Snapshot by:

UK CHAMBER of SHIPPING

The cost of doing business:

**Foundational Sector Snapshot**

# Shipping

## Key messages

- The UK shipping industry has seen annual direct GVA growth of 7.0% since 2010, with estimated direct contribution to GVA of **£21.3bn** in 2025 and directly employing **120,500 UK jobs**. The UK shipping industry supports a total of **£46.2bn in GVA, 728,200 jobs[1] and carried in excess of £1tn of trade in 2023**. For an island trading nation, this makes shipping a foundational enabler of UK growth, trade, jobs and economic resilience.
- The shipping industry is exposed to acute cost pressures from geopolitical disruption, fuel, decarbonisation regulation and labour – especially in specific trades. Energy costs account for **30-60% of operating expenditure**, which will increase and be absorbed by supply chains as the industry decarbonises.
- **Government can strengthen UK supply chain resilience** by continuing to support shipping competitiveness, providing financial support to start the uptake of electricity and other alternative fuels for shipping, and addressing border frictions for trade, crew and passengers. A competitive shipping sector will help keep goods and people moving, support energy security and ensure the UK remains an attractive place for maritime investment.

**Table 1: Key business tax contribution figures for the shipping industry[2]**

| | 2024/25 | 2025/26 | Difference |
|---|---|---|---|
| **Business tax contribution** | £2.07bn | £2.20bn | +6.1% |
| **Tax contribution as a share of GVA** | 10.3% | 10.1% | -0.2 ppt |
| **Employers' NICs** | £0.11bn | £0.19bn | +73.9% |

## Strategic importance

Shipping (whether providing domestic or international services) is a foundational enabler of the UK and global economy. As an island trading nation, the UK wholly depends on shipping to move goods, people and energy, with around 95% of UK trade transported by sea and approximately 100,000 trading vessels calling at UK ports each year[3]. Shipping is therefore not simply one industry among many; it is both part of the critical infrastructure and supply

chains that allow other sectors to function, as well as enabling people who live across the British Isles to travel by sea to work, access education/healthcare or go on holidays.

Shipping's importance extends far beyond its direct economic contribution. It is a foundational component of the UK's supply chains, supporting road haulage (e.g. via roll-on, roll-off vessels), manufacturing, retail, agriculture, construction, energy, tourism and exports, while also connecting island and regional communities. Maritime transport and services at sea underpin the extraction and movement of raw materials (oil, gas, aggregates), energy products (diesel, petrol, biofuels), electricity, cable laying, industrial components (wind turbines & sub-stations) and consumer goods that are essential to the UK's economy.

This activity, along with the UK's global pre-eminence as a provider of maritime services, has placed the UK as one of the few central hubs of the global shipping industry, with the UK's expertise in ship chartering, insurance, legal and financial services, and technical consultancy relied upon by shipowners and charterers around the world[4]. Keystone organisations crucial to the global shipping industry are based in the UK, such as the United Nations' International Maritime Organization (IMO), the International Chamber of Shipping, the Baltic Exchange, the International Association of Classification Societies, International Group of P&I Clubs and Lloyd's of London.

Shipping also plays a critical role in UK and global economic resilience and security. The UK's ability to quickly adapt to supply chain disruption, respond to geopolitical shocks and maintain access to international markets depends on a competitive and resilient shipping sector. As part of the global shipping community, UK-owned or operated ships directly contribute to the UK's wider economic footprint: for every £1 of GVA generated directly by UK shipping, a further £1.87 is generated across the wider economy, while every job supported directly by the UK shipping industry supports a further 6.41 jobs elsewhere in the UK economy[5]. The UK shipping industry has seen annual direct GVA growth of 7.0% since 2010 and generates £10.7bn per year from its exported trade in services and exports of disbursements from UK ports[6].

As global trade patterns evolve and demand for lower-carbon transport increases, shipping has to remain central to the UK's long-term competitiveness and global standing. This is especially important given the demand for seagoing trade continuing to increase over the medium term at an average annual rate of 2%, having increased from 10bn tonnes in 2015 to approximately 12.7bn tonnes in 2024/25[7]. Maintaining a resilient, efficient and internationally competitive UK shipping industry is therefore essential not only for the movement of goods and people, as well as energy and telecommunications security, but also for supporting global and national economic growth and resilience.

