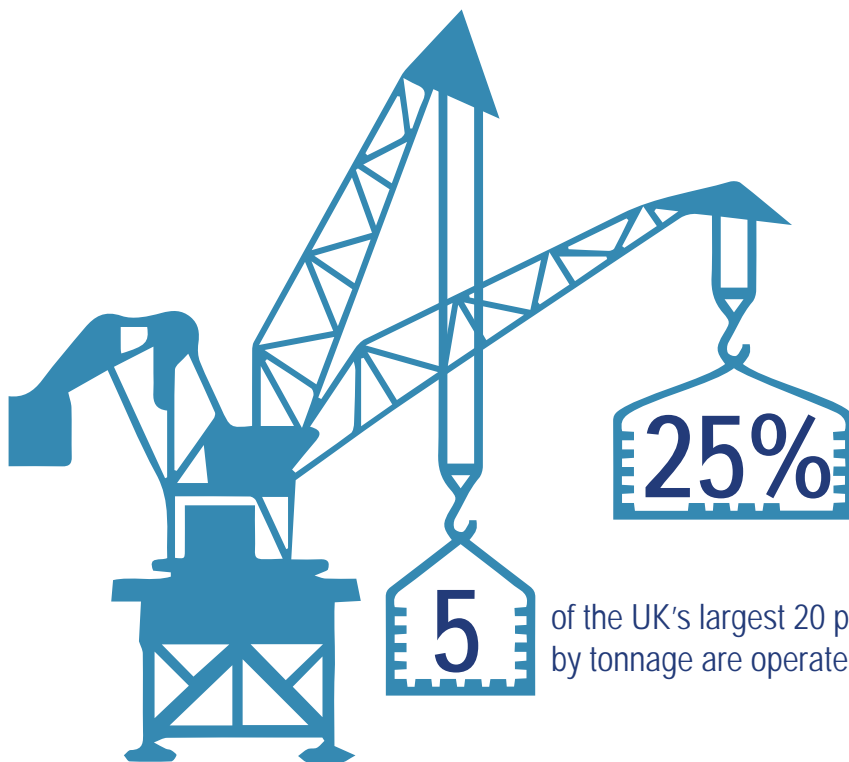
ABP contributed:

£5,600,000,000
in GVA to UK plc in 2012

ABP ports support employment of:



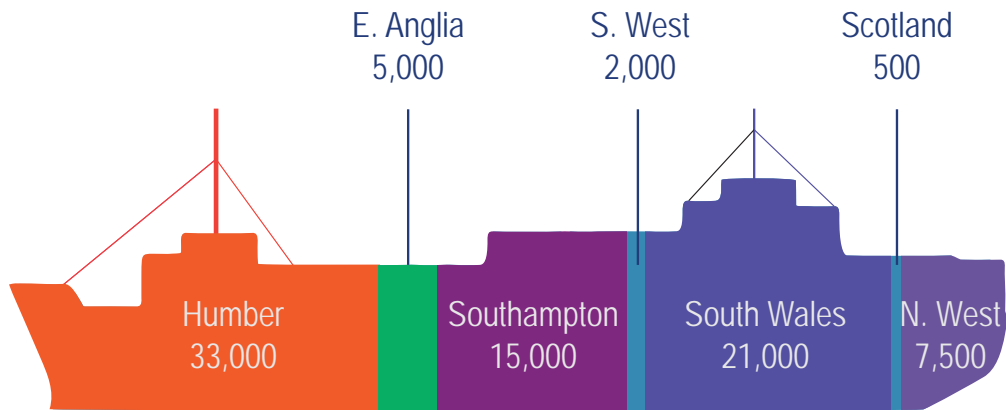
84,000
total jobs



of the volume of all UK seaborne import/
export trade passes through ABP Ports

of the UK's largest 20 ports
by tonnage are operated by ABP

ABP creates and supports private sector jobs in the UK regions.



Major UK industries/exporters

that use ABP ports as a critical part of their supply chains:

Construction
2,036,000 jobs



Agriculture
409,000 jobs



Food & Drink
399,000 jobs



Energy¹
327,000 jobs



Automotive
133,000 jobs



Private sector investment by ABP - An engine for future growth

ABP is a major private sector investor in the UK's regional economies. Over £857 million of capital and operational investment is planned over the next five years. It is estimated that this pipeline of investment has the potential to generate in order of £1.75 billion in GVA to the UK Economy.



2.0

Introduction

The UK ports industry is the largest in Europe and its operations provide critical economic infrastructure for UK businesses. As the UK's largest port operator by volume, Associated British Ports (ABP) plays a vital role in realising the economic potential of ports for UK plc.

The purpose of this paper, prepared independently by Arup, to provide robust estimates of the economic value to the UK economy generated by ABP. Understanding these impacts is fundamental in highlighting strategic national and local economic development opportunities.

Associated British Ports national operations

ABP is the UK's largest and leading ports operator with a unique network of 21 ports around Britain handling around one quarter of the nation's seaborne trade.

Department for Transport (DfT) statistics² on the UK's total trade includes nine ABP ports handling around 25% of major freight cargo, this represents the largest UK market share attributable to one operator. The scale of its operations means that ABP is of national significance in the UK ports industry.

According to the Department for Transport (DfT) statistics on the UK's total trade, nine of ABP's ports handle around 25% of major freight cargo. This represents the largest UK market share attributable to one port operator and ABP's national significance in the UK ports industry.

Among ABP's major ports are Southampton, Immingham and Hull; all of which have been identified by the Government as key international gateways. The Port of Immingham is the UK's largest port, handling 51.7 million tonnes of cargo in 2012. The Port of Southampton is home to the UK's second largest and most efficient container terminal. It is also the nation's number one port for cruise and amongst the leading ports for car exports.

ABP also owns and operates the UK's busiest inland rail terminal at Hams Hall in the Midlands and its rail-connected facilities handle around 100 freight trains every day.

