ANNUAL REPORT FOR 2019

The following is an extract from the Report of the Directors for the financial year ending 31 March 2019.

Background:

The Society of Maritime Industries (SMI) is the voice of the UK's maritime engineering and business sector promoting and supporting companies which build, refit and modernise commercial and naval vessels, and supply equipment and services related to all types of ships and underwater vehicles, ports and terminals infrastructure, digital technology, maritime defence and security, marine science and technology, maritime autonomous systems and offshore renewable energy. SMI provides a wide range of activities both internationally and in the UK for the benefit of the maritime engineering business community.

The Board recognises that member companies, in assessing the value of their membership, must perceive that they belong to a vibrant and active trade association. When joining SMI companies are invited to select from a list of six broad market areas which are of interest to their business. Each of these market areas considers policy and activities through a Council of members. The six areas are:

- Commercial maritime operations, ship building, repair, and marine equipment
- Marine science and technology
- Maritime autonomous systems
- Maritime defence and security systems and equipment including warship construction
- Digital technology
- Ports and terminals infrastructure

By organising ourselves in this way SMI achieves the active participation of the majority of its members in our activities and continues to ensure it seeks out business opportunities which meet the needs of its members across a broad range of markets.

Activities:

All our activities are designed to help member companies realise growth in a competitive international market place. This is achieved through directly promoting companies, providing a range of export services, being a source of information and advice, assisting with access to government and funding from government schemes and creating the opportunity for important networking.

Our programme of exhibitions and seminars has furthered our members’ interests and we successfully sponsored UK national pavilions or maintained a presence at many of the major maritime trade events in the world calendar.

On the exhibition front we have organised groups to, or supported with Trade Access Programme grants in some cases, 11 international trade shows: Sea Japan (Tokyo), Posidonia (Athens), Marintec Rio (Rio de Janeiro), SMM (Hamburg), Euronaval (Paris), Exponaval (Valparaiso), Seatrade Middle East Maritime (Dubai), Workboat (New Orleans), Innex China (Guangzhou), OI Americas (San Diego) and INMEX Vietnam (Ho Chi Minh City). In addition, SMI partnered with the Seawork International Exhibition for the first time to run their newly revitalised Shipyard Pavilion at Southampton. We also hosted one inward mission from the Zhuhai Municipal Province of China, which was interested in building maritime contacts following the opening of the Hong Kong-Zhuhai-Macao Bridge.
Our programme of seminars, conferences and visits are designed to inform our members and the industry at large on the latest developments and market opportunities. This year’s conference took place in the magnificent surroundings of Portsmouth Guildhall by kind invitation of the Lord Mayor. The highest echelons of industry, government and the Royal Navy gathered to discuss *The UK Maritime Enterprise: Implementing a National Shipbuilding Strategy*. Opened by the Chairman of Maritime UK, Mr Harry Theochari, the First Sea Lord, Admiral Sir Philip Jones, provided a keynote address on the second afternoon and stayed to hear the discussion and participate in the closing panel session. The reception and dinner has always been a special feature of a SMI conference and this year was no exception; HMS Warrior was the venue and delegates were entertained with an inspiring address by Vice Admiral Sir Simon Lister and the indefatigable conference chairman, Rear Admiral Terry Loughran. However, it was with some sadness that this conference marked the last one over which Terry Loughran would preside as he had decided to retire after chairing every SMI conference since the first one in 2004. As a result in the closing stages of the conference the SMI Chief Executive presented the Mr Loughran with an appropriate gift as a mark of SMI’s appreciation.

Our varied programme of seminars and networking events included: “Aquaculture”, “Making use of and benefiting from satellite technologies”, “Port opportunities in developing countries”, “Current trends in shipping”, “Commercialising intellectual property”, and “Everything you ever wanted to know about ship & project finance”. In addition a high level symposium was arranged in November 2018 entitled “The Quest for Autonomy in Shipping: crossing the technological and regulatory Rubicon to find the successful business model” at the premises of Lloyd’s Register in London, which attracted a range of delegates from the industry and the City. Furthermore, Babcock International Group asked SMI to organise a supply chain seminar to support their bid for the Type 31e programme and such was the demand for places a second overflow event had to be organised. There was also a programme of visits to the Port of Tyne, Manufacturing Technology Centre, Coventry and Devonport Dockyard and Naval Base, Plymouth.

