

Minutes and Matters arising from MSAG Meeting 5th November 08, London

Present

Industry

Robert Hill (RH) – Chemring Marine
David Barrow (DB) – Barrow Int'l
Steve Norbury (SN) – Selden
Martin Cowell (MC) – Bighead
James Grazebrook (JG) - Halyard
Angus Peel (AP) – ProAction
Peter Methven (PM) – Lat 52

RDA Representatives

Dr Jonathan Williams (JW) - MSE
Adam Corney (AC) - MSW
Kelvyn Derrick (KD) - SWERDA
Chris Hale (CH) - SEEDA

Government Representatives Representatives

Dominic Jermey (DJ) - ISG
Lewis Scott (LS) - UKTI SE
Graham Jones (GJ) - UKTI
Malcolm Clements (MC) – BERR
Bernard O’Heare (BO) - UKTI
Graham Harrison (GH)
Patricia Judd (PJ) - BERR
Ron Archibald (RA) - UKTI
David Nickolls (DN) - UKTI
Rory Pereira (RP) - UKTI
Alastair McTavish (AM) - UKTI
Christopher Uniacke (CU) - UKTI
Jane Waldron (JW) – UKTI EM
Kathy Boyce (KB) - UKTI

Trade Body

John Murray (JM) - SMI
Ken Gibbons (KG) – P&T
Rob Stevens (RS) BMF
Mike Albans-Jackson (MAJ) - SSA
Willy Hockin (WH) - DMA
Roger Mabbott (RM) - UKSpill
Tom Chant (TC) - BMF
Capt. John Stratton (JS) - DESO
Wayne Shirley (WS) - EEZing

Apologies: Mike Cobb, Michael Carr, David Coleman, Cliff Wilson
Barry Kerr-Gilmour, Howard Pridding, Roger Baker, Mike Burnham,
Barry Groves, Clive Johnson, Nicholas Messinger, Nick Dalton, Jason
Carter, Mike Dixon, Toby Allies, Fred Cole, Ingrid Correa,

Minutes also sent to:

Rt Hon Graham Thomas, MP/ Andrew Cahn UKTI /Tony Sims UKTI

1. Minutes were agreed from the last meeting and the Group welcomed new attendees.

2. MSAG Chair's UKTI interaction update – attached

RH said MSAG Chair is invited to the next SAG Chair meeting and dinner with the Minister Nov 20th. MSAG remains the only non ISG sector partaking in these meetings.

3. Gareth Thomas, MP was unable to attend at short notice. His office has advised us they are expecting him to attend the next meeting in May 09.

4. Trade Body Updates

BMF - Report from Rob Stevens attached.

David Barrow stated that lack of data is a problem and we need to find people who can represent British products. The weakness of the pound against the Euro means boat building is struggling but all new SME's have 100% of the market to explore and this should not be underestimated.

Rob Stevens added that the credit crunch is having an effect - 44 BMF companies, with £36 million turn over have gone bust. Even some of the big companies are having problems, with layoffs at Lewmar, Sealine and Raymarine. Short time working has been announced at Fairline.

SMI - Report from John Murray attached.

John Murray's view is that commercial shipping industry is very resilient and we will ride the storm. There are some weaker companies cancelling orders and it is now a balancing act; 34% of the world fleet are speculative building – it's less frantic. He said it is imperative that we get companies to go to ship yards for face to face contact with the ship builders or valuable orders will be lost

DMA/EEZING – Report from Willy Hockin attached.

Willy said it has been an unusual 12 months. He agrees that we are experiencing a downturn companies are responding in various ways i.e. late notice cancellations.

There are 4 specific things that UKTI can do:

(i) Continued involvement in orders and prospective information to companies. (Expand into civil aviation sector to exploit broader UKTI knowledge)

(ii) To assist in identifying advantage.
Where are the staff? Who do they focus on?

(iii) Liaison between home and abroad staff.

(iv) A longer term look would be good – i.e. dedicated funding for maritime related events and missions.