The scale and breadth of ABP's operations means that its current activities are deeply embedded in local economies and national supply chains. In turn this supports a wide base of major industries or businesses throughout the UK, including major exporters such as the automotive industry. It is therefore clear, that the economic influence of ABP extends significantly beyond its own direct employment.

The global ports industry is a highly competitive and dynamic marketplace and therefore investing in new facilities and infrastructure is a key component of ABP's business. Through both historic and projected private investment the firm has demonstrated its intent to invest in the long term with:

- over £274 million invested in the last five years; and
- over £837 million planned (capital and operational) investment over the next five years.

This considerable investment responds to the needs of many major firms whose activities rely on ports for international connectivity. Enabling these firms to remain internationally competitive is an important role for ports in providing links to supply chains and other markets. The scale and nature of ABP's investment also generates significant economic activity related to construction and operations.

Economic impact study objectives

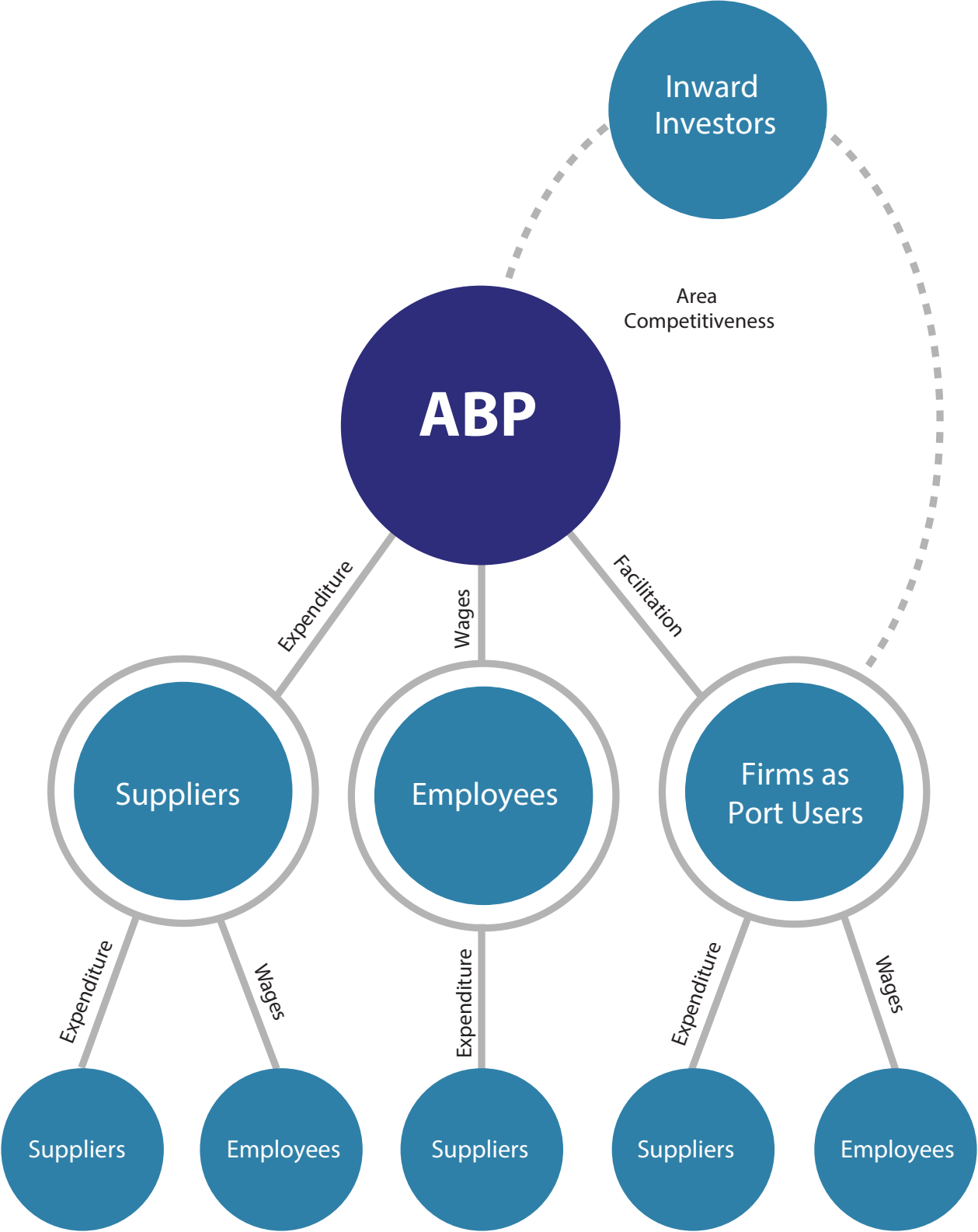
The primary purpose of this paper is to report the economic value generated by ABP to the UK economy; and to clearly understand the strategic national and local economic development opportunities through key findings of the economic impact assessment.

The intention of the economic impact study is not to value each and every impact associated with ABP's UK operations, but rather to robustly estimate the magnitude of economic value generated through a number of core impact channels.

The economic impact study has two core objectives, namely to assess:

- the current economic impact on the national economy of ABP's activities across its 21 UK ports; and
- the potential future economic impacts on the national economy arising from ABP planned investment.

Economic Impact Framework



3.0

Understanding ABP's Economic Influence



Overview

This paper focuses on the economic impacts of ABP's 21 UK ports on the national economy. The report also includes analysis at a sub-regional level to provide context and highlight the importance of ABP's ports linkages to local economic development.

The economic impact assessment utilises a broad range of primary and secondary data sources. Working together with ABP, local authorities and related businesses has been important in ensuring the best possible evidence base and methodological rigour for the analysis. A national impact framework was supplemented with primary evidence from recent in-depth regional work undertaken around ABP's three core clusters of activity: Humber ports, the port of Southampton³ and South Wales ports.

