

## **DRAFT STUDY ON DEEPENING UNDERSTANDING OF POTENTIAL BLUE GROWTH IN THE EU MEMBER STATES ON EUROPE'S ATLANTIC ARC – UK COMMENTS**

The UK thanks the Commission for the invitation to comment at this stage. These comments represent the views of the UK Government and Devolved Administrations (DAs).

The paper collates some existing information on activity in a number of activities in the UK's coastal regions and provides some analysis. We note that section 5 ('Analysis of measures, policies and strategies to stimulate growth and good practices in the sea-basin') is yet to be completed.

As it stands the paper uses information in ways which appears selective and inconsistent – neglecting for instance information available from the Devolved Administrations. Generally the statistics used lack clarity and appropriate descriptions of long term trends. The paper also presents analysis (notably the cluster analysis) which appears partial and whose methodology is questionable and somewhat opaque. Policy recommendations when developed are therefore unlikely to be sufficiently well-grounded to credibly augment the UK Government and the DAs' existing work in these areas. The paper does not seem to be informed by sufficient awareness of the make-up and diversity of coastal environments in the UK. For instance there is insufficient recognition of the importance of fishing in general, and shellfish in particular.

There seems to be a serious confusion on scope. The Preface states that 'parallel sea-basin studies are being carried out on the North-Sea and the English Channel...' yet the body of the paper covers coastal areas of both the North Sea and the English Channel. Some of the material (e.g. that on oil and gas) does not disaggregate North Sea activity from that in the Atlantic margin. Nor is it stated whether the East Irish Sea is being considered as part of the Atlantic Arc.

If work continues on this paper we would be grateful for the chance to comment on at least one more version before a final version is prepared.

Further comments are given with page references overleaf:-

- (pp. 1-2) Figure 1 ('Coastal Regions of the UK') is incorrectly titled as it shows both the UK and the Republic of Ireland
- (page 3) The text seems to imply that Cardiff and Milford Haven are in England. Better to re-phrase as: On the Western seaboard, the principal conurbations are Glasgow in Scotland, Cardiff in Wales and, in England, Liverpool, Bristol and Southampton. The UK has major ports at Milford Haven and Liverpool...".
- (p.3 para 6) paper appears to imply that areas outside Peterhead, Fraserburgh and the NE and SW of England are not active in fishing;
- (p. 3) Fraserburgh is mis-spelt as 'Fraserborough'.
- (p. 6) Table 1 – quantitative overview of UK maritime activities: we do not recognise the figures for "offshore oil & gas" in Table 1 which are attributed just to ONS and DECC – it would be helpful if the sources cited could be more specific and could specify the reference year.
- (p. 6) The 48 aquaculture industries cover around 254 active sites in Scotland and are of great importance for employment opportunities in rural communities.
- (p. 9 Maritime Transport – para 1) Inconsistent statistics have been used. Statistics on port freight are available for all of 2012. Some issues with the phrases used (e.g. inbound tonnage has not remained stable but has returned to the same level as 10 years previously). Some of the statistics used are not correct, there were 51 active major ports and 59 active minor ports in 2012. (Para 2) When discussing quantity of container traffic it is necessary to specify tonnage or number of units. Also, the quantity of container traffic by tonnage has been increasing over the last decade, both inbound and outbound.
- (p. 10 Deep Sea Shipping – para 2) The statistics are describing all port freight traffic (deep sea, short sea and domestic traffic). There are statistics available for deep sea traffic from [port0110](#). We would be happy to discuss if a time series is required. (Para 3) Out of date statistics have been used, statistics on world fleet are available for 2012.
- (p. 10 Short Sea Shipping) Statistics being used are describing domestic waterborne freight. These do not accurately describe short sea shipping, the port freight annual series provides statistics on short sea shipping (see above).
- (p.11 Passenger Ferry) Inconsistent statistics have been used, data is available for 2012 for both ferry passengers and international airline passengers. Some issues with the phrases used, should refer to the 'busiest' ports rather than the 'largest' ports. Some issues with rounding, there were 29.3 million passengers in 2002.