The MOD is not the majority customer, companies have to rely on exports to maintain the cutting edge in technology, and the problem with the marine sector is that we do not work together closely enough.

Captain John Stratton added that DSO attends the meeting to find out how we can work together.

SSA - Report from Mike Albans –Jackson attached

Mike agreed that there were more late cancellations arising and stated that Off-shore wind energy is the way forward it is a key sector and includes ship recycling etc.

UK Spill – Report from Roger Mabbott attached

Robert Mabbott explained the function of UK Spill; it is a specialist niche in the industry group. They do clean ups on land and sea and are related to energy, marine and the environment. It is driven by the oil industry and oil prices to control mess. They have 100 companies and turnover £100million, 50% goes to export and the company is very close to global domination. UK Spill is a very small but very mature association and is scenario driven by disaster. Fortunately it has close links with the maritime coastal agency and is able to get leads for business in this way. Due to the price of oil people invest in equipment rather than disaster at the moment. UK Spill is working with UKTI to get support to promote the industry. At the moment it's very quiet but there is ongoing work such as the findings that birds washed up in East Anglia and Scotland were established to have come from the same ship spill.

5. UKTI Funding

RH expressed thanks to Russell Jones of UKTI SW for funding support this year.

Lewis Scott said that economic intelligence is vital and there is a need for frequent feedback regarding the finance letter of credit, how are the banks behaving? – We need feedback on behalf of business to feedback to ministers.

He added that the marine sector is taken very seriously and that was reflected by the numbers around the table.

Malcolm Clements says there is a daily report sent to the minister looking for anecdotal information; it's getting top table attention and is valued.

Lewis identified the need for cross-sector working, he said that on a recent visit with the Duke of York to a South East company he found outstanding research engineering, hybrid cars, low Co2, diesel for JCB's. Lewis' feeling is that industry should be talking to world class engineers and become more involved in wind power and solar/tidal power.

Action: The group to send any feedback to **KB** to collate for **LS**.

TAP Support and Regional Challenge Fund

Ron Archibald – Report to follow

Ron clarified the workings of The Regional Challenge Fund which was set up this year to help fund 7 sectors who had no dedicated team in the sectors group. Regions were asked to co-ordinate bids. Marine SE achieved 38k this year and there is a potential to fund more marine activities towards the end of March 09 and **RA** is looking at this urgently now with the SE and SW regions.

This is going to be run on similar lines next year and **RA** would welcome guidance from the group. If the group think there is too much being allocated to the leisure side, it can be removed. The challenge fund is there to respond to business and good quality bids.

Rory Pereira said this was only part of the picture, £225,000K has been allocated to marine as a whole this financial year, the ITA's feed bids through and money IS getting through. It is a process of competitive bidding against other sectors.

Chris Uniacke pointed out that a large chunk of the £225,000K is tied up in TAP; RH stated the problem with this is that it is harder to find TAP qualifying companies.

Russell Jones said European money may now be available, £1million per year. A portion of this could be allocated to the marine economy, there is money around.

RH said this wasn't a criticism of the good work being done but we should be finding out what money is available at the outset of a year so we can plan better. As a small group we are unaware that the money is available.

The Business Planning process for next year was just under way. TAP planning has been a priority but notifications for the bidding process should be sent within the next few weeks. James Grazebrook raised concerns this will not leave much time for bids to be processed for events taking place in March/April, Jonathan Williams added that the competitive nature of the challenge fund is self-defeating and we should be able to plan strategically. David Nickolls said that as no-one leads on this sector the bidding process falls to the ITA's to collate, the timing is not good and causes bids to be rushed.

RA said next year the round will be similar – all sectors will get something, this year the marine had £186,000 in total. Fashion is the biggest single sector and achieved £1million. The total does not reflect a bigger cut; there are smaller budgets for exhibitions.

There will be announcements made next week regarding next year's budget.