Economic impact framework

The objective of an economic impact framework is to capture as accurately as possible the scale and significance of economic impacts.

The impact framework applied to the analysis in this study is developed with reference to government guidance on evaluation and economic impact assessments; in particular by HM Treasury and the Homes and Communities Agency (HCA).

We apply a framework that identifies the following impacts, principally employment and income:

- **Direct** – the direct employment associated with a port, including employment within a reasonable perimeter of the port, and port-side transport and industrial activities which are separate from the port authority itself but are wholly reliant on the port for their operation;
- **Indirect** – the supply chain impacts of the expenditures of ports and port related activities;

- **Induced** – the follow-on economic impacts of the expenditures of those directly employed in the ports and maritime sector; and
- **Catalytic** – the wider impact of ports on their surrounding economies and impacts on industries lying outside the immediate perimeter of the port but with some level of dependence on the port for movement of goods. Catalytic impacts may also include wider considerations such as image and inward investment.

Together, estimates of these impacts provide a good picture of the scale and breadth of ABP's total economic influence in the UK. The key economic metrics adopted are jobs and Gross Value Added (GVA) to the economy.

Channels of economic impact

Identifying and understanding the economic transmission mechanisms through which the ABP ports generate economic value enables an effective economic impact framework to be developed.

Conceptually the economic transmission mechanisms are an important consideration in understanding how the work of the ports transforms into jobs and company turnover. In turn, this results in wages and income which are spent locally and within business to business transactions in the supply chain, creating additional jobs and economic impacts.

The accompanying figure sets out the economic impact transmission mechanisms for all ABP ports; for both the current economic contribution of the ABP ports and planned five year capital investment programme. A multi-source approach to data and evidence is utilised to increase the robustness of the analysis.

The remainder of this paper sets out the findings of the economic analysis and implications for the wider strategic role of ABP's activities in local and national economic development in the UK.



4.0

The Economic Value of ABP to UK plc

Overview of ABP's operations

International trade is a critical component of economic prosperity and acts as a catalyst for economic growth.

The UK ports sector plays a primary role for the UK's international trade, with 95% of trade moving through UK ports. A strongly performing ports sector provides the critical infrastructure and backbone that allows the UK economy to compete and ABP is a crucial component within the industry.

The economic influence of ABP extends well beyond its own direct employment, while its operations are a key determinant of the performance in the UK's regions.

The essential role of ports to the UK economy is recognised in the National Ports Policy Statement⁴, which highlights its role in the movement of freight and contribution to key economic sectors including energy generation, tourism and leisure. The ports sector also generates wider economic benefits to local and regional economies.

ABP supports government objectives of rebalancing the economy, which is intended to support a more resilient economy.

As the UK's largest and leading ports operator with a network of 21 ports around Britain that handle around one quarter of the nation's seaborne trade, ABP represents a vital pillar underpinning UK growth.

The economic analysis of ABP's network of ports is structured according to seven groups of ports across the UK:

- Humber – Hull, Goole, Immingham and Grimsby
- East Anglia – King's Lynn, Lowestoft and Ipswich
- Southampton
- South West – Teignmouth and Plymouth
- South Wales – Swansea, Port Talbot, Barry, Cardiff and Newport
- North West – Garston, Fleetwood, Barrow and Silloth
- Scotland – Troon and Ayr

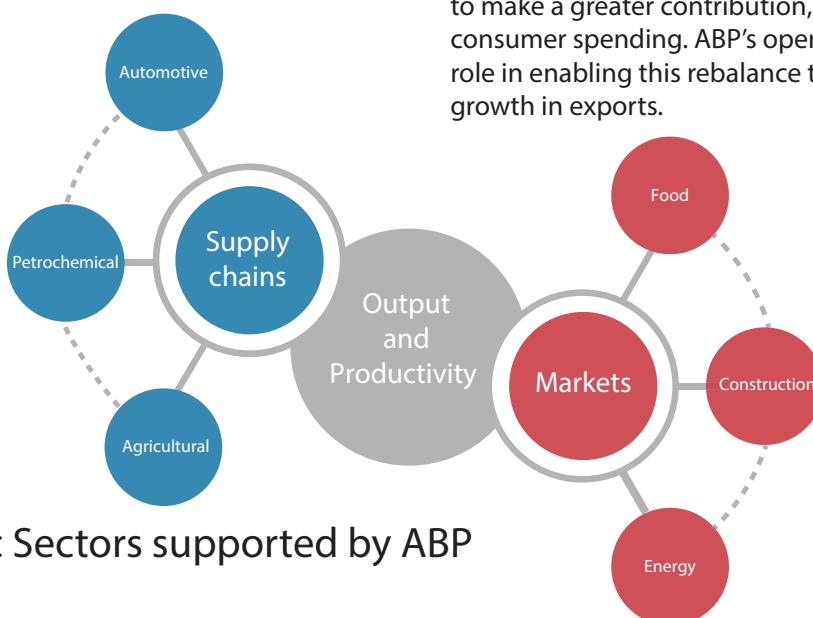
ABP's operations across 21 ports are an engine for economic growth in the UK.

ABP supports transport and logistics through its core operations and encourages sustainable transport by offering more efficient transport links. ABP also helps to promote the renewable energy sector.

The scale and breadth of ABP's operations means that its current activities are deeply embedded in local economies, and national and international supply chains. As a result this supports a wide base of major UK businesses, including firms which rely upon exports. These sectors include automotive, petrochemical, agricultural, food production, construction and energy.

A rebalancing of the UK economy is critical in ensuring a resilient economic recovery - moving away from consumer spending that helped drive the boom in the last decade, with greater reliance on industry, capital investment and export led growth.

Rebalancing the UK economy means that exports need to make a greater contribution, with less dependence on consumer spending. ABP's operations fulfil an important role in enabling this rebalance to take place, through growth in exports.



