

FREEPORT FUTURE

Insider is campaigning for at least one of the Government's new freeports to be here in the South West. In this special feature, we will examine the cases for the two likely options in our region

The Government is currently consulting with regions around the country on the return of a freeports systems – an enterprise zone based around a sea or air port, designed to encourage growth in international trade by offering a degree of immunity to many of the normal import/export tariffs and taxes.

It is hoped that following the end of the Brexit transition period in January 2021, ten UK Freeport zones will be chosen for this high-growth capability.

Chancellor Rishi Sunak has outlined the UK Government's plans to establish freeports around the country with the hubs set to attract major domestic and international investment. Sea, air and rail ports in England have been invited to bid for freeport status before the end of the year, with the government aiming for the first of the new sites to be open in 2021.

Seizing on the opportunities presented by leaving the EU, freeports will be designed to help drive Britain's post-Brexit growth.

The hubs will allow places to carry out business inside a country's land border but different customs rules apply. At the centre of the new freeports policy is a flexible customs model, which aims to improve upon both the UK's existing customs

arrangements and the freeports the UK had previously.

A package of tax reliefs on investment within freeport tax sites will also be introduced. A business can import goods into a freeport without paying tariffs, process them into final goods and then either pay a tariff on goods sold into the domestic

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Rishi Sunak
Chancellor of the Exchequer

market, or export the final goods without paying UK tariffs. Planning processes will also be accelerated to drive development in and around freeports.

Freeports have been successfully used in countries around the world to drive prosperity and boost trade.

“Our new freeports will create national hubs for trade, innovation and commerce, regenerating communities across the UK and supporting jobs,” Sunak said. “They will attract investment from around the world as we embrace new opportunities following our departure from the EU and will be a key driver for economic recovery as we build back better post coronavirus.”

South West options

There are two potential South West freeports likely to declare an interest – the first centred around Avonmouth and Bristol Port, but covering a swathe of the northern part of the region down to Bridgwater. The second is focused around Exeter International Airport and Plymouth docks and the manufacturing heartland between.

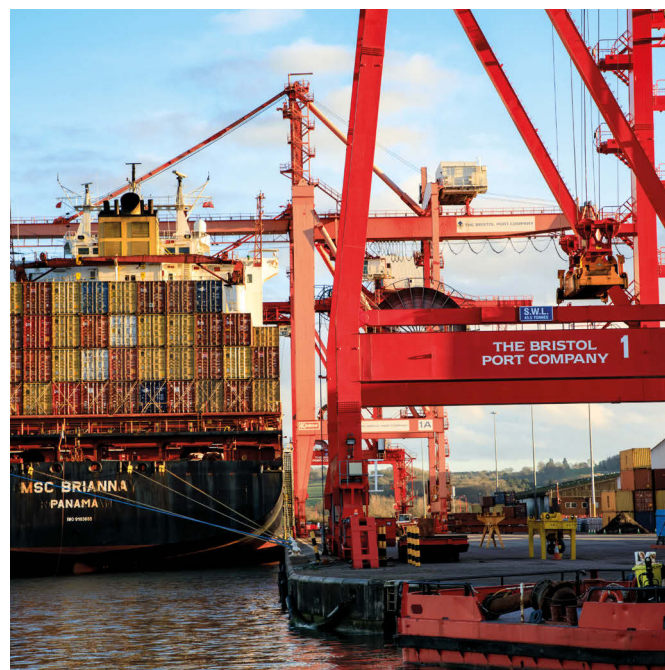
John Chaplin, director of external affairs and special projects at the Bristol Port Company, says the approach of Bristol Port is that “we are an extremely successful private enterprise making full use of the limited land in our ownership”.

The port is looking at “pushing beyond the current port boundaries” – for example it currently proposes to submit a planning application for a site called Shipway to be developed adjacent to the dock estate for port use.