## Growing cost pressures

UK shipping businesses are facing a mix of rising global and regional costs across energy, labour, finance and border frictions. Energy remains one of the largest components of operating expenditure, accounting for 30-60% of operating costs for UK ship operators. Since 2019, marine fuel costs have increased significantly, while geopolitical instability and

disruption to key trade routes have increased voyage times, operating costs and uncertainty for businesses operating in global markets.

At the same time, shipping companies are investing heavily in fleet renewal and the transition to lower-carbon operations. Despite the number of alternative fuel-capable vessels increasing by 377% since 2019, the scale of investment required to meet future environmental requirements is unprecedented and will require generational capital expenditure[8]. If the global shipping industry were to fully decarbonise by 2050, in 2020 this was projected to require total investments in new ships, retrofits and alternative fuel infrastructure of between USD 1.2-1.6 trillion.[9]

However, availability of alternative fuels and shore power (plugging-in whilst in port) to mirror the industry's projected needs remains low. Decarbonisation will only be achievable if shipping has access to affordable, reliable and scalable alternative fuels and the infrastructure needed to support them. These alternative fuels are less energy dense and more costly; therefore, policy and investment should focus on accelerating fuel production, bunkering facilities and port infrastructure, to levelise the cost of energy while providing the certainty needed for operators to invest in new vessels and technologies.

In addition, ship operators are undertaking this transition at a time when access to finance is becoming more expensive. The implementation of the final Basel III / Basel IV banking reforms is increasing the capital intensity of traditional ship finance by requiring banks to hold more capital against maritime lending. In practice, this is increasing borrowing costs, reducing access to traditional senior debt and making it more difficult for ship operators to source UK-based finance for fleet renewal and decarbonisation projects.

Labour costs and workforce availability are also becoming more challenging. Competition for seafarer talent has intensified, with global shortages at a 17-year high and the global shortage of officers expected to increase from 8.5% to 10% by 2030[10]. These pressures are causing costs to increase across all of the trades that make up the shipping industry and reinforce the need for continued investment in skills and workforce development.

## Improving the operating environment

As a strategic national capability that underpins UK trade, connectivity and economic resilience, the shipping industry relies on a competitive operating environment that supports investment, workforce development and long-term growth. However, the industry faces several structural challenges that risk weakening its international competitiveness and ability to support the wider economy.

### 1. Maritime skills and workforce development

The shipping industry operates in a competitive global labour market. International demand for seafarers continues to grow, while the global shortage of officers is expected to increase over the coming decade. At the same time, the UK faces the challenge of maintaining a domestic pipeline of skilled seafarers and maritime professionals. Seagoing qualifications are not only a pre-requisite for working on ships but are also considered either essential or

highly desirable for many thousands of shore-based roles in related sectors, including ship surveyors, maritime educational instructors, marine insurers and maritime lawyers. Ensuring long-term investment in seafarer training, workforce development and maritime careers will be critical to maintaining the skills base needed to support UK trade and maritime resilience.

### 2. Fleet renewal and decarbonisation

Since 2008, seaborne trade has increased by around 60%, yet the shipping industry's $CO_2$ emissions have remained broadly stable, largely due to the widespread uptake of energy efficiency measures such as emissions saving technologies, speed reduction, and improved ship design[11]. This highlights global shipping's success in decoupling trade growth from emissions growth. However, this decoupling trend has now begun to plateau, illustrating the urgent need for investment in alternative fuel and technology pathways. The shipping industry cannot be expected to meet its decarbonisation commitments unless there is reliable, competitive, and widespread access to alternative fuels, shore power, and associated port infrastructure across the UK. Government policy should therefore focus on creating the conditions necessary to upscale fuel production, supply chains, bunkering facilities, and port investment, while ensuring that carbon pricing revenues are reinvested into maritime decarbonisation. This includes aligning with decarbonisation regulatory developments developed at the IMO to ensure a level playing field for global shipping. Cost competitiveness and regulatory certainty are essential to give ship operators the confidence to invest in new vessels and technologies, while avoiding the risk of stranded assets and maintaining the competitiveness of UK shipping.

