



DRIVING THE HAVEN GATEWAY FORWARD

THE ECONOMIC IMPACT OF THE
PORTS & LOGISTICS SECTOR



THE ECONOMIC IMPACT OF THE PORTS & LOGISTICS SECTOR IN THE HAVEN GATEWAY AREA

An economic impact assessment of the ports and logistics sector commissioned by the Haven Gateway Partnership emphasises the significance of the industry to the area.

The key facts are:

The sector:

- employs 32,200 people (11.3% of employee jobs in the Haven Gateway)
- has a turnover of about £3 billion p.a.
- buys £100 million of services in the area, and thus
- creates 1,000 more jobs in local service sectors

Sector employees

- The average salary of ports and logistics employees in 2009 was £29,000 per year - approximately 20% above the Haven Gateway average
- The salary bill (including on-costs) for 32,200 employees is probably more than £1.1 billion per year
- The 32,200 employees have an after-tax income of approximately £740 million
- This spending power equates to the generation of a further 10,000 to 12,000 jobs across the rest of the local economy.

The transport, ports, logistics and wholesale trades businesses play a pivotal role in the economy of the subregion and their presence in the locality sustains around 45,000 jobs in the sector itself and in all the supporting service industries. This figure does not include the public sector jobs in health, education and local government administration that provide services to this workforce.

The study looked at the passenger and freight traffic business that passes through the area.

Passenger traffic

Harwich International Port is the third busiest for cruise traffic in the UK and has almost doubled its passenger numbers over the past ten years. Approximately 126,000 cruise passengers either arrived or departed through Harwich in 2008.

Harwich is steadily increasing the number of cruise ships stopping for day visits to the area. With the larger ships carrying more than 2,000 passengers and nearly 1,000 crew, the potential to sell services locally is significant.

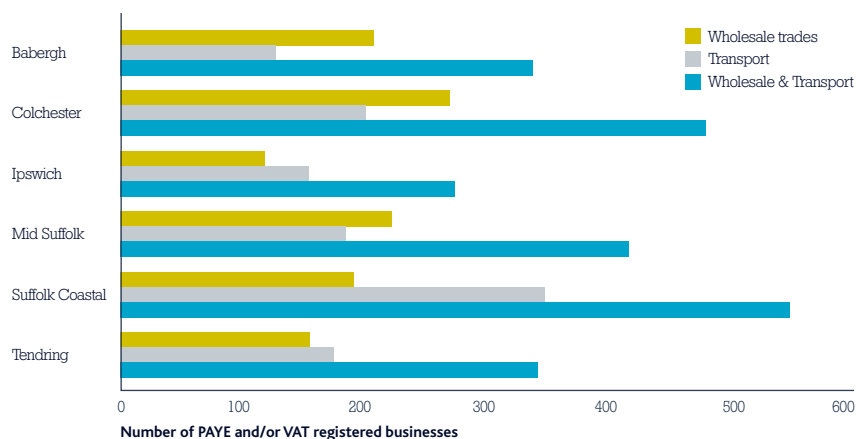
It is estimated that annual cruise passenger spending on services within the Haven Gateway area could be as high as £7 million.

Ro-ro ferry passengers also spend in the area before joining their ferries. From

survey work with passengers, we know they spend locally in restaurants, hotels and retail outlets, and on petrol or diesel. All this spending contributes up to £7.3 million a year to the subregion's economy.

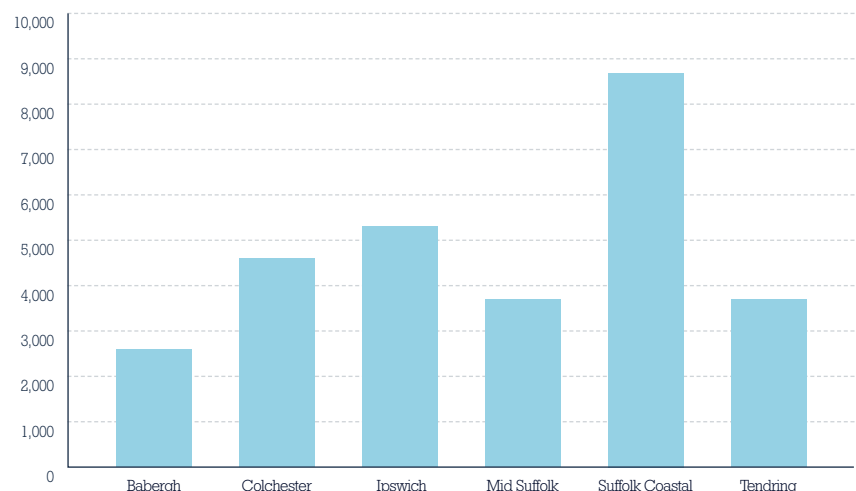
In total, passengers through the Haven ports are spending around £14 million a year, which translates into another 150-200 jobs in various service sectors.

