



Ministry of Infrastructure  
and Water Management

# Stormy seas ahead? Potential impact of Brexit on the Dutch maritime sector

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# Summary

Brexit could have a considerable impact on maritime transport from and to Dutch ports (measured in tonnes). The CPB Netherlands Bureau for Economic Policy Analysis' post-Brexit trade scenarios served as starting points for estimating this potential impact. For outbound transport, Brexit's impact on all Dutch ports is estimated at -4.4% in an unfavourable scenario, and -2.6% in a favourable scenario. The impact will differ considerably among the largest Dutch ports (Rotterdam, Amsterdam, Vlissingen/Terneuzen). For inbound transport, the collective impact on all Dutch ports is estimated at -3.7% to -2.0%, which is approximately equal to the impact on the three largest Dutch ports.

In addition to trade effects, research was conducted to determine how Brexit would impact the competitive position of Dutch ports and shipowners, as compared to their British counterparts. If, following Brexit, the United Kingdom (UK) no longer adheres to current maritime regulations, the expected impact on the competitive position of Dutch maritime shipping companies will be slight. The competitive position of Dutch ports however can expect to be negatively impacted in several ways (via government subsidies and changes in safety regulation for example).

## **Reason: Brexit**

The trade in goods between the Netherlands and United Kingdom is largely facilitated by ships sailing from and to Dutch ports. Research reveals that Brexit could significantly impact bilateral trade between the Netherlands and United Kingdom, with the overall trade value decreasing by 25 to 50 percent, depending on the assumed post-Brexit scenarios. In addition to impacting trade, after exiting the European Union (EU), the United Kingdom need not necessarily comply with certain EU maritime regulations. In relinquishing certain agreements (pertaining to state subsidies or the environment, for example), UK ports and shipping companies could potentially gain a competitive advantage. Given this impact on competitiveness and trade, Dutch ports and maritime shipping companies will have to contend with the consequences of Brexit.

The Dutch Ministry of Infrastructure and Public Works' Maritime Affairs Directorate asked the KiM Netherlands Institute for Transport Policy Analysis to study how the aforementioned effects of Brexit could impact the maritime sector. In this study the maritime sector is narrowly defined as pertaining only to merchant shipping and ports. The knowledge derived from this research is relevant for the future commercial activities and employment opportunities of Dutch shipping companies, Dutch ports, and companies operating in port areas in the Netherlands. Moreover, the research findings could serve to reduce the (great) uncertainty surrounding the effects of Brexit (on the Dutch maritime sector).

## **Scenarios used: with and without post-Brexit trade agreements between the United Kingdom and EU**

The first part of this research study uses the results of a CPB model published in 2016 to estimate how a post-Brexit decrease in trade between the UK and the Netherlands and other trading blocs could impact the outbound and inbound maritime transport of Dutch ports. Two scenarios were studied: a worst-case scenario, in which the UK and EU fail to establish post-Brexit trade agreements, and a scenario in which such trade agreements were successfully concluded. These two scenarios provide a bandwidth for Brexit's impact on trade, as based on the CPB's Brexit scenarios. The impact was estimated for the largest Dutch ports. Moreover, the study used data from Statistics Netherlands pertaining to maritime transport.