### 3. Maintaining the UK's maritime competitiveness and reducing border frictions

Shipping is an inherently global industry, and investment decisions are highly mobile. Operators routinely compare the UK operating environment against international competitors when making decisions about fleet deployment and investment. The cumulative impact of financing costs, labour availability, regulatory requirements and wider operating conditions can influence where businesses choose to invest, expand and locate activity. In relation to border controls and immigration policy, there remains a persistent gap between the Government's policy objectives and the operational realities faced by shipping companies. Without government gaining a better understanding of ship operations, these issues risk making it increasingly more difficult and costly to efficiently move goods, passengers and crew.

Maintaining an attractive and internationally competitive environment will be essential to supporting trade, strengthening supply chain resilience and sustaining the shipping industry's contribution to long-term economic growth. Part of the shipping industry's competitiveness relies on international rules being agreed, consistently adopted and subsequently enforced by nations. Deviating from this creates regulatory fragmentation, which in turn risks creating duplicate requirements, uneven enforcement, and competitive distortions that increase costs, impede trade, and undermine confidence in long-term investment decisions.

It is therefore crucial for countries to respect international laws and conventions, such as the UN Convention on the Law of the Sea (UNCLOS). This is essential for global shipping because it protects freedom of navigation, provides legal certainty for ship operators, and supports the safe and efficient movement of international trade. Adherence to these

internationally agreed rules helps maintain open shipping routes, prevent disputes between states, and uphold the rules-based order on which maritime commerce depends. The UK Chamber of Shipping calls upon the UK Government – given that the UK is so heavily dependent on shipping for its trade and prosperity – to show leadership in upholding and defending these legal principles, as codified in UNCLOS and to set a clear example to other countries and exert its influence as strongly as possible.

## Tackling the regulatory burden

Shipping businesses operate within a complex regulatory environment spanning safety, environmental protection, customs, immigration, port operations, vessel standards and international trade. Given the global nature of the sector, operators are often required to comply with domestic, regional and international regulatory frameworks simultaneously, creating significant complexity for businesses operating across multiple jurisdictions.

Businesses report that the burden is often driven not by individual regulations in isolation, but by the cumulative impact of multiple compliance requirements, reporting obligations and approval processes. The interaction between domestic regulators, international conventions and port-specific requirements is complex, and if not carefully managed, can unnecessarily increase administrative costs, delay operational decisions and reduce flexibility. These challenges are particularly acute where requirements evolve at different speeds across jurisdictions or where businesses must demonstrate compliance through multiple reporting systems.

The shipping industry also highlights the importance of predictable and proportionate implementation. Regulatory uncertainty, inconsistent interpretation and lengthy approval processes increase costs and divert management resource away from investment, workforce development and decarbonisation activities. For an industry competing internationally for investment, vessels and trade flows, the efficiency of the regulatory environment plays an important role in maintaining the UK's competitiveness as a maritime nation. This is especially acute when implementing carbon pricing measures on ship operators without a mechanism to reinvest the revenue back into the industry to address those emissions.

Ship operators engage with a wide range of regulations and enforcement bodies across UK government and devolved administrations. This includes the following:

| Home Office | |
|---|---|
| **Regulation** | **Regulator** |
| Immigration Act 1971 | Border Force |
| Immigration and Police (Passenger, Crew and Service Information) Order 2024 | Border Force |
| Immigration (Form and Manner of Passenger and Service Information) Direction 2026 | Border Force |
| Immigration and Asylum Act 1999 (Section 40) | Border Force |
| Carriers' Liability Regulations 2002 | Border Force |
| Carriers' Liability (Amendment) Regulations 2023 | Border Force |
| Passenger, Crew and Service Information (Civil Penalties) Regulations 2015 | Border Force |
| The Authority to Carry Scheme and Civil Penalties Regulations 2023 | Border Force |