Key Economic Sectors supported by ABP

Current Employment by Region

Region	Direct	Indirect	Induced	Total
Humber	9,610	13,363	9,963	32,937
East Anglia	1,653	1,611	1,714	4,978
Southampton	4,903	4,745	5,083	14,730
South West	515	498	534	1,548
South Wales	6,876	6,584	7,128	20,588
North West	2,553	2,440	2,646	7,639
Scotland	192	189	199	580
Nationwide ABP services ⁵	227	271	236	734
Total - UK	26,529	29,701	27,503	83,734

Creating and supporting private sector jobs

The economic impact analysis demonstrate considerable job creation at ABP's ports and across related activity; both on the ABP port estates and within local and wider supply chains. ABP creates quality jobs and contributes to the creation of jobs in other firms with relatively high wages in other sectors.

ABP's operations in the UK are economically significant as standalone operations in their own right, as well as generating a broader contribution to industrial and commercial activity across the UK economy.

In total, ABP's operations in the UK accounts for 56,230 direct and indirect FTE (full-time equivalent) jobs. The cumulative total, including all the supply chain activity and jobs created through additional rounds of spending and economic activity equates to 83,734 FTE jobs.

Direct employment across ABP's port estate consists of employment by both ABP itself and its customers. For every ABP post there are over 13 posts in customer firms on the port estate.

The employment opportunities at ABP are predominantly skilled posts with higher than average wages. This makes these roles particularly valuable, especially in the context of the ports' contribution to regional economies.

Due to the diverse nature of activities, ports have also been relatively resilient to economic shocks over time. Employment in customer firms spans a broad range of sectors including petrochemicals, automotive energy, agricultural and food as well as cruise and ferry services.

Indirect jobs are those supported through expenditure in the supply-chain of both ABP and customer operations located on the port estate. This expenditure primarily relates to three broad industrial groups: production; construction; and distribution, transport, accommodation and food. At a regional level, the scale of economic activity at all ABP's ports in relation to the local economy typically means that ABP's operations also generate a significant demand for business services from the local economy.

In addition to indirect employment, there are also induced effects related to spending in the economy by direct employees. That is to say, employment supported by their expenditure on products and services.

ABP's Annual Contribution to GVA (Port Region)



Generating economic value

The economic impact of ABP on the UK economy is also substantial when quantified as gross value added (GVA); ABP's ports support in excess of £5.6 billion of GVA annually.

ABP's operations have a particularly strong economic impact in the Humber, Southampton and South Wales. These three groups of ports represent major clusters of economic activity that are particularly influential in each regional economy and contribute to the competitiveness of UK plc as a whole. The smaller ports also generate notable impacts locally.

The characteristics of ports mean that they are very much units of economic value creation – through the efficient movement of inputs and finished goods between firms throughout the world economy.

The majority of UK goods now arrive in unit loads such as containers and trailers. In addition, specialised equipment at terminals conveys dry and liquid bulks. These movements have grown substantially over the years. Alternatives to sea transport are constrained due to the capacity, cost and environmental disadvantages associated with alternative modes. In light of this, sea transport is an effective way to move the vast majority of freight in and out of the UK. ABP's ports play an important role in these movements, promoting competition and growth in the UK economy.

Analysis of ABP's ports highlights that they are embedded within the regional economies; playing a vital access-to-market role for major UK investors and employers. For example, ABP's ports serve major firms within the automotive, petrochemical, steel and agricultural sectors.



Driving economic development across the UK

ABP's operations across its 21 UK ports play a key role in driving economic development across the UK; through an on-going programme of major capital investment and wider catalytic economics impacts.

The ports sector is among the most heavily invested sectors in the UK economy. Investment in the UK Major Ports Group amounts to 29% of net revenue. This is considerably higher than other sectors, such as manufacturing, which as a whole, invests less than 11% of its combined output.

Historically, ABP has invested substantial sums in the UK economy. Over the five year period from 2008 to 2012, ABP invested in the order of £274 million. This is a considerable level of private sector investment in the UK economy; and occurred during a period of considerable macroeconomic challenges when many other investment channels contracted markedly due to capital market shocks.

Over the next five years ABP's planned investment ramps up significantly to over £800 million.

Its operations also generate substantial economic influence through wider catalytic effects on the economy; supporting a wider base of employment than considered in terms of direct, indirect and induced effects.

At a broad level, these catalytic impacts occur through the role of ABP's ports in promoting UK competitiveness, branding and inward investment.

ABP's ports are the international gateways providing the routes-to-market required by many inward investors when deciding to invest and locate their business in UK regions. In this way, ABP contributes strongly to broader economic development outcomes and supports the on-going rebalancing of the UK economy.

Some specific examples of wider catalytic impacts are provided in the following case studies.



Case Study: Strategic importance to the UK power generation industry

The UK power generation industry is progressively moving towards lower carbon energy generation, through the development of offshore wind and the utilization of biomass to replace coal. This change is helping to balance the UK energy mix by offering an affordable and secure supply while reducing UK emissions.

The ABP Humber Ports - in particular the Port of Immingham and Port of Hull - are strategically important for the UK's power generation industry.

ABP has invested substantially in the Humber International Terminal (HIT) at Immingham to assist in the transition of importing biomass to replace coal burn, from locations including the United States, Canada and Europe.

In particular, the ABP Humber Ports provide vital services to support the operation of Drax Power Station, and key customers including; EDF Energy (Cottam and West Burton), Eon (Ratcliffe), GDF Suez (Rugeley), SSE (Ferrybridge), (Eggborough) and suppliers such as Hargreaves and Oxbow Coal Ltd.

Drax has a generating capacity of 3,960 megawatts, the highest of any power station in Western Europe, providing about 7% of the UK's electricity supply. In an attempt to reduce emissions, the station has been co-firing biomass with coal and is undergoing a turbine refurbishment to convert up to three generating units to solely biomass. As a result, this requires the import of several million tonnes of wood pellets.