Haven Gateway - number of PAYE and/or VAT registered businesses, 2009 - Transport and Wholesale Trades sectors, by district council area



Source: UK Business: Activity, Size and Location - 2009 - ONS Crown Copyright Reserved (Sept. 2009)

Total employee jobs in the Transport and Wholesale Trades sectors - Haven Gateway 2007, by district council area



Source: ABI 2007 - ONS Crown Copyright Reserved (Sept. 2009)

The employee numbers are for those employed in the transport and wholesale trades sectors, and do not include another 3,500 employees in transport occupations in other industrial sectors.



FREIGHT TRAFFIC

- Felixstowe is the UK's top port for container traffic, handling 37% of the UK's container throughput in 2008. Felixstowe was the 7th largest container port in Europe in 2007.
- Ipswich handled 2.6 million tonnes of cargo in 2008, and specialises in dry bulk goods.
- Harwich - as well as its passenger traffic - handled 3.7 million tonnes.
- Mistley and Brightlingsea have very small shares of the UK total, but operate in niche markets in terms of goods throughput. Brightlingsea has particularly benefited from the North Sea wind farm developments.

The research

The report uses information from the Office for National Statistics. The most important factor, however, was the contribution of many sector companies in the area which provided information about their operations. This included turnover, employee numbers and salaries. From a strong representative sample of local businesses, it was possible to gather high-quality evidence. We are grateful for everyone's assistance in building up this picture of the industry.

The future

As the UK comes out of recession, trading activity will start to grow again. The Haven Gateway needs to prepare for a future of increasing globalisation, larger container ships and more cruise ships.

Employment

For the transport and logistics industry, the Haven Gateway will need 165 new employees in the sector each year. More significantly, it will also need 1,250 people to replace those sector employees that leave each year (through retirement, illness and moves to other sectors).

In particular, the port development at Felixstowe South will create 600 new jobs as the facility becomes operational. The likely impact of this port expansion is the creation of another 860 new jobs locally in other service industries.

Looking to the future, the Bathside Bay development, when fully operational, would create 772 new jobs and 928 service industry jobs.

Wealth creation

The UK distribution sector's turnover was £86.54 billion in 2008. In the Haven Gateway, the industry's turnover was approximately £3 billion in 2009. The distribution sector includes transport and logistics as well as the wholesale trades sector. The estimated turnover for the transport and logistics sector alone in the Haven Gateway area was £2.2 billion.

Ports and logistics can continue to generate wealth for the local economy.

Already the spending power of transport and logistics employees sustains up to 12,000 jobs locally, including 3,000 in

retail and more than 2,000 in the cultural, recreational and entertainment sector and hospitality trades - pubs and restaurants. The business-to-business spend by the industry is also a significant support to the hospitality industry, including hoteliers.

What should local businesses and local people do to benefit from future sector growth?

The hospitality and retail sectors should respond positively to the passenger traffic passing through area. Cruise ship calls into Harwich are set to increase from 2011 onwards.

Business and professional services sectors should look at the market opportunities to provide:

- Accountancy and audit services
- Advertising
- Transport engineering and maintenance services
- Insurance services
- Legal services
- Training services - e.g. specialist IT

These are the areas where ports and logistics companies already spend substantial sums - a total in excess of £100 million a year. The accountancy and audit market for the sector is worth more than £10 million a year in the subregion; and the insurance services market potentially more.



WHAT HAPPENS NEXT?

YOU CAN ACCESS A COPY OF THE FULL REPORT AT:

www.haven-gateway.org



Want to give your views about future developments?

The Haven Gateway Partnership recognises that continuous growth is needed if the area is not to be left behind by the impact of globalised trading. The Haven Gateway Partnership welcomes the views of businesses of all sizes on how the industry can expand to give trading and employment opportunities across the subregion. These ideas could be about infrastructure developments, land use, training opportunities or the evolution of a strong, supporting service sector.

If you want to know more about the sector, contact:

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If you want to give your views about future land use requirements for transport, ports and logistics in the subregion, contact:

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