| HM Treasury | |
|---|---|
| **Regulation** | **Regulator** |
| Customs and Excise Management Act 1979 | HMRC and Border Force |
| Customs (Safety and Security Procedures) Regulations 2025 | HMRC and Border Force |
| Customs (Export) (EU Exit) Regulations 2019 | HMRC and Border Force |

| Department for Transport (DfT) | |
|---|---|
| **Regulation** | **Regulator** |
| The Merchant Shipping Act 1995 | Maritime and Coastguard Agency (MCA) |
| The Merchant Shipping (Counting and Registration of Persons on Board Passenger Ships) Regulations 1999 | MCA |
| The Merchant Shipping (Safety Measures for Ships Carrying Industrial Personnel and Special Personnel) Regulations 2025 | MCA |
| Seafarers (Wages and Working Conditions) Act 2023 | MCA |

| Department for Environment, Food and Rural Affairs (DEFRA) | |
|---|---|
| **Regulation** | **Regulator** |
| Articles 79 to 84 of the assimilated regulation (EU) 2017/625 (Official Controls Regulation) | DEFRA |

| Department for Energy Security and Net Zero (DESNZ) | |
|---|---|
| **Regulation** | **Regulator** |
| UK Emissions Trading Scheme (ETS) | UK Emissions Trading Authority<br>DEFRA - Environment Agency<br>Scottish Environment Protection Agency (SEPA)<br>Natural Resources Wales (NRW)<br>DAERA: Northern Ireland Environment Agency (NIEA) |

| Department for Business, Innovation, Science and Trade (BIST) | |
|---|---|
| **Regulation** | **Regulator** |
| Employment Rights Act 2025 | DBIST |

Within this wider regulatory landscape, the UK Chamber of Shipping has identified three regulatory burdens that are most problematic for the industry:

## 1. Addressing cumulative burdens and frictions at UK borders

**Challenge:** Ship operators face a growing number of overlapping requirements across passenger screening, freight controls, data reporting and compliance frameworks, often introduced with limited notice, unclear responsibilities and poor cross-government coordination. As a result, ship operators are operating in an increasingly fragmented environment, having to manage gaps in system interoperability and policy alignment, which affects efficiency, service reliability, passenger experience and the competitiveness of UK maritime routes. Examples include a combination of novel freight and passenger scanning trials, expanding passenger data requirements, duplicate reporting risks, the risk in the future of narrowing the number of ports being allowed to use the “arrived export model” for smoother trade flows, enforcement uncertainty, and additional government cost recovery pressures.

Often these are being developed without taking into consideration maritime operational realities. Together, these measures risk reducing efficiency, competitiveness, and the effectiveness of the UK’s ambition for a modern, intelligence-led border. The Independent Chief Inspector of Borders and Immigration (ICIBI) has highlighted concerns around refusals and cancellations of entry permission[12]. This has been a particular issue for foreign

seafarers, who are legally entitled to shore leave, transfer and transit to and from ships leaving the UK.

Such fragmentation often creates market distortions on shipping routes, which can range from the government's Common User Charge at Sevington for agri-food inspections[13], to novel scanning trials at certain ports. In addition, land-based maritime roles that support ships calling at UK ports, such as stevedores, may be affected by the Employment Rights Act 2025 in ways that could inadvertently increase operational inefficiencies and impact service levels.

**UK Chamber of Shipping recommendation:** Border policy reforms should be guided by the following principles:

- Avoiding duplication of reporting requirements, for example by
    - Improving the IT infrastructure that facilitates trade data flows (customs, SPS and S&SGB), ideally through a Single Trade Window;
    - The MCA not introducing additional requirements for duplicate reporting of persons-on-board data;
- Investing in the IT infrastructure that underpins the regulatory requirements on safety and security declarations, to enable seamless, timely and more accurate data flows. The current set up is not sustainable and unfairly penalises ship operators despite the government being warned about this problem during the Brexit process;
- Ensuring early and structured engagement with industry, along with impact assessments;
- Recognising the specific operational characteristics of maritime transport, with improved coordination and consistent dissemination of Home Office policy positions to Border Force;
- Maintaining proportionate and risk-based enforcement from Border Force, including timely communication with operators as part of a joint compliance effort, and enabling flexibility where good-faith compliance efforts have been made to avoid penalties;
- Having a pragmatic approach on travel authorisations to avoid impeding on passenger flows;
- Avoiding unnecessary friction on Common Travel Area-related movements, especially where ferry services support routine travel, tourism, work and connectivity;
- Delivering genuine interoperability across border systems and agencies.