- (p. 12 para 1) Calculation error – 8 per cent of goods lifted are non-seagoing internal traffic. Rounding error – Over 6 million tonnes is coastwise seagoing traffic. (para 2) River Thames handled 17 million tonnes (40 per cent of total) and 11 per cent of traffic is non-seagoing. (Para 3) Figures for unitised traffic are general cargo figures, and described as increasing when figures have fluctuated largely over the decade. Liquid bulk is split between Scotland East Coast and Thames and Kent. Dry bulk has been increasing in recent years, not decreasing.
- (p. 12) out of date data is used: 2011 data where 2012 data is available;
- (p. 12-14) inconsistent baseline dates have been used (varying from 1995 to 2002) with no argument to support selection of baseline or description of variations between baseline and 2011;
- (p. 13) The fisheries section considers only whitefish. Should also take into account pelagic and nephrops which are the two biggest stocks by income. Thus the significance of the Shetlands, Orkney and West Coast in this area is overlooked. Sole is mentioned as most valuable by weight which is of limited relevance to overall economic importance.
- (p. 14) There is no recognition of the importance of aquaculture in Wales. The production of mussels alone is around 9000 tonnes p.a..
- (pp. 16-7) the information in the energy and raw materials section could usefully contain some mention of future workforce requirements, albeit that the available information is only estimates;
- (pp. 16-7) It would seem to make sense to give the oil & gas and windfarms sections the regional narrative as for other sectors, if possible
- (p. 18) Remove the word “early” after ‘final decision’.
- (p. 19) “It will also support applications from these projects for the European NER300 second round funding.” should be changed to “It has supported White Rose’s application for the European NER300 second round funding.”
- (p. 17 ‘Offshore wind’) In second paragraph after ‘UK economy’, insert ‘(excluding exports)’.
- (p. 17 ‘Offshore wind’) Replace second sentence of third paragraph with ‘The UK Government has also published the limits on annual spending on low carbon generation as agreed in the Levy Control Framework up to 2020/21, as well as potential 2020 deployment sensitivities for each renewable technology (NB Potential 2020 deployment sensitivities are dependent on industry cost reductions over time and the figures are not Government forecasts) For offshore wind, the potential 2020 deployment set out is 8-16GW dependent on a range of factors including industry

cost reductions over time. The UK Government also included a forward look to 2030. This provided indicative illustrations of offshore wind deployment through to 2030 under a number of different scenarios. ‘

- (p. 17 ‘Offshore wind’) Delete ‘There is around €120 million of financial support to develop innovative offshore wind technologies between 2011 and 2015. This includes €55 million from the Technology Strategy Board with the aim to reduce costs to €120/MWh, and €21.6 million from DECC to develop new foundations’ and replace with ‘*The Low Carbon Innovation Coordination Group are providing over £100m of targeted financial support to develop innovative offshore wind technologies between 2011 and 2015. These technologies will play a key role in reducing the cost of offshore wind energy and knowledge development in the sector. This support includes:*
  - *The Research Council’s SuperGen Wind programme – a consortium with seven research partners and the active support of 18 industrial partners including wind farm operators, manufacturers and consultants. The SuperGen wind programme is currently in the process of being renewed for a third phase, which would see a further £3M investment over 5 years. We expect to be able to announce the results of this process by late October/early November.*
  - *The Energy Technologies Institute’s Offshore Wind programme which includes projects seeking to develop a technology platform to build blades in excess of 100m, a FEED study into the design of an offshore wind floating platform system demonstrator suitable for use in deeper waters and a test rig capable of testing complete drive trains and nacelles up to 15MW aimed at improving the reliability of offshore wind turbines.*
  - *DECC and TSB’s Offshore Wind Component Technologies Development and Demonstration Scheme aimed at supporting testing and demonstration of devices and innovation in component technologies for all sub-areas of large offshore wind systems. DECC has run 4 calls of the Components Scheme, including projects looking at: wind turbine generators and drive trains; concrete, steel and floating foundations; fabrication techniques; offshore access and subsea cabling. The Scheme has a total budget for capital grants of up to £15m.*
  - *In May, DECC announced funding of £792,000, for the Offshore Wind Structural Lifecycle Industry Collaboration (SLIC) project. The SLIC project has been established by a group of ten offshore wind operators working in close cooperation with certification authorities*

