

SPENDING REVIEW 2025

Stakeholder Representation

INTRODUCTION

The maritime industries are central to the prosperity of the United Kingdom. This document outlines a blueprint for growth through targeted proposals to address systemic challenges and unlock investment opportunities. Generating £116bn annually in business turnover – more than aviation and rail combined – and supporting 1.1mn jobs, the UK maritime sector is a cornerstone of national economic and strategic priorities.¹

The Society of Maritime Industries (SMI) represents the maritime engineering, science and technology industry. Our members include shipbuilders, shiprepairers, systems & components manufacturers, technology & engineering specialists, universities maritime providers. They range from innovative start-ups to large defence contractors and cover the wide spectrum of the supply chain that makes up to 80% of the value of a vessel.

By focusing on security, workforce development, innovation and sustainability, this submission puts forward recommendations to ensure that our industry and the wider UK maritime sector play their full part in boosting economic growth.

SECURITY

With 95% of UK goods transported by sea and 99% of global transactions relying on subsea cables, the maritime sector is critical to national security.² However, the current public procurement model overly relies on international competition, undermining the UK's long-term defence needs and sovereign capabilities.

Successive government strategies have called for reducing dependence on global suppliers and leveraging domestic capabilities to reinforce supply chains, lower costs, and bolster industrial resilience. To align with these goals, the Government should incentivise UK-designed and UK-built solutions, except where domestic capabilities are either insufficient or undeveloped, and ensure compatibility with the existing international defence partnerships that the UK subscribes to.

Recommendations

- 1. Elevate the 30 Year Cross-Government Shipbuilding Pipeline from advisory guidance to enforceable policy.**
- 2. Revise procurement rules, including social value, to reward bids that maximise the use of UK content and supply chain solutions.**
- 3. Foster early engagement and sustained collaboration between government and industry throughout the procurement process.**

¹ CEBR-Maritime UK (2022), [State of the Maritime Nation](#)

² CEBR-Maritime UK (2022), [State of the Maritime Nation](#)

Implications

Adopting these measures would solidify the UK's position as a reliable partner in international security alliances and promote regional regeneration along the coast and on inland waterways through job creation and infrastructure investment in the maritime sector. It would also align the UK's procurement approach with the practices of other economies including Australia and Canada. The proposed changes to procurement rules and processes would have minimal financial implications for HM Treasury and significant long-term benefits for the UK's sovereign industrial and defence capabilities.

PEOPLE

Building a skilled homegrown workforce is essential for achieving international leadership on green energy and strengthening the UK's sovereign industrial capabilities. Coastal communities, often marked by socio-economic hardship, are uniquely positioned to benefit from job opportunities in a revitalised maritime sector. According to a Maritime UK survey, while 49% of young people in these areas consider moving away to find better career opportunities, 70% would stay if suitable jobs were available.³ Maritime jobs pay 30% above the UK annual salary benchmark to workers that are 45% more productive compared to the UK workforce average.⁴

Challenges

Pursuing this ambition, however, requires an honest assessment of systemic challenges. Key barriers to attracting, training and retaining new maritime workers, as well as retraining and upskilling existing professionals, include:

- Lack of unbiased career advice with technical and academic pathways not equally valued.
 - Schools encourage university education over technical opportunities due to existing rules in league tables, regardless of a pupil's personal predisposition.
 - This trend has contributed to worsening skills shortages in the entire labour market, including maritime.
- Absence of clearly-defined maritime career pathways for young people.
- Ineffective system for funding apprenticeships and lifelong retraining programmes.
- Restrictive immigration policies that deter international investment in maritime universities.
 - The UK's status as a 'soft power' in maritime knowledge, backed by our world-leading university, has gradually been eroded in the last five years.
 - The introduction of more stringent immigration rules on EEA students has significantly impacted universities, which built their expertise on this partnership.
 - For instance, the strong shipping relationship between the UK and Greece hinged on the ability of Greek students and professionals to share their knowledge in the UK.

Recommendations

4. **Remove school league table incentives that prioritise university placements over alternative career pathways in technical education.**
5. **Update teacher training and assessment frameworks to ensure the delivery of impartial career advice and guidance.**

³ CEBR-Maritime UK (2022), [State of the Maritime Nation](#)

⁴ CEBR-Maritime UK (2022), [State of the Maritime Nation](#)

6. Incentivise schools to engage with local businesses and further education providers to present a broad range of career choices to pupils.
7. Revise immigration rules to strengthen the UK's role as a global maritime knowledge leader through its universities.

Implications

These actions would pave the way for the maritime sector to transform coastal communities into engines of economic growth by creating high-value jobs, boosting productivity and reducing economic disparities. Every £1 of maritime business turnover generates an additional £1.62 across the supply chain.⁵ Since maritime supply chains include a broad range of businesses further inland in the Midlands, given the UK's status as an island nation, further maritime growth would also cascade to every single region of the country beyond the coast.

GROWTH

The maritime sector drives £116bn annually into the economy, supporting 1.1 mn jobs and generating £5.2bn in tax revenues.⁶ The maritime engineering, science and technology industry – which SMI represents – is a key driver of maritime sector activity with £35 billion in annual business turnover, supporting 217,000 jobs and generating over £2bn in tax revenues.⁷ Nevertheless, growth is currently hindered by outdated regulations, intense state-backed international competition, and uncertain export support.

Regulation

The Maritime and Coastguard Agency (MCA) lacks the resources to effectively regulate innovative technologies such as maritime autonomous systems (MAS), which have enormous potential for propelling innovation and disrupting existing working practices. Our industry values the importance of having an effective regulator that oversees the safe development and deployment of such ground-breaking solutions but the MCA remains a significant obstacle to innovation due to its current levels of funding and risk-averse approach to regulation, stifling industry growth.