**Expected impact:** Further investment into IT infrastructure for safety and security declarations, alongside other recommendations would reduce the administrative cost, frictions and delays for ships calling into the UK, which in turn benefits the end buyers and

sellers of goods, as well as maritime passengers. This contributes to the UK's maritime competitiveness.

## 2. Supporting the shipping industry's transition by ensuring carbon pricing revenues and other support measures are used for the uptake of electricity and alternative fuels

**Challenge:** The UK shipping industry (both domestic and international services) continues to support the transition to zero- and near-zero-emission fuels, but decarbonisation policies must be grounded in the practical realities of fuel and infrastructure availability. Achieving meaningful emissions reductions will depend on reliable, affordable and widespread access to alternative fuels, shore power and supporting port infrastructure. Without these essential enablers being deployed at scale across the UK, the shipping industry cannot reasonably be expected to fully decarbonise by 2050. Ship operators should also not be subject to overlapping regulatory and carbon pricing regulations from different jurisdictions and international law, as this will result in double payments, administrative complexity and market distortion. A live example of this risk is being experienced via the expansion of UK ETS to maritime activities, where it is not yet clear to ship operators how the UK ETS scope will not overlap with EU ETS obligations. This risk is particularly acute for offshore vessel operators, who will come into UK ETS scope on 1 January 2027. It has already proven difficult for overseas ship operators to navigate the UK ETS regime and adds further border friction and administrative complexity.

**UK Chamber of Shipping recommendation:** The government should pursue maritime decarbonisation in a way that maintains alignment with IMO regulatory developments. This is vital as it provides a level playing field for the global shipping industry - any divergent UK requirements will undermine competitiveness of the industry, reduce resilience, discourage investment and add cost to the UK economy.

Policy focus and financial support need to transition from research and development and feasibility studies towards supporting the commercial deployment of electricity access[14], low-carbon technologies and fuels. This should include exploring revenue certainty mechanisms, such as Contracts for Difference, and hypothecating revenues from the UK ETS application to maritime into maritime decarbonisation – without which it is simply a tax, which can paradoxically reduce the amount available to ship operators to invest in decarbonisation. In addition, regulatory measures need to remain fuel and technology neutral, allowing market participants to determine the most suitable solutions for different shipping sectors and operational needs.

**Expected impact:** Such an approach will help secure both the UK's maritime competitiveness and the shipping industry's transition in a pragmatic, multi-lateral manner, so that ships calling into the UK are able to access (in terms of availability and commercial viability) electricity and/or other alternative fuels, whilst minimising administrative complexity. It will also reduce the rate of which of shipping services are at risk of being removed from the UK[15], which in turn will affect the UK's supply chain resilience.

## 3. Offshore vessel safety standards

**Challenge:** The offshore vessel industry is experiencing excessive gold-plating by the MCA of certain internationally developed codes for vessel construction, in relation to vessels carrying "Special and Industrial Personnel". The Special Purpose Ship (SPS) Code and Industrial Personnel (IP) Code[16] relate to non-crew working on board offshore vessels either related to specific vessel operations or transfer of personnel to and from offshore energy facilities. The UK's implementation has seen restrictions to operations from UK ports through gold-plating that does not facilitate "grandfathering" of older vessels into the regime. This is despite the fact that such vessels have been safely operating in the UK Exclusive Economic Zone for the last 20 years. Other neighbouring maritime regulators, such as Norway, Denmark and the Netherlands, have demonstrated regulatory pragmatism by permitting grandfathering without compromising safety. The UK, without sufficient pragmatism, risks excluding from UK ports these critical, specialist ships from servicing oil and gas platforms, and building and maintaining UK offshore wind farms – leading to vessel shortages, project delays and missed governmental targets.