*with the aim of commissioning an offshore wind-specific piece of research to inform the design of future wind farms, and the optimisation of existing offshore projects.*

- *The Carbon Trust Offshore Wind Accelerator*
- *TSB's programme aimed at developing an innovative UK supply chain.*

*'In addition, the UK Government has confirmed £46m of funding to the Offshore Renewable Energy Catapult over its first five years of operation to integrate key players and act as a hub to galvanise all UK innovation work streams and test assets. The Catapult has been set up under the leadership of Chairman Colin Hood and Chief Executive Andrew Jamieson. It is headquartered in Glasgow and will build up a strong team of engineering and business support services over the next two to three years. They have set up effective Industry and Research Advisory Groups, with strong representation from business and academia respectively, and are engaging with SMEs through a variety of direct and indirect channels.*

*'Working in close cooperation with major stakeholders and UK research facilities, four pilot projects are underway in the fields of cables, standards (both marine and offshore wind), a Marine Farm Accelerator and reliability; they are expected to report initial findings in late 2013 ahead of the announcement of future projects. For more information see <https://ore.catapult.org.uk/>.'*

- (p. 20) Previous comments appear not to have been taken on board. Scottish coastal tourism is distinct from rest of UK.
- (p. 23) The work of Marine Scotland Compliance has been overlooked.
- (p. 26) potentially unreliable (Crown Estate/Eurostat) data on downstream employment is used and averaged – we recommend MMO or Seafish figures;(p. 26 Table 4) The phrase 'Regional allocation (in %) that applies to employment and GVA data' is opaque'. Row 2.3 gives a higher score to East coast over West coast for aquatic products which is either an error or is a result of a conflation with the processing sector. There is a footnote which refers to a lack of available data for West and East Scotland; we suspect this is because data published by the Scottish Government have been overlooked.
- (page 26) In a note to Table 4 (overview of employment of UK maritime activities per region), the report says that they "assume that the 77.3 % for Oil & Gas for Scotland (NUTS II), belong 100% to the Atlantic". We strongly query this from a geographical standpoint and note that this is

contradicted when the report attributes zero for Scotland to the Atlantic and everything Scottish to the North Sea. The whole approach to allocating oil and gas employment in the UK regions to the Atlantic is fundamentally flawed.

- o In Table 7 on p.30 Carbon Capture and Storage should be rated as positive for competitiveness, not negative.
- (p. 28) We are unclear why the last 3 years was used as the period within which to identify trends.
- (p. 31 Table 8) Score for 'Blue Biotechnology' appears to be wrong – should be 6 instead of 5 based on Table 7;
- (p. 31 Table 8) We do not agree this is a promising maritime activity for the UK. We do not necessarily protect all coastal areas which are subject to coastal erosion and in some areas we may remove coastal defences, for example managed realignment.
- (pp. 35-39) the cluster analysis is based on limited criteria and is very 'broad-brush' – e.g. 'Remote location' given as a weakness for Aberdeen; no weaknesses listed for Scottish West Coast;
- (p. 35 Table 12) The table seems incomplete – no activities listed against the Aberdeen cluster. If oil and gas the cluster should also include Lerwick; if fishing it should include Peterhead, Fraserburgh and Lerwick. Not clear why East Scotland appears on the table.
- (p. 35) First line of section 4.2 should read 'North East Scotland' rather than 'North East England'.
- (p. 38 Table 13) Description of Aberdeen as remote is contestable: arguably description applies more to parts of the West Coast of Scotland which are not listed as remote.
- (page 45) The Eurostat figure for offshore oil and gas GVA in Table 18 appears to be out by a factor of 10 - €3,713,000 as against the ONS / DECC figure of €36,364,000 and Crown Estate figure of €23,219. It would be helpful if the DECC/ONS figure could include a reference year.
- (page 48-9) In table 19, we query why they are using the BRES to estimate sectoral growth rates