

UK Port Privatisation



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About UKMPG

- 9 Groups – 42 ports + 1 terminal
- Handle 70% of UK international trade
- Represent ports with UK Govts and EU
- Work closely with BPA
- Founder member of Maritime UK

UK ports context

- **Second largest port sector in EU**
- **120 commercial ports operating without subsidy**
- **Many UK ports do cargo-handling**
- **Ports make big contribution to UK economy**
 - **Handle 95% of international trade**
 - **Facilitate key industries and energy**
 - **Employment and GDP contribution (£17bn pa)**

Ownership - 1980

- **trust (independent but without shareholders)**
- **nationalised**
- **local authority**
- **privatised**

Ownership -2012

- **Privatised (65%)**
- **Trust (25%)**
- **local authority (10%)**

NB All ports expected to operate without subsidy

Changes in financial structure

- **MBOs**
↓
- **PLCs**
↓
- **Long term investors**
- **Majority international investment**

UK port investors

- International companies (Felixstowe – Hutchison Whampoa, London Gateway – Dubai Ports World)
- Infrastructure funds (ABP – Admiral, Forth – Arcus, PD Teesport – Brookfield)
- Privately owned (Bristol, Peel ports -Deutsche bank have 49% stake)

Benefits of private ownership

- Encourages investment and productivity
- No public borrowing issues
- Proceeds of privatisation
- Safety and environment not compromised

Government encouraging larger trust ports in E & W to bring forward private finance schemes

Limits to privatisation?

- **Trust ports are already independent**
- **Privatisation complex process**
- **Size and role of trust ports may preclude privatisation**
- **Differences in cost of borrowing**
- **Devolved governments' views**

Conclusion

- **Privatisation has worked well in UK context**
- **Stable policy environment essential to attract investment**
- **Ports need to work closely with infrastructure providers**