Drax is investing £700 million, in turn supporting a substantial number of jobs and helping the UK to reduce its emissions. ABP ports of Hull and Immingham play a critical role in the biomass supply chain. ABP's investment will also support the development of other dedicated biomass power stations in the area.

At the Port of Immingham, ABP is committed to maintaining its competitiveness and that of its key customers. The port has seen a dramatic expansion of facilities over the last 10 years. ABP has invested approximately £190 million over the period 2003-2012 to develop riverside terminals, unit load terminals, new specialist warehousing and cargo-handling equipment. This investment in the port is part of successive up-grading to facilities to ensure that facilities are fit for purpose as the market evolves.





Case Study: Enabling growth in exports in the UK automotive industry

The UK automotive industry requires effective, efficient and well located ports to support the export and import of cars. The industry is the country's largest export sector by value; generating £27 billion of revenue (11% of total UK exports) in 2011. The export of 1,400,000 vehicles produced in the UK in 2012 has helped drive the UK manufacturing sector into recovery.

ABP's ports play a valuable role for the UK automotive sector. Over 80% of UK vehicle production is for export markets. Automotive exports have been a key driver of recent UK growth, balance of trade and inward investment. This is evident with over half of all UK automotive exports departing for the EU market, and almost 30% of exports destined for markets in China, Russia and the United States.

The Port of Southampton is among the UK's most important ports for automotive exports, in particular of the Mini which is exported to over 100 countries worldwide. The port handles around 750,000 vehicles each year including Jaguar, Land Rover, Rolls Royce, BMW Mini, Honda, Ford and a range of other manufacturers. This is supported by the connections provided by major deep-sea and short sea shipping lines calling at Southampton Docks, and specialist facilities including five dedicated, multi-storey car terminals. These facilities represent a crucial part of the UK supply chain and route to market.

The Port of Grimsby is also important for the UK automotive trade. A recent £26 million investment by ABP into the Grimsby Riverside Terminal car handling facilities has provided a competitive offering for UK consumers and manufacturers, in particular exporters of the Toyota range built in the Midlands.



Case Study: Generating value for tourism through the UK's most important cruise terminal

Southampton is the UK's leading cruise port – where some of the biggest cruise ships in the world begin and end their voyages.

Southampton accounts for approximately 70% of UK home port passengers.

The growth in the cruise market, especially in Southampton, offers the opportunity to create jobs for UK based staff, operations and suppliers.

In 2012, 430 cruise ships called in to the Port of Southampton bringing in 1.5 million passengers.

Tourism is a valuable industry to local economies. Economic analysis indicates that the cruise sector generates up to £2.5 million total turnover per cruise home port call (embarkation and disembarkation) at a national level¹².

In 2011, economic impact projections indicated that the Solent economy generated 3,500 jobs from the cruise sector.

The location of Carnival headquarters in Southampton combined with passenger and crew expenditure and supply chain impacts from goods and services procured to support the cruises play a vital role in job creation and local economic prosperity. Job creation in Southampton, the Solent and nationally will continue to flourish as average spending per head increases and consumer demand for cruises grows.

5.0

The Potential to Drive Future Economic Growth

ABP's investment in UK plc

From 2008 to the end of 2012 ABP invested in the order of £274 million in its ports. Another £837 million of new investment is planned up to 2018.

To put this in perspective, £1.1 billion represents just over one third of the entire allocation to the Regional Growth Fund (RGF) by government across this parliament⁶.

This investment is important in enabling ABP to compete effectively; and to retain, attract and grow freight and passenger traffic across its ports. The execution of the Humber International Terminals investment programme is a prime example of where ABP has delivered a benchmark standard for customers that are critical for UK jobs and output.

A broad based economic analysis of ABP's future investment pipeline indicates the potential to generate in order of £1.75 billion in GVA (gross value added) to the UK economy. Examining the picture by port region, the greatest economic value is expected to be generated in the Humber (almost £1.13 billion) and Southampton (£437 million).