John Murray stated that missions (now OMIS is around) are extremely difficult to fund. Missions can form a very important part in a companies export promotion. Good relationship in China, Korea, and Turkey etc but becomes expensive and always rely on embassy support for interpreters etc. Nowadays embassies want their full expenses and 10-12 companies maximum for them to benefit. David Barrow stressed that people have little knowledge of markets before they get there and it harps back to research, so provide companies with contacts before going on trips.

ACTION: RH to raise with Dominic Jerney
RH to liaise with **RA** outside meeting.

6. Seawork Meet the Buyer - Report from David Nickolls attached

David said 9 companies withdrew one week before.

We are planning a National Maritime Commercial Officers Roadshow next June in conjunction with the Ports & Terminals Group of UKTI, and this will combine with the Seawork 2009 Meet the Buyer event.

Kelvyn Derrick, Deputy Chairman SWERDA, noted that there will be a major wave and wind opportunity by 2020 and this is easy to miss in the early stages. We must keep our eye on this and plan effectively, the numbers are enormous. James Grazebrook underlined what Kelvyn had said and noted the fact that wind farm supports are already being built in the Isle of Wight.

7. Olympics

Angus Peel had been volunteered to represent MSAG Olympics to UKTI at a previous meeting, he said it is still in its infancy and any English lead organisation has a clear opportunity with sailing events in Weymouth following our recent success in Beijing. There will be a bigger super yacht committee and the possibility of a super yacht berthing in London. The committee are working on ideas at the moment. This is a major tourism opportunity for inland waterways.

There will be a get together with UKTI in the near future to find out roles. **JG** said Excel hosting has increased the number of Olympic events and we should ask Kevin Murphy, CEO of Excel to attend.

8. X Sectoral group working

Identified key groups were Ports, Environment and energy renewables. Advanced Engineering has an umbrella type function and may not be specific enough to clarify potential mutual focus.

Graham Harrison said that the chair of energy and Ports and Terminals should attend the next MSAG meeting. He said that SBAC funding was available; this is a funding for technological companies with £150million for R&D activity, which have a marine aspect.

9 - 11. Priority Territories & How do we maximise government awareness to these priorities

The National UKTI website is a good site, but is not kept up to date.

It was felt the current priority countries were still relevant.

In terms of maximising awareness it is still the view of the group that Marine needs to become a national ISG sector again. Particularly with the formation of MILC (Marine Industry Leadership Council). Marine

also has high profile, large value export success which can provide a halo effect for UKTI success.

12. MILC Briefing

John Murray said MILC was attacking this year and 3 year plans. Priorities had been identified; **RS** said a unified approach was necessary as our companies are not always big enough to go down the independent research route.

David Nickolls suggested the MILC group nominate someone to seek out where the money is.

Action: Graham Harrison to provide Contact for minutes

13. Briefing on MSE Market research activity.

SEEDA funding for all sectors is covered by the sector consortia. There is a common methodology the same contractor (K- Matrix) is used for tendering for all sectors and this will be announced shortly. It takes a market approach i.e. who is supplying the global market and draws on a wide range of data. Jonathan Williams said there will be a meeting next week with other interested parties to share the method and to ensure there is consistency and convergence for all of the UK. Apart from the bubble charts which are an output the money buys a substantial excel database source which can be used in any format with periodically updated data. It covers companies which have contacts in marine, ports, oil rigs etc.

With the Chamber of Shipping, the statistics don't reflect the size of the marine industry as it is too narrowly defined. This will enhance that.

This should be completed by December in time for the MILC (Marine Industry Leadership Council) meeting and JW has agreed to present it at that forum. JW will be representing MSAG because RH will be at Dubai Seatwork.

AOB

BERR said the Prime Minister is concerned regarding the banking problems and is helping SME's on finance and cash flow with short term overdrafts. Lewis Scott said that feedback suggested that the small government loan system is practically dead in the water and should be brought up to ministers.

Items for next Ministerial meeting

1. Market Research to present to MILC
2. ATO's more support for missions for wider support of companies.
TAP 3 times and out moveability.
3. Credit crunch – Banking problems.

**The group will convene again on Tues 5th May 2009 at 09.30,
Boardroom, Kingsgate House, London**