The SMI annual dinner took place in its usual venue of the House of Commons in November, hosted by one of the SMI Hon Vice Presidents, Mrs Sheryll Murray MP. The guest of honour was Mr Nicholas Cox MBE, Project Leader (Arctic), British Antarctic Survey, who amused guests with his 40 years of working in the challenging environments of both the Antarctic and Arctic regions. There was a good attendance for the SMI AGM luncheon at the Little Ship Club in the City of London, where, at short notice, our guest of honour was Rt Hon Dr Julian Lewis MP, Chairman of the House of Commons Defence Select Committee. Dr Lewis provided a most informative analysis of the systematic reduction by successive governments of defence spending and the challenges which are now faced by the Ministry of Defence in meeting its obligations to the armed forces. The AGM Luncheon is also the occasion when we present the SMI’s student award which this year went to Mr Michael Leat, University of Southampton, for his topical paper “Analysis of Measurement Uncertainty in High-resolution Laser-scanned Bathymetric measurements of Seafloor Topology using an Autonomous Underwater Vehicle”.

During the year the Board recognised the increasing use of digital technologies to underpin many activities in the maritime sector, led by the concern for enhanced cyber security in the utilisation of systems. It therefore approved the setting up of a Digital Technology Group and one of its first activities was to organise a “Cyber Mission” to Athens in association with the Department for International Trade. Taking the form of a ‘war game’ a range of UK companies worked through various scenarios with members of the Greek shipping community. Such was the success of this first event that a similar one was set up in Singapore during their Maritime Week in April 2019.
An important activity we undertake is to take the pulse of the parts of the industry not usually covered in official statistics. Our annual trends survey of the marine science and technology sector has matured into a welcome annual report by a range of stakeholders, and a similar survey for maritime autonomous systems was undertaken in its third iteration during the summer. The reports from these surveys provide a useful picture of these business interest areas and are circulated widely with the media and policymakers.

A number of the SMI Councils also arrange for confidential briefings on a range of topics covering their business interest either before or during their meetings. In the case of the Maritime Defence and Security Group Council this is in the form of an informal dinner on the eve of their meetings at which senior industrialists or government officials are invited as guests to discuss issues associated with their remit under Chatham House rule.

A majority of SMI’s activities are associated with assisting industry with exports. We are accredited with the Department for International Trade as a Trade Challenge Partner which permits us to administer Trade Show Access Programme (TAP) grants to companies for the overseas exhibitions at which we organise UK groups. We have also achieved an additional level of accreditation to arrange activities as a Sector Partner.

Our web portal, www.maritimeindustries.org, continues to portray the activities of SMI and members to a wider audience and generate new membership enquiries over the year. The modernisation of the web site to assist those viewing it via tablets and smart phones has been a success and communications are augmented by taking advantage of networks such as Twitter and LinkedIn.

Finally, SMI maintains an office in Shanghai, China, staffed by our resident China manager, Mr Chen Li Ming who continues to assist maritime companies in the Chinese market and provides market intelligence on the business opportunities in this important market.

**Political and External Engagement:**

At the political level SMI has been heavily engaged with ministers and parliament both independently and also as the lead on technology for Maritime UK. Meetings have been held with ministers from the Department for Business Energy and Industrial Strategy (BEIS), Ministry of Defence and Department for Transport and also the Shadow Transport team. Furthermore, our Honorary Vice Presidents: Mr Jim Fitzpatrick MP, Ms Carol Monaghan MP and Mrs Sherryl Murray MP have continued to support SMI in the House of Commons.