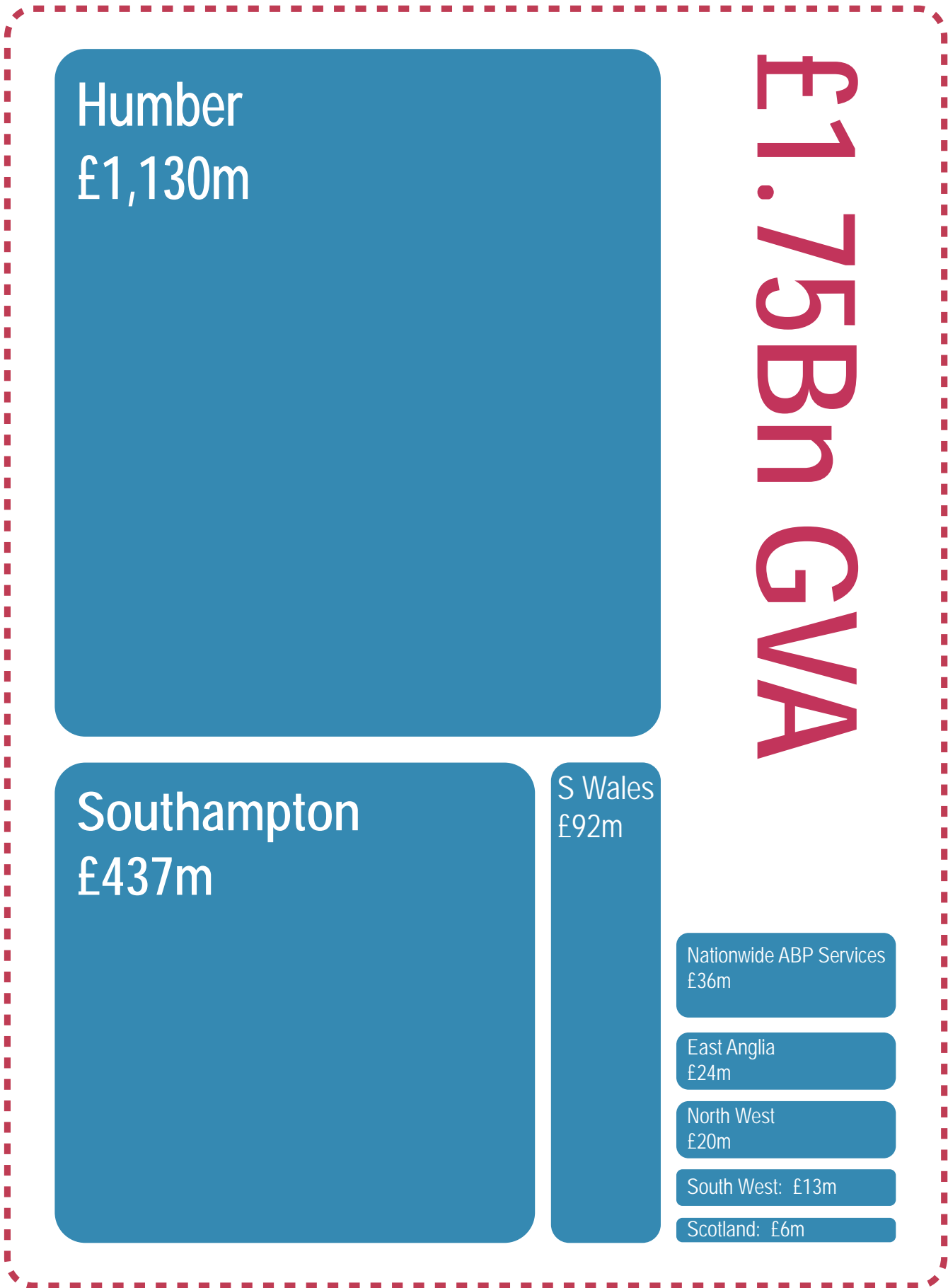
These estimates do not take account of the additional private sector investment leveraged from project partners.

Examination of both ABP's historic and planned future investment projects indicates that the Group's contributions are often made in relation to partnerships with other UK and international investors. In this way, ABP's expenditure leverages further investment in the UK economy.

For example, ABP's planned investment in the Green Port Hull project of approximately £130 million is expected to leverage an additional £70 million of private sector spending in the scheme. Subsequently, there would also be sizeable private sector investments in the supply chain.

Planned Investment by ABP up to 2018







The role of infrastructure investment in driving economic growth

ABP's investment in port infrastructure provides support for UK businesses, attracts international investment and enhances the competitiveness of UK plc. In order to facilitate economic growth, it is imperative to maintain, and where appropriate strategically support this type of investment.

Infrastructure is a vital component to an economy's ability to generate and sustain economic growth. It also plays an imperative role in enabling industries to remain competitive and attract inward investment. The quality of local infrastructure forms part of a strict criteria used by investors when making locational decisions for their investments. Not only does infrastructure affect potential investors, if it is outdated or of poor quality it may also constrain the potential of existing customers and as a result force them to postpone or abandon their investment projects altogether.

The commitment of government to continued investment in infrastructure is set out in HM Treasury's 2013 policy document 'Investing in Britain's future'⁷. This document clearly highlights the importance of world class infrastructure for continued international competitiveness and economic growth.

The crucial role that ports play in the UK economy is recognised in the National Ports Policy Statement⁸. In particular, this document makes clear the need for additional port capacity over the next 20-30 years in order to meet increased demand. Moreover, the document recognises the positive economic impacts of port infrastructure in terms of enabling international trade and the clustering of businesses in the local economy around ports.

The CBI-KPMG 2012 Infrastructure Survey⁹ also underlines the importance of high quality infrastructure to businesses. Over 80% of respondents viewed the quality of transport networks as a significant factor in their investment decisions while almost two-thirds of firms considered the quality of UK transport infrastructure as below average compared to other countries.

A 2013 study by the London School of Economics Growth Commission¹⁰ analysed the requirements for sustained economic growth in the UK. The study revealed the need to take positive steps to address what it describes as 'longstanding structural weaknesses in the economy'; and the virtues of infrastructure investment in terms of creating economic growth.

ABP makes an important contribution to the continued improvement of the UK's economic infrastructure by investing in quality UK port infrastructure. This provides excellent links to the broader transport network, and supports economic growth across the key sectors of the economy. Overall, it is vital that the UK's ports meet future demands and avoid constraining economic activity.



Case Study: Green Port Hull

The Green Port Hull project is a vital element in establishing and building a specialist renewables sector in Hull. It will also help act as a catalyst for growing the Humber port based hub of renewable energy activity, pivotal in the future economic development of Hull.

A key aim of the Green Port Hull development is attracting wider supply-chain firms and thus stimulating further investment in the area. Securing Siemens investment at Alexandra Dock; which represents a total investment of £200 million in Hull, will also boost economic prosperity in the Humber. This demonstrates the significance of the project providing a huge opportunity to generate positive economic change in the area.

The major investment for Green Port Hull involves the regeneration of Alexandra Dock, primarily for the development of an offshore wind turbine manufacturing, assembly and export facility for Siemens. If plans go ahead, this will represent a major strategic investment and have the potential to generate sustained spin-off benefits for the area, as well as across the north of England.

The Port of Hull is strategically located within 12 hours sailing of three of the largest offshore wind zones in the North Sea (Dogger Bank, Hornsea and East Anglia Array). Hull's geographical location to major offshore wind areas encourages wider offshore wind supply companies to invest or seek business opportunities within the area.

Given the magnitude of the Green Port Hull project ABP is working with additional investors to build a broad spectrum of expertise. One particularly important incentive is the Enterprise Zone status for Green Port Hull, Queen Elizabeth Dock South and Paull. Enterprise Zones offer incentives for businesses in order to help stimulate development and economic growth. These include business rate relief and enhanced capital allowances.

