

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT

Eighth Delegated Legislation Committee

DRAFT MARITIME TRANSPORT ACCESS TO
TRADE AND CABOTAGE (REVOCATION)
(EU EXIT) REGULATIONS 2019

Tuesday 29 January 2019

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Saturday 2 February 2019

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The Committee consisted of the following Members:

Chair: MR CHARLES WALKER

- | | |
|--|---|
| † Docherty-Hughes, Martin (<i>West Dunbartonshire</i>)
(SNP) | † Hill, Mike (<i>Hartlepool</i>) (Lab) |
| † Donelan, Michelle (<i>Chippenham</i>) (Con) | † Jones, Gerald (<i>Merthyr Tydfil and Rhymney</i>) (Lab) |
| † Fabricant, Michael (<i>Lichfield</i>) (Con) | † Jones, Susan Elan (<i>Clwyd South</i>) (Lab) |
| † Foxcroft, Vicky (<i>Lewisham, Deptford</i>) (Lab) | † Pursglove, Tom (<i>Corby</i>) (Con) |
| † Fysh, Mr Marcus (<i>Yeovil</i>) (Con) | † Timms, Stephen (<i>East Ham</i>) (Lab) |
| † George, Ruth (<i>High Peak</i>) (Lab) | † Tredinnick, David (<i>Bosworth</i>) (Con) |
| † Ghani, Ms Nusrat (<i>Parliamentary Under-Secretary
of State for Transport</i>) | † Turner, Karl (<i>Kingston upon Hull East</i>) (Lab) |
| † Grant, Bill (<i>Ayr, Carrick and Cumnock</i>) (Con) | Anwen Rees, <i>Committee Clerk</i> |
| † Heapey, James (<i>Wells</i>) (Con) | † attended the Committee |

Eighth Delegated Legislation Committee

Tuesday 29 January 2019

[MR CHARLES WALKER *in the Chair*]

Draft Maritime Transport Access to Trade and Cabotage (Revocation) (EU Exit) Regulations 2019

2.30 pm

The Parliamentary Under-Secretary of State for Transport (Ms Nusrat Ghani): I beg to move,

That the Committee has considered the draft Maritime Transport Access to Trade and Cabotage (Revocation) (EU Exit) Regulations 2019.

It is a pleasure to serve under your chairmanship, Mr Walker, in this oasis of calm on this ordinary Tuesday afternoon. The Department for Transport has conducted intensive work to prepare for the UK's departure from the EU, which includes ensuring that our statute book continues to function. The Department plans to lay about 65 statutory instruments before exit day; I believe that 44 of those have already been laid.

The regulations before the Committee revoke EU legislation that would otherwise be retained in UK law under the European Union (Withdrawal) Act 2018. For the most part, that legislation would be redundant after we leave the EU; it would have no effect. For example, Council regulation 4058/86 is about anti-competitive measures taken by non-EU countries. It allows member states to ask the European Commission to co-ordinate retaliatory action against such countries. That remedy will not be available to the UK when we are no longer a member state.

EU regulation 3577/92 gives member states rights to provide maritime cabotage with another member state. For the information of hon. Members, I should say that "cabotage" in this context is essentially the operation of ships between two UK ports, or one-port operations to and from an offshore site. If we do not revoke that regulation, it will be retained in UK law, which would mean that member states would continue to have cabotage rights in UK waters but UK vessels would no longer have such rights across EU waters.

It is important to say that the UK has no intention of restricting cabotage by EU vessels in UK waters. By removing the statutory rights provided in the regulation, we are simply putting EU vessels on the same footing as vessels from other countries: that is, they will continue to be able to operate cabotage without any express statutory right.

In preparing this legislation, the Department has discussed the scale of activity with the UK Chamber of Shipping. In practice, relatively little cabotage is undertaken by UK-flagged vessels in EU waters. Furthermore, a number of EU countries have an open approach to cabotage, as do we. We expect there to be very little change in the provision of cabotage by UK operators in EU waters after the UK leaves the EU, and these regulations do not change that position.

There is also no reason to believe that the regulations will have any effect on service provision by EU operators in UK waters. As I mentioned, the UK has no intention of restricting cabotage: we believe that an open approach promotes competition, leading to better and more efficient services. However, the UK does not intend for member state cabotage rights to continue to be expressly guaranteed in UK legislation.

The changes made by these regulations are appropriate to ensure that on exit day, the UK statute book does not contain regulations that are redundant. The regulations are fully supported by the Government, and I commend them to the Committee.

2.33 pm

Karl Turner (Kingston upon Hull East) (Lab): It is always a pleasure to see you in the Chair, Mr Walker, and to serve under your chairmanship. As the Minister has mentioned, this instrument revokes legislation related to trade and cabotage that the UK will no longer benefit from, or be subject to, when we leave the European Union. All the regulations will either be revoked completely or replaced by existing UK law.

The instrument effectively takes away—albeit indirectly—the legal implementation of our signing of the OECD shipping principles for access from third countries' flagged ships for international shipping, which is council regulation 4057/86 of 22 December 1986 on unfair pricing practices in maritime transport. Without a direct UK replacement, doing so would be a backwards step, and the instrument does not make clear how or when a replacement will be introduced.

Council regulation 3577/92 applies the principle of freedom to provide services to maritime transport within member states—that is, maritime cabotage. My understanding is that the instrument states that that principle will be retained in UK law, but does not adequately explain how. For example, it does not make clear the timeline between revocation of the EU regulation and its retention in UK law. What impact will the instrument have on public contracts that use that regulation that are currently out to tender? Again, the instrument does not cover that.