SMI has continued to provide support for the Maritime Enterprise Working Group (MEWG) and its Chair, Mr Peter French, as it implements elements of the National Shipbuilding Strategy (NSbS). Two of SMI’s Councils, CMG and MDSG, are represented on the MEWG, through their respective chairs. We have also engaged with the House of Commons Defence Select Committee and supplied information to support their inquiries into aspects of government defence procurement. Campaigns during the year have focussed on how the Ministry of Defence intends to reflect the prosperity agenda in future procurement decisions and assess the fairness of bids from international competitors, usually state-owned or supported, against those from the UK’s private sector companies.

In January the government, through the Department for Transport (DfT), launched its first strategy for the sector, *Maritime 2050*. SMI was involved with the development of the strategy and welcomes many of the recommendations, especially those associated with supporting the sector’s
ambitions for the development of technology and innovation including maritime autonomy. In the coming year DfT will be developing a route map for the implementation of the many recommendations and SMI is engaged in this process through the organisation Maritime UK, which is leading on the process for industry. Particularly welcome in the strategy has been the reference to MarRI-UK, the national maritime research centre. A number of SMI’s larger members and leading universities, supported by SMI has been working on persuading government to support the initiative and thanks to the lead taken by Babcock Marine and BMT, funding has been provided to set up the administrative centre based at the University of Strathclyde. The SMI Chief Executive will sit on the MarRI-UK Interim Strategy Board, chaired by SMI Board member, Mr John Howie, Chief Executive of Babcock Marine and Technology.

In further political engagement, SMI was one of only two industry representatives called to a roundtable discussion on international marine protection chaired by the Environment Secretary of State, Mr Michael Gove MP. The opportunity was taken to articulate the benefits of government adopting the complete seabed mapping of the UK’s EEZ through the use of autonomy which prompted a request for further information from the department. A second opportunity also presented itself at the annual meeting of the Natural Capital Committee, attended by Mr Gove, which will be reviewing the marine domain for its final report to Parliament in 2019/20. Finally, Maritime UK arranged for a panel session at a fringe event of the 2018 Conservative Party Conference and the SMI Chief Executive fielded questions on UK maritime technological capability.

Other areas of political activity include an industry member of the Parliamentary and Scientific Committee, the All Party Parliamentary Maritime & Ports Group, and the All Party Parliamentary Polar Group. We are also one of the three trade associations which represent the defence industry on the Defence Industries Council and the Ministry of Defence’s Defence Suppliers SME Forum. In addition to our political contacts the Board and executive staff have regular dialogue with officials from the Department for Business Energy and Industrial Strategy (BEIS), Ministry of Defence (MOD), Department for International Trade (DIT), Department for Transport (DfT), Foreign & Commonwealth Office (FCO) and the Department for Environment Food and Rural Affairs (Defra). In respect of the latter the SMI’s Director for the Marine Science & Technology Group Council is a member of Defra’s Marine Industries Liaison Group (MILG) of the Marine Science Coordination Committee. Furthermore, the SMI Chief Executive sits on the Advisory Board of the National Oceanography Centre.

More widely SMI’s Chief Executive is a member of Scottish Enterprise’s Aerospace Defence, Marine and Security Industry Leadership Group and SMI is on the list of nominating organisations for the Lloyd’s Register Technical Committee.

As a leading member of Maritime UK, SMI has been working with our kindred organisations in shipping, ports, maritime services and leisure marine in raising the profile of the sector with the general public and policymakers. During the year a major initiative was to improve the take-up of women in looking at the maritime sector for a career and as a result Women in Maritime was launched with organisations invited to sign a charter promoting the campaign. SMI was one of the first bodies to sign the charter at a launch event held in Southampton. SMI leads on technology issues for Maritime UK and the Chief Executive provided a keynote address at Marine Tech Expo in Plymouth and addressed the marine special interest group of the East of England Energy Group.