The Green Port Hull project is fully consented and the investment, which is in the order of £200 million, will create around 700 direct jobs on site.





Case Study: Southampton container berth expansion

ABP are planning to invest a further £95 million in the expansion of the Southampton Container terminal (bringing the total investment in the project to £150 million). This will ensure that the port remains competitive across Europe and offers UK businesses the most efficient access to global markets. Southampton is the UK's second busiest container port, handling more than 1.5 million twenty foot equivalent units (TEU) per year.

Capitalising on its unique 'double tides' the investment will ensure that the largest container ships have access to the Port of Southampton, a majority of the time. This is crucial for large cargo ships where additional waiting and unloading time can cost substantial amounts of money. The ability to access ports and discharge ships quickly, with good access to main shipping lanes and onward land transportation, are key considerations for the movement of freight.

The proliferation of larger and more efficient container ships has driven trade and competitiveness, and in turn reduced long haul shipping costs from an average of 30 percent to 1 percent of the cost of goods. This has, over recent decades, been a key factor in the huge increase in consumer goods traded, and created enormous operational efficiencies for industry.

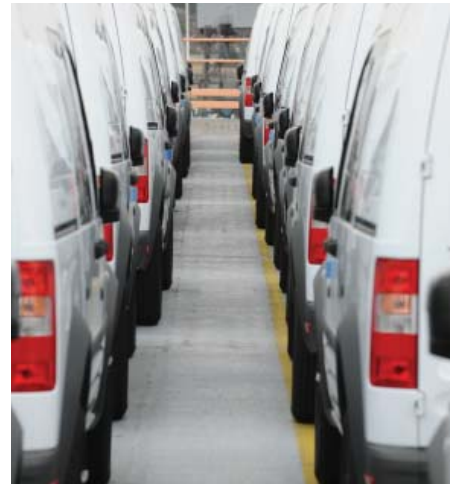
The Southampton Container Terminal will remain at the forefront of the industry, by promising efficient unloading of container ships which will reduce costs and deliver value to UK industries and consumers.

One specific plan for the expansion includes dredging the channel through the Southampton Water inlet to access the ports container terminal. The deepening of the main channel to 16 metres will enable extended container berths, and will create 500 metres of quay to service the largest ships. Ultimately, this part of the expansion will provide the operational ability to bring in ultra-large container ships to the Port of Southampton. The widening of the Panama Canal to accommodate cargo ships up to 13,000 TEU has also encouraged the port of Southampton to re-address its operational capabilities for Panamax container ships.



6.0

Realising the Potential to Support Economic Growth



Economic significance and opportunity

Overall, ABP generates 84,000 jobs in the UK economy and supports many more through wider catalytic employment.

When measured by GVA, the range of ABP's commercial activities generates in the order of £5.6 billion of economic activity across the UK.

There are also a range of planned ABP investments in the pipeline, many of which are the crucial economic driver for future economic competitiveness in major UK regions. These planned investments include those to increase trade and cruise ship activities at the Port of Southampton and investment to enable the location of a new offshore wind super cluster in the Humber.

Cumulatively, the economic value of ABP's investment pipeline is in the order of £1.7 billion over the next five years. It is projected that this investment pipeline will generate a significant number of new jobs and associated supply-chain activity, as well as helping the UK to maintain a competitive position across export led industries and to develop a leading edge in emerging sectors.

This competitive economic edge and asset base offered by ABP's UK ports is recognised locally, across the private sector, local enterprise partnerships, and internationally. It is also critical that the government proactively supports this infrastructure as it is paramount to maintaining the UK's competitive position in the face of fierce European and global competition.

The importance of ABP's ports in contributing to the success of UK plc is evident through its direct impact on key industries such as automotive, consumer trade, agricultural, energy, steel and offshore wind. To support a successful, export led and private sector employment growth strategy, there are a number of important areas where the UK government and ABP can collaborate to underpin the economic resilience of the country. These are explored below.

The appetite for infrastructure investment is clear. The UK government has made a commitment to improving transport infrastructure and recognises the enabling role it plays in terms of economic growth. Moreover, the need for improved infrastructure is made clear by the CBI-KPMG 2012 Infrastructure Survey.¹¹ The survey found that almost two-thirds of firms considered rating the quality of UK transport infrastructure as below average compared to other countries.

ABP, and businesses dependent on ABP, provide a myriad of broader investment opportunities. For example, the Green Port Hull project to establish a major renewables economic cluster in the Humber region has the potential to create hundreds of jobs. The cornerstone of this investment is the Siemens wind turbine facility, which it is hoped will also attract supply-chain firms and provide further economic benefits.

Continued investment in ABP ports and associated infrastructure is essential in ensuring that these far-reaching economic benefits persist and increase over time.



Realising the potential

The strong economic influence of ABP's ports on the performance of UK industry means that sufficient investment in both the ports and related infrastructure is critical in realising the full potential of the UK economy.

In the short term, important opportunities to support growth in UK industry, private sector investment and jobs include the Green Port Hull renewable energy project and the expansion of Southampton Container Terminal.

ABP's capital investment plans are capable of generating substantial economic benefits quickly over the next two years and beyond.

ABP's ports play a vital role in UK manufacturing and broader supply chains, securing major inward investments and generating private sector jobs, exports and wider economic benefits.

Government therefore has an important role to play, working in partnership with ABP to support export led recovery, rebalancing of the economy and sustainable economic growth.

There is an overarching need to ensure that an environment exists in which customer-led port development can take place efficiently and effectively – enabling UK business to prosper and supporting growth in UK plc.

