

[The powers of independence can revitalise Scottish shipbuilding](#)

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Jim McColl, the new owner of Ferguson's Shipbuilders, has announced that he aims to employ [300 people through a £8 million investment](#).

Below Iain Macneil outlines the way forward for Scottish shipbuilding in an independent Scotland.

To anyone outside the shipping industry, or to those just reading the newspaper headlines about the problems at Ferguson Shipyard, shipping appears to have all but disappeared. While there is no debate that the shipyards have declined, shipping in Scotland is still strong; in 2011 it supplied £2.2bn in GDP and directly employed an estimated 41,600 people. When you include the direct, indirect and induced impacts, the maritime services sector in Scotland is estimated to have supported 75,200 jobs, contributed £3.8 bn to the Scottish economy and generated tax revenues of £1.2 bn.

Despite these promising figures, Scottish shipping and maritime services potential has not been a priority for Westminster in setting economic policy. With the job creating powers that independence brings, the Scottish Government could optimise its focus on building on our strengths as a shipping and maritime services nation.

This paper paints the big picture of some of the strategic decisions that an independent Scottish Government could take to build on the industry's strength to expand over the medium to long term. It focuses on some of the opportunities that are within the sector and, at a high level, begins to put the case for the industry to garner the support and recognition that has more recently been afforded to the more 'modern' industries such as biotech.

The global nature of the shipping industry in itself provides the impetus to focus. A thriving industry which works towards new aspirations will provide employment opportunities that range from semi skilled manual to 'expert' and industry leading, bring in additional tax revenues, increase exports, raise the profile and support the heritage of this bountiful and historic sector in Scotland.

Why is the current focus not strong enough under devolution?

With the job creating powers of independence and the halving and subsequent abolition of Air Passenger Duty, we believe that Scotland will have more attractive investment opportunities meaning there will be more work for the Scottish Government in supporting industries. We expect that they will produce two strategies for Shipping and Aviation respectively. This will allow for more dedicated focus on the shipping and maritime services sector.

To expand globally, we need a growth strategy which extends beyond reliance on MoD contracts. Westminster's emphasis on BAE contracts for naval vessels diminishes the overall importance of the sector, with each new headline meaning we are failing to look beyond it.

Investment Fund

A great deal is talked about the creation of a sovereign wealth fund from oil revenues. The same rationale applies to shipping. From the direct tax revenues, we will ask for a small fund of say 1.5% to be set up to reinvest in the growth and development of the sector, building up the Scottish shipping cluster.

Ship Management

Glasgow remains one of the most prized centres of ship management, with approximately 1,800 ships contracted in some shape or form to Glasgow ship management companies and comfortably sitting alongside the more recognised centres of Cyprus, Hong Kong and Singapore.

To ensure that the back office functions come to Glasgow – rather than to Mumbai or Chennai – or even stay here in a lot of cases, there needs to be some form of incentive and recognised strategy for the industry. We see great potential here and therefore we will ask for this from an independent Scottish Government.

A Maritime Career

Seafarer numbers/incentives

Seafarer numbers are continually reducing as, under the UK Tonnage tax regime, cadets can get a three year training programme but no job afterward. An independent Scotland would have the powers to set real incentives, to both the ship managers and the cadets, to get them through the first critical years after training to provide them with the experience that would enable them to compete with officers and crew from Eastern European and Asia.

Making the industry more attractive

Glasgow's impressive and brand new £74m Riverside Museum provides a great understanding of the strength and history of Scotland as a maritime nation. We will ask that this centre is built upon to motivate the young toward a future maritime career.

Education

- Nautical Studies

We welcome that the Glasgow Nautical College, part of the City of Glasgow College, is currently undergoing a £100m rebuild. We expect an independent Scotland with full job creating powers to support a forward strategy that is geared toward differentiators and specialism, true to the legacy of Scotland's great innovators.

- Naval Architecture

Strathclyde University has the world's foremost naval architecture department. Currently it largely attracts the best from Japan, Korea and China who then take the knowledge and transfer the skills away. The college must increase its focus on Scotland, and not be continually pressured to partner overseas. The Scottish economy would benefit greatly from developing and retaining the skills needed for the shipping technology of the next 20 years, not continue to encourage them elsewhere.

Continuous Professional Development

Continuous Professional Development is critical in shipping, where each rise through the ranks, each switch to a new cargo type and each new significant legislative change brings a need for officers to retrain, often at significant expense to either themselves or their employer. Scotland was once the centre of CPD for mariners, but many of the specialist training centres have now gone, for example CAMS.

There is a new training centre opening in Scotland, in Clydebank, in October 2014. However, it is a significant self-investment in the millions to create a purpose-built facility for a US oil company. It has been built here because the company felt that there were no suitable facilities in NW Europe for their European Officers – but it will be for their use only.

It would be very straightforward and quick to set up additional and forward focused centres for use by officers in or visiting Scotland. We expect this business opportunity to be seized upon were Scotland to become an independent country with full job creating powers. We will ask an independent Scottish Government to support such an endeavour as we identify great need and opportunity here.

Ship Building

As an extension to the example on FPSOs, we can see that specialist fitout remains an opportunity for Scotland, both for offshore and shipping, and with the changing legislative environment meaning more retrospective refits, this is a business that should be being grabbed by entrepreneurs and investors. These are big capital projects needing significant skills and they will not be going away. They just need the focus and job creating powers afforded by an independent country.

Scotland, and the rest of the world, needs a lot of environmentally friendly ferry size craft to support the renewable energy sector of wind, wave and hydro, as well as specialist small vessels such as tugs and standby boats. This is a growing industry and well suited to the smaller yards, such as the currently very busy dry-dock at Grangemouth. As an example, Scotland buys wind turbines from Siemens that come with 5 year support contracts. Currently, the main companies in that sector are Danish, who are designing and building support craft and training staff in wind operations and maintenance. Companies such as Fergusons are positioning themselves to compete in this offering and we see great opportunities ahead for them and prospective players in the space as it continues to take shape and grow.

Technology and Research

Shipping is an industry that has extremely high demands for new technologies, again leading to manufacture and retrofit opportunities. The numbers quoted for servicing the refits alone for energy efficiency solutions and ballast water solutions are eye watering. None of these are being manufactured in Scotland as the south of England, Norway, Denmark and Asia have taken the lead up until now. The opportunity for an independent Scotland arises from the fact that the legislation is still new with the race for market share there to be won. Lest it not be forgotten that Scotland has the advantage of a strong and historical global brand as a shipping nation. With an independent Scotland equipped with job creating powers, the opportunities are there to be realised.

Infrastructure

We will ask an independent Scottish Government to look at the impact of re-establishing the direct ferry link between Rosyth and Zeebrugge, subsidised if necessary. This will link ferry passengers directly to Europe. We need a credible coastguard, bringing together the Lighthouse Board, fishery protection and customs, with state of the art multi-function vessels, built in Scotland.

This could easily tie in with education and training, with government vessels used as training ships and to provide much needed sea time for young mariners as they learn skills such as watchkeeping under an expert eye.

Shipping and its related maritime and renewable energy activities are very exciting and changing fast – an independent Scotland would have the tools needed to be able to excel in this environment.

Summary

The opportunity of shipping and maritime services in Scotland is an interconnected puzzle that needs the job creating powers and dedicated focus that an independent Scotland would guarantee. The sector needs a real strategy that is backed up by not only a government that cares, but one that has the powers to set policy that attracts investment. Growing the cluster with fiscal levers to attract more diverse companies is the key, as is the setting up of a strong regulator and attractive registry which is tailored to Scotland.