**UK Chamber of Shipping recommendation:** The implementation of the IMO's Industrial Personnel Code into UK law, with its objective of improving safety standards for vessels carrying industrial personnel, is supported. However, the implementation of the IP Code should be evidence based, proportionate, practical and supported by clear guidance. There remain significant compliance and modification costs for existing vessels and risks creating an uneven playing field with European neighbours. A pragmatic approach is needed to allow grandfathering and equivalence arrangements for existing vessels.

**Expected impact:** Taking a pragmatic approach towards older specialist offshore vessels carrying special and industrial personnel will help to strike the right balance between ensuring safety and compliance costs. In turn, this contributes to more vessels being able to service UK offshore energy facilities, which in turn increases the UK's energy security and resilience and increases the likelihood of meeting government clean power targets.

## Endnotes

[1] Cebr (2025), *The Value of the UK Shipping Industry*, available at: Cebr_Report_UKCoS_Shipping_Final_1.pdf. 2025 sector GVA has been estimated using Cebr's 2023 estimate of the UK shipping industry's direct GVA as the baseline. This has been scaled to 2025 using the change in GVA for SIC 50 between 2023 and 2025, with the same rate of change applied across the other industries included in the sector. SIC 50 was used as the basis for this adjustment as the predominant industry within the sector.

[2] The CBI used its business tax contribution analysis in which we break down taxes by industry on a 2-digit SIC level. For employers' NICS we used the latest ASHE and BRES datasets to distribute ER NICs by industry. To estimate the contribution as a share of GVA, we used the latest ONS GVA estimates by industry to estimate the sectoral business tax contribution. Where it was not possible to assign the sector firmly to one or multiple 2-digit SICs, we asked TAs to provide data which we used and scaled accordingly. It should be noted that for some sectors there is a larger margin of error in the contribution statistics given 2-digit SICs do not necessarily fully align with the specific activities progressed in certain sectors. For the shipping sector, we used the latest Cebr report's figures as base, then scaled based on SIC 50.

[3] See DfT Port and domestic waterborne freight statistics: data tables (PORT), available at https://www.gov.uk/government/statistical-data-sets/port-and-domestic-waterborne-freight-statistics-port#ship-information-vessels-arrival-flags

[4] See further information provided by Maritime London at https://www.maritimelondon.com/why-choose-uk-maritime-services

[5] Cebr (2025), *The Value of the UK Shipping Industry*, available at: Cebr_Report_UKCoS_Shipping_Final_1.pdf

[6] ibid

[7] https://unctad.org/system/files/official-document/rmt2025_en.pdf

[8] Clarksons World Fleet Register, Q1 2026 Shipping Market Review

[9] The scale of investment needed to decarbonize international shipping | Global Maritime Forum (2020)

[10] https://www.drewry.co.uk/maritime-research-products/maritime-research-products/manning-annual-review-and-forecast-202526

[11] https://www.zerocarbonshipping.com/news/countdown-the-quiet-success-story-of-energy-efficiency-in-shipping

[12] *An inspection of refusals and cancellations of permission to enter the UK (September 2025 – February 2026* - https://www.gov.uk/government/publications/an-inspection-of-refusals-and-cancellations-of-permission-to-enter-the-uk-september-2025-february-2026

[13] https://www.gov.uk/guidance/common-user-charge-rates-and-eligibility

[14] https://portsmouth-port.co.uk/news/its-electrifying-portsmouth-international-ports-shore-power-system-goes-live/, as a result of DfT-awarded funding to Portsmouth International Port's SeaChange project - About us - Portsmouth Port

[15] As an example of UK shipping routes being affected by increasing cost burdens, see https://brittanyferriesnewsroom.com/brittany-ferries-says-it-must-adapt-to-a-new-world-2/

[16] See https://www.imo.org/en/mediacentre/pressbriefings/pages/msc106.aspx

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