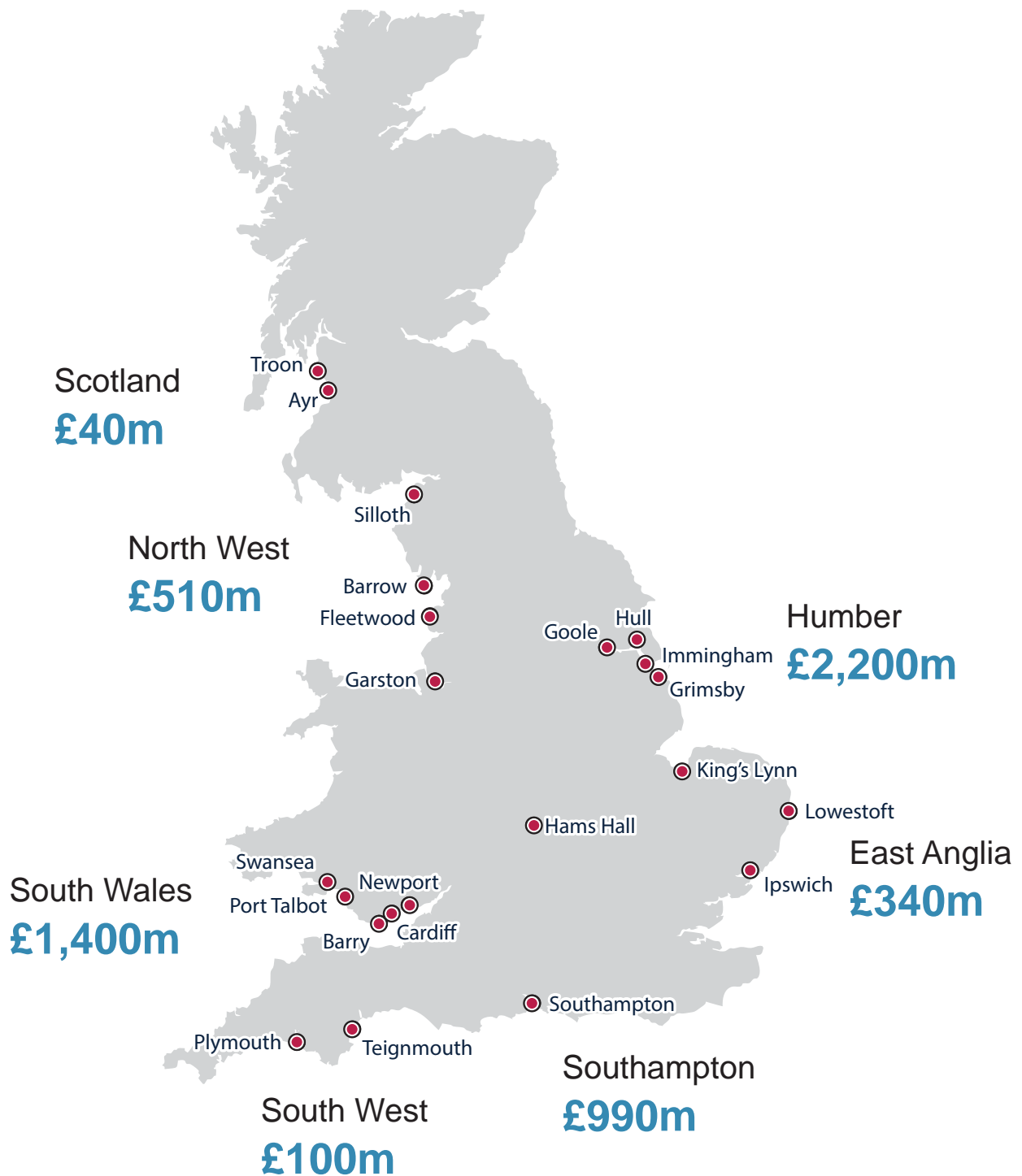
A number of key strands underpin this objective:

- sufficient support for continual improvement of infrastructure;
- decisive clarity on energy policy and renewables; and
- a proactive approach to investing in opportunities that leverage major inward investments in the UK.

The vast majority of capital investment into UK port assets requires a payback period of at least 10 to 15 years. Therefore, it is essential that the government provides a clear, coherent and consistent approach in areas such as energy policy. Above all, the private sector requires certainty, for instance, in gearing up for the manufacturing of offshore wind turbines and blades, or for establishing the dock-side and railhead infrastructure needed to reduce the UK's reliance on fossil fuels for power generation.

The importance of exports to the most recent UK GDP figures – and in rebalancing the economy away from consumer spending – underlines the importance of UK ports in continued economic recovery.

ABP's Annual Contribution to GVA (Port Region)



Footnotes

¹ Note – category is utilities rather than energy

² DfT Provisional 2012 data; this identifies that 52 major port entries represents 98% of total UK freight traffic. ABP's operations account for nine of these entries, around 25% of major freight cargoes.

³ The economic impact of the Port of Southampton was assessed by Atkins in 2011.

⁴ National Ports Policy Statement (February 2012):
<https://www.gov.uk/government/publications/national-policy-statement-for-ports>

⁵ UK dredging, head office and ABPmer

⁶ See <https://www.gov.uk/government/publications/spending-round-2013-documents>

⁷ <https://www.gov.uk/understanding-the-regional-growth-fund> Investing in Britain's future (July 2013): <https://www.gov.uk/government/publications/investing-in-britains-future>

⁸ National Ports Policy Statement (February 2012): <https://www.gov.uk/government/publications/national-policy-statement-for-ports>

⁹ Infrastructure survey 2012: Focus on delivery (July 2012): <http://www.cbi.org.uk/business-issues/infrastructure/infrastructure-survey/infrastructure-survey-2012/>

¹⁰ Investing for Prosperity: Skills, Infrastructure and Innovation (April 2013): <http://www.lse.ac.uk/researchandexpertise/units/growthcommission/home.aspx>

¹¹ Infrastructure survey 2012: Focus on delivery (July 2012):
<http://www.cbi.org.uk/business-issues/infrastructure/infrastructure-survey/infrastructure-survey-2012/>

¹² Atkins reports £2.5 million figure

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