Competition

State-backed competitors from countries such as Germany, Italy and Spain are distorting the market, making it harder for UK maritime businesses to compete on a level playing field. In September 2024, the federal government of Germany and the State of Lower Saxony invested €400mn to bail out Meyer Werft, signing a €1bn loan guarantee and acquiring 80% of shares in the firm.⁸ Similarly Navantia is entirely owned by the Spanish Government,⁹ while the Italian Government controls 71% of Fincantieri through a state-owned firm.¹⁰ Far from advocating similar levels of state intervention, our industry would like the Government to acknowledge the current 'playing field' and send a strong signal to the UK maritime enterprise.

⁵ CEBR-Maritime UK (2022), [State of the Maritime Nation](#)

⁶ CEBR-Maritime UK (2022), [State of the Maritime Nation](#)

⁷ CEBR-Maritime UK (2022), [State of the Maritime Nation](#)

⁸ Meyer Werft (2024), [MEYER WERFT's future secured](#)

⁹ Navantia (2025), [SEPI Group](#)

¹⁰ Fincantieri (2025), [Shareholders Structure](#)

Exports

Uncertainty over the future of government support for exports and trade shows is limiting opportunities for UK firms to showcase their innovative products and services internationally. Since 2022, these facilities have de-risked exports for over 200 UK SMEs and – while competitors such as Germany, Singapore and Denmark backing their maritime industries with sizeable trade promotion support – this prolonged vagueness risks undermining business prospects. The Government should bring clarity to this situation, enabling our maritime businesses to continue showcasing the best of UK Plc and gaining exports by taking part to the development of ports overseas.

Recommendations

- 8. Introduce linkages between innovation funding and adjustments required of the MCA to regulate innovative technologies, emulating previous arrangements in aviation.**
- 9. Invest in industry-led initiatives like the Maritime Autonomy Assurance Testbed (MAAT) to facilitate technology assurance and accelerate operational deployment.**
- 10. Develop a roadmap for grant-funded innovative manufacturing technologies, infrastructure projects, practices and AI-powered solutions.**
- 11. Extend export and trade show support funding to continue promoting UK maritime excellence overseas.**

Implications

These measures would enhance the maritime sector's competitive edge, fostering the development of disruptive technological advancements and positioning the UK as a global leader in maritime innovation. Despite investing in excess of £500mn in R&D and deployment, many organisations in the UK's MAS community are still struggling to put autonomous vessels in the water due to existing regulatory barriers. With the global market for autonomous vessels forecast to reach \$217.6bn by 2033, the Government should tackle existing regulatory hurdles to innovation in this space.¹¹ Failure to address this issue may lead to lower industry investment in MAS and firms leaving the UK for markets with more amenable regulatory frameworks.

ENVIRONMENT

The maritime sector has made significant strides in decarbonisation through government-industry partnership on initiatives such as the Clean Maritime Demonstration Competition (CMDC) and the Zero Emission Vessel and Infrastructure (ZEVI) programme. These efforts have allocated £206mn for the research, development and commercialisation of green maritime technologies and supporting infrastructure. The UK has also taken a leading role internationally with initiatives such as the Clydebank Declaration, committing over 27 countries to the establishment of Green Shipping Corridors.

Challenges

Despite past achievements, full maritime decarbonisation remains a distant goal and it will require collaboration between government and industry on creating the right incentives and conditions to overcome existing challenges and making further progress.

¹¹ Allied Research (2025), [Autonomous Ships Market 2024-2033](#)

Planning

The planning process is often an insurmountable barrier for both small and large-scale developments at UK ports, which are essential in introducing the green infrastructure and fuels required to accelerate maritime decarbonisation. With the scale of changes needed in UK ports to service future propulsion technologies and maintain the UK's lead in the offshore wind sector, the Government needs to tackle planning logjams in maritime projects.

Capacity & Connectivity

The current capacity of the national grid necessitates an urgent upgrade in order to accommodate the additional demand from clean propulsion alternatives at UK ports, which – in turn – require appropriate connectivity to the digital, transport and energy infrastructure necessary to supply future green vessels.

Framework

Since 2022, the maritime sector has worked intensely with government to enable the publication of a revised industrial decarbonisation framework in the Refresh of the Clean Maritime Plan. Without any noteworthy progress, the resulting uncertainty risks undermining past achievements in this field and requires urgent action.

Investment

The abovementioned lack of certainty about future usage and adoption of green fuels is also affecting investor confidence and commitment to new and alternative bunkering facilities, despite the long-term environmental and economic benefits. The UK should leverage on its positive track record of maritime decarbonisation, as well as the City of London's status as a global financial centre, to attract private sector investment into green technologies.

Recommendations

- 12. Expand permitted development rights for zero-emission port infrastructure by amending secondary legislation.**
- 13. Establish a timeline and targets to enhance national grid capacity and port connectivity for sustaining clean energy generation.**
- 14. Clarify preference of alternative fuel options in new vessel procurement for the government fleet.**
- 15. Introduce green tax credits and fiscal incentives to unlock private sector investment in maritime decarbonisation opportunities.**

Implications

These recommendations would accelerate maritime decarbonisation and elevate the UK's global leadership in sustainable maritime practices, aligning them with international environmental commitments.

CONCLUSION

The UK maritime sector is poised to drive economic growth, innovation and sustainability while bolstering national security and supporting regional regeneration. By implementing these proposals,

the Government can unlock the full potential of this vital industry, ensuring its continued contribution to the UK's prosperity and global leadership.

For further information, please contact SMI's Policy and Research Manager – Giorgio Buttironi – at Giorgio.Buttironi@maritimeindustries.org.