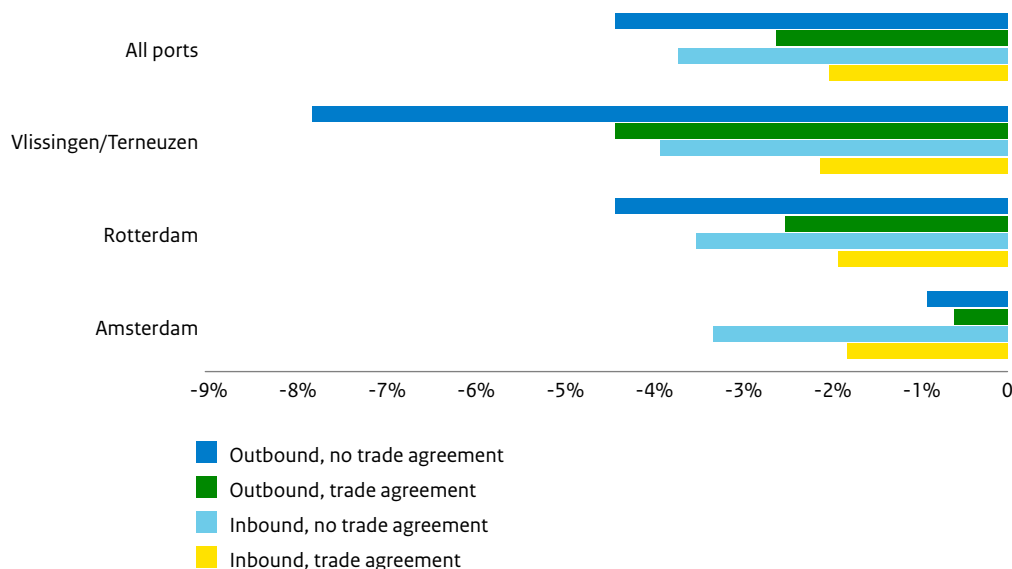
### Assumptions in the calculations

The estimated effects (per port) must be considered as rough estimates, as several assumptions were made in the calculations. Firstly, it is assumed that Brexit's impact on the demand for maritime transport to and from the Netherlands is equal to the impact of Brexit on Dutch trade. A second assumption is that Brexit's impact on the volume of trade is equal to the impact on the value of that trade. Further, it is also assumed that the impact on trade in goods is equal to the impact on the total volume of trade. Such assumptions, as well as uncertainties inherent in the CPB scenarios, create a certain degree of uncertainty in the estimated extent of the impact. It should also be noted that it is impossible to attach any probabilities to these scenarios. Consequently, no definitive statements can be made about the likelihood of a particular scenario occurring. The research is therefore limited to analysing 'what-if' situations. Additionally, the accuracy of the estimated impact on maritime transport is entirely dependent on the accuracy of the CPB scenarios. If in future it appears (from new research) that the impact on trade will be stronger or weaker, this in turn will impact the extent to which the Dutch ports' outbound and inbound maritime transport are affected.

### Expected decrease in outbound and inbound maritime transport

The research findings nevertheless appear plausible at first glance given the degree of dependence of each Dutch port on the United Kingdom. For outbound transport, as measured in tonnes, the impact on all Dutch ports is collectively estimated at -4.4 percent (without a trade agreement) to -2.6 percent (with a trade agreement). For the scenario in which no trade agreements were reached, a sensitivity analysis reveals that the impact could rise to -9.6 percent if certain goods currently flowing through Dutch ports are fully withdrawn. The impact was also estimated for various large individual seaports; for example, the percentage change for the Port of Vlissingen/Terneuzen is estimated at -8 (without a trade agreement) to -4 percent (with a trade agreement), while for the Port of Rotterdam those figures are -4.5 to -2.5 percent, and for the Port of Amsterdam -1 to -0.5 percent.<sup>1</sup>

**Figuur** Effect Brexit on maritime transport to and from largest Dutch seaports



The Port of Rotterdam would in absolute terms face the steepest decrease. As calculated according to the scale of maritime transport in 2015, the Port of Rotterdam's outbound maritime transport would decrease from 5.8 million to 3.3 million tonnes. For inbound maritime transport, the impact for all ports

<sup>1</sup> The two percentages per port are applicable to the CPB's two aforementioned scenarios.

collectively is -3.7 (with no trade agreement) to -2.0 percent (with a trade agreement). The impacts are relatively equal for the three largest Dutch ports: -3.9 to -2.1 percent for Vlissingen/Terneuzen; -3.5 to -1.9 percent for Rotterdam; and -3.3 to -1.8 percent for Amsterdam. The Port of Rotterdam's percentage decrease corresponds to an absolute reduction of 10.6 to 5.7 million tons of cargo, as based on maritime transport figures for 2015. Given the above findings, the potential impact of Brexit on maritime transport from and to Dutch ports is considerable. For outbound maritime transport, considerable differences exist in terms of how each of the largest Dutch ports will be impacted. Conversely, for inbound maritime transport, the impact on all these ports is approximately equal.

### **Slight impact on competitive position of Dutch shipowners; negative impact on competitive position of Dutch ports**

The second part of the research focused on the competitive positions of Dutch ports and shipowners. Such positions could change if the UK were to adopt different approaches to the following questions:

- 1 Withdrawal from regulations pertaining to government subsidies;
- 2 Introduction of customs activities in ports;
- 3 Divergent regulations pertaining to safety and the environment;
- 4 Changing cabotage regulations for maritime transport;
- 5 Issuing fewer travel permits for non-British trucks;
- 6 Allowing so-called 'Free Trade Zones'.

Research was conducted for each question, in order to identify the international and European regulations that British ports and shipping companies currently adhere to, to determine the extent to which these regulations would no longer apply after the UK exits the EU, and to ascertain how this would impact the competitive positions of Dutch ports and shipowners. At issue are EU regulations and directives, as well as international agreements, such as the ISPS Code. A qualitative analysis revealed that the competitive position of Dutch shipowners is expected to decrease only slightly. However, the situation is different for Dutch ports; with the exception of questions 4 (other cabotage regulations) and 5 (fewer travel permits), Dutch ports could expect to be negatively impacted.

## Colofon

This is a summary of the KiM-document '[Stormy seas ahead? Potential impact of Brexit on the Dutch maritime sector](#)'.  
The full research report is available in Dutch.

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