

# Schofield Sweeney

Solicitors

**The Rt. Hon. Lord Mandelson,**  
**Secretary of State For Business, Innovation and Skills,**  
Department for Business, Innovation & Skills  
1 Victoria Street  
London  
SW1H 0ET

**By e-mail, fax and post**

Our Ref: AF/4544.6  
Your Ref:

25 June 2009

Dear Lord Mandelson,

## **The Loss of Investment, Businesses and Employment in United Kingdom Ports**

I act on behalf of the co-signatories to this letter, each of which operates in ports throughout the United Kingdom.

The UK ports industry is the largest in Europe. UK ports handle more freight than any other EU country – 580 million tonnes in 2006.

Over 95% of the UK's international trade passes through the country's ports – from raw commodities needed to produce goods to finished goods such as food and cars. 32 million international passengers use UK ports every year.

UK ports make a vital contribution to local economies and the national economy directly employing approximately 73,500 people and indirectly employing an additional 47,000 – they are among the most competitive in the world. As a result the UK is among the best in the world in the ports business.

My clients are dismayed that the Government is putting its own interests before the interests of the UK economy, of businesses and of employment, particularly in the middle of a severe recession. The Government's use of a 17<sup>th</sup> century procedural device to prevent Parliament considering an effective solution to the port rates crisis clearly demonstrates the hypocrisy of the Government's claims to be doing all that it can to help businesses in the recession. My clients have had "tea and sympathy" from

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Ministers but no action that prevents loss of investment, businesses and employment in UK ports.

My clients have proposed an equitable and simple solution to the port rates crisis which has been supported by the Treasury Select Committee, the House of Lords and numerous MPs of all parties. In response, the Government remains intransigent, ignorant of the facts and quite frankly seems not to care about the thousands of jobs up and down the country that are at risk.

The Government says that a business should pay its fair amount of rates from the point at which it occupies a property, and that all businesses should be treated in a manner consistent with fair competition. Yet when the House of Lords proposes an amendment to the Business Rate Supplements Bill that promotes this policy by ensuring that a mistake made by the Valuation Office Agency will not determine whether or not a business pays fair rates, the Government refuses to consider the amendment on its merits. Perhaps this is because it is Government policy that businesses should bear the cost of the Government's mistakes, even if that cost makes a business insolvent. The Government is causing loss of investment in the UK, the insolvency of port companies and unnecessary unemployment in the ports.

Yesterday it was announced that GEFCO UK is considering reducing its presence in the UK because of the retrospective imposition of business rates without fault on its part. Today it has been announced that DFDS Tor Line plc, the biggest carrier of goods to and from the Nordic countries and the UK and which has invested over £200m. in the Port of Immingham, is reviewing its investment in the UK and the size of its UK operations because of the retrospective imposition of a £9m. tax bill through no fault of DFDS.

The Government must not merely sit by while investment and employment in ports unnecessarily suffers as a result of the Government's mistakes. My clients urge the Government to allow Parliament to consider the Lords amendment on its merits and adopt a solution to the port rates crisis that promotes the payment of fair rates and will ensure that a similar crisis is not visited upon the ports or any other industries in the future.

Yours sincerely



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