The explanatory memorandum states:

"The UK Government has agreed with its Scottish and Welsh counterparts to draft"

amendments to the Scotland Act 1998 and the Government of Wales Act 2006. Will there be wider consultation on the draft regulations with trade unions, passenger groups and other stakeholders? The instrument does not make that clear at all.

Given that the Government refuse to rule out a disastrous no-deal Brexit, I wonder whether the Minister can tell us what assessment has been made of what the removal of cabotage rights will mean for UK shippers in a no-deal scenario. Have the Government made any attempt to negotiate guarantees for the extension of maritime cabotage rights with the EU in a no-deal situation? Are the Government seeking to agree reciprocal cabotage rights for EU and UK shippers as part of our longer-term relationship with the EU? Has the Minister spoken to her EU counterparts about the possibility, and is she confident of achieving that objective? Without real clarification of those points, I will struggle to say that the Opposition can support the instrument.

2.36 pm

Martin Docherty-Hughes (West Dunbartonshire) (SNP): I rise very briefly to make just a few points. Following on from what the shadow Minister said, the Scottish National party has grave concerns that the UK Government do not intend, through this instrument, to ensure that cabotage rights for EU member states continue to be expressly guaranteed in UK legislation. That creates an essential issue of trust between European Union members and the UK, which will be outside the EU; it seems that the UK Government are not reciprocating their trust.

Continuity is critical as we are taken out of the EU. Many Opposition Members have supported instruments related to our leaving the EU because we want to maintain continuity. How can we support an instrument that does not do so? It seems the instrument would have an unacceptable impact on maritime trade, because it actively rescinds the basis on which EU ships transport, import and export, and breaks the EU shipping regime's safety and environmental standards. Finally, the instrument does not provide continuity for shipping arrangements after we leave the EU. Therefore, at this moment in time, the SNP will not support it.

2.38 pm

Ms Ghani: I am grateful to the hon. Members for Kingston upon Hull East and for West Dunbartonshire for their contributions, which underline the importance of the maritime sector to the UK's trading capacity and success. It is important that people understand that, despite revoking EU legislation, the UK will still operate a liberal cabotage regime. That means shipping companies registered in EU member states will still be able to operate in the UK as they do now, so very little will change.

Competition was mentioned. After exiting the EU, the UK will have a robust competition regime, overseen by the Competition and Markets Authority, and will be able to take trade remedies action in its own right under the aegis of the World Trade Organisation. If hon. Members have concerns about what may or may not happen in a no-deal scenario—obviously, this instrument is intended to ensure that we have everything in place for such a scenario—I suggest that they support the Prime Minister's deal.

The hon. Member for Kingston upon Hull East mentioned consultation with unions. We undertook extensive consultation, not only with the UK Chamber of Shipping but with the Scottish and Welsh Governments. We can discuss many issues, but we need to ensure that, in a no-deal scenario, we continue doing business as we do today. That is what this statutory instrument is about.

Karl Turner: On consultation, have there been any discussions with the National Union of Rail, Maritime and Transport Workers, which represents many crew members on vessels?

Ms Ghani: I thank the hon. Gentleman for that question. We are not only blessed with the International Maritime Organisation, across the water, but the maritime

sector is a global sector and one that we take very seriously. Only last week, we launched “Maritime 2050”, working with all stakeholders. We communicate with as many agencies as we can. We want to do what we can to ensure that the maritime sector in the UK continues to be as robust as it is.

I turn to cabotage. The draft regulations will make no practical difference to cabotage arrangements in UK waters. Operators from EU or non-EU countries will be able to continue to provide cabotage services as they do now. However, EU operators will no longer have guaranteed rights, which operators from other countries similarly do not have in UK waters. Such rights would not be reciprocated for UK operators in EU waters, so it is reasonable for us to revoke them.

Karl Turner: I am afraid the Minister did not answer my question. The question is, what discussions has the Minister had with the Rail, Maritime and Transport union, which happens to be the biggest trade union in the sector, representing seafarers in this country? It seems incredible to me that the Government have not had any discussions with the RMT union. Will she be clear about that quite simple point?

Ms Ghani: What is incredible is that the RMT did not update the hon. Gentleman to say that we did indeed speak to it recently. The union made it very clear that this piece of legislation does not adversely affect its practical interests in any way. Perhaps that is the incredible piece of information that he can take back to the RMT.

The changes made in the draft regulations are appropriate. They will remove from the UK statute book regulations that would otherwise be retained after EU withdrawal. They are fully supported by the Government, and I commend them to the Committee.

2.41 pm

Karl Turner: I am afraid that I am not at all persuaded by what the Minister said. For that reason, the Opposition cannot support this draft instrument.

Question put.

The Committee divided: Ayes 9, Noes 8.

Division No. 1]

AYES

Donelan, Michelle	Heapey, James
Fabricant, Michael	Morris, Anne Marie
Fysh, Mr Marcus	Pursglove, Tom
Ghani, Ms Nusrat	Tredinnick, David
Grant, Bill	

NOES

Docherty-Hughes, Martin	Jones, Gerald
Foxcroft, Vicky	Jones, Susan Elan
George, Ruth	Timms, rh Stephen
Hill, Mike	Turner, Karl

Question accordingly agreed to.

2.43 pm

Committee rose.