Maritime UK operates through a series of working groups, many with joint membership of industry and government officials. The Export and Investment Group has been working with the Department for International Trade on a five-year plan and, whereas highly supportive of the ideas which are being agreed, has yet to secure funding support for the proposed outcomes, in spite of best
intentions. The SMI Chief Executive chairs the Technology and Innovation Group and is also the Vice Chair of the Policy Working Group. The industry/government programme on Maritime Autonomous Systems (MAS) continues and seeks to address the technical, legal and societal challenges of implementing these systems into a wide range of applications. The SMI Chief Executive is the Chair of the MAS Steering Group. In November SMI was the publisher of the second version of the industry Code of Practice for MAS surface ships (MASS) up to 24 metres on behalf of Maritime UK. The Code has gained international recognition and is used by industry to support validation of their provision of autonomous products and services to clients. A large number of member companies have been involved with this work and provided a substantial amount of their time, no less so than Mr James Fanshawe, as Chair of the MAS Regulatory Working Group.

September 2019 will see the fourth iteration of London International Shipping Week (LISW) and, as an organising member, SMI has been involved in the planning for the event which is strongly supported by government, particularly the Department for Transport. The SMI Chief Executive serves on the LISW Steering Group. SMI is a member of the Foundation for Science and Technology, which stages a series of high-level dinner debates at the Royal Society, attracting leading figures from government, the civil service and industry. During the year SMI was delighted to be asked to sponsor two of the debates: Delivering the UK Industrial Strategy: the importance of place, with keynote from the BEIS Secretary of State, Mr Greg Clark MP, and Delivering the Government's Maritime 2050 Strategy - the vision for science and technology, for which SMI assisted in providing the speakers from member organisations BMT, National Oceanography Centre and University of Southampton alongside the Department for Transport.

A significant event during the year was the dynamic launch of the hull for RRS Sir David Attenborough at Cammell Laird, Birkenhead; the first UK launch of a major complex commercial vessel for nearly 30 years. Sir David was present to press the button and gave a suitably inspiring speech on the value of having this type of asset for polar research. SMI has been closely involved with this vessel since the government’s announcement of its procurement and was delighted to receive an original oil painting of the ship by celebrated artist Edgar Hodges from Cammell Laird’s CEO, Mr John Syvret, and it now adorns the Boardroom wall.

The Councils representing the six business areas of SMI have met on a regular basis and formulated the strategy which covers their interests. This direct input by industry is important in ensuring that SMI can portray accurately the views of the membership and we acknowledge the commitment of those members willing to give their time by serving on our Councils and committees.

The Future:

The continuing political impasse around the UK exiting the European Union has created an element of uncertainty for parts of the sector where engagement with the European mainland is important for their operations, although the devaluation of the pound following the referendum has made those companies exporting products and services more competitive in international markets. Globally the so-called ‘trade wars’ had not yet been reflected in the number of business opportunities emerging and companies are reporting a steady stream of enquiries, although it could be transient.

The success of BAE Systems in securing orders for the Type 26 design and in country build from Australia and Canada should provide excellent prospects for the UK supply chain and SMI will be looking to support companies wishing to do business in these markets, some for the first time.
However, it is not only ‘grey ships’ where SMI sees opportunity for the industry represented by our members. The UK government procures a substantial number of ships and workboats of all types to support their statutory obligations and it is our view that more can be done to ensure the tender process provides a fair basis for UK shipyards to quote for the business, as demonstrated by the procurement of the polar ship, RRS Sir David Attenborough. The next year will see us stepping up our efforts in this direction.

The move towards greater autonomy in maritime operations of all types has accelerated and we see many opportunities emerging for companies as more autonomous services are launched. Investments such as those by Thales UK in the creation of an autonomous hub at Turnchapel Wharf, Plymouth provide added impetus as the UK seeks to take a lead in this technology. Furthermore, SMI’s new focus on digital technology and cyber security has already provided new member interest and we expect this to increase in the forthcoming year.

At all levels of government SMI is recognised as the representative association of the maritime engineering sector and will continue to promote the sector to ensure the right business environment is created to enable our companies to prosper. SMI works tirelessly supporting members in seeking new business opportunities and the continued interest from potential members suggests that our actions are being noticed. The Board of Directors is a representative body of the wide range of companies in membership and will ensure that SMI offers value for money for its members and supports their business development by delivering the types of services its members and the industry require. This ensures that the mission statement of “promoting and supporting the interests of all UK companies that do business in the maritime industries” remains at the forefront of our minds.

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