Chaplin adds: “The model that we're pursuing, in line with a range of partners, is that Bristol Port as the South West region's deep sea port would be the import and



Bristol Port



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Bristol Port Company



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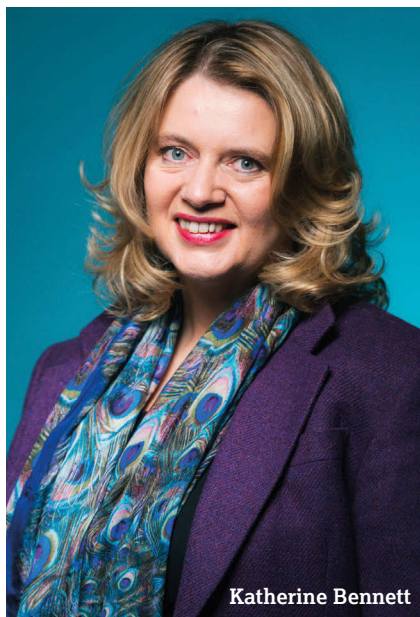
export facility serving a number of potential freeport zones within the region including the Avonmouth Severnside Enterprise Area, Filton Enterprise Area, J21 Enterprise Area near Weston-super-Mare and an innovative sustainable energy focused development deeper into Somerset, called Gravity.

“It’s about generating growth and job opportunities,” he adds. “Freeport zones are, in their simplest form, about bringing raw materials into an area, making them into something, then exporting the finished goods from the country, without paying all the taxes and import duties that you would normally for imported finished goods – you are effectively moving the country border to beyond the freeport zone.”

Tim Bowles, West of England Combined Authority Mayor, says: “We are in the perfect place in the UK for a freeport. I have been talking to Bristol Port for some time about this subject and for me this should not be just based around the old-fashioned concept of freeports. This should be about how we create an enterprise zone around Severnside and link that with the manufacturing heartland of the region which is



Gravity



Katherine Bennett

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Airbus and Western Gateway project

based around South Gloucestershire.

“South Gloucestershire has got the highest GDP per head across the whole of the region because of the economic powerhouse based around manufacturing. If we link those two up that is where we can make a transformational impact.”

He adds: “We want to deliver a freeport in a new way which is at the heart of what the West of England is all about, which is new ideas and innovation. There are other parts of the country with incredible, endless brownfield sites around ports in need of remedial work. We don’t have that in the West of England because we are a successful region.

“That is why I think we can do this in a really clever way by creating a hybrid version of a freeport that links together our economic strengths and allows that to become an economic driver of the future.

“We are talking to the government regularly about this. I know the government are keen to do this because they see it very much as part of the global Britain agenda and that is why I think we are perfectly placed.”

Katherine Bennett, senior vice-president at Airbus and chair of the Western Gateway project, says it “would be great to have a freeport in the Western Gateway area”.

She adds: “I have been talking to Bristol Port and I know they have been talking to the West of England mayor about a freeport.

“At the moment it is very much in the West of England Combined Authority’s domain when it comes to supporting this bid.”

International trade adviser, Linda Middleton-Jones, of International Trade Matters, says that the first great benefit of a freeport status is in the message it gives out to the rest of the world.

She says: "It's really important for our government to show that they're behind an international trading nation. So having a freeport, where you can bring things in, not pay the duty, and perhaps do some manufacturing changes to those items and send them back out, would be a good thing for the country. It also inspires something that is lacking at the moment, because of Covid people's attentions have been focused on other things."

Force of Gravity

A former MOD site, Gravity is a brownfield site of 635 acres, within the hinterland of the EDF scheme at Hinkley Point C, undergoing a transformation into a "smart campus" for companies associated with advanced manufacturing, robotics, artificial intelligence, electric vehicles, assembly, R&D, offices and distribution space.

The site has direct access to junction 23 of the M5 and on-site freight and passenger rail terminals. Indeed one of the attractions of including it in the scope of the Freeport is that the former MOD site was rail connected to the mainline, and Claire Pearce, who is running the Gravity scheme, has made a submission to the Department of Transport and Network Rail to restore a rail freight link, which would run directly to Bristol Port's Royal Portbury Dock, as well as rail passenger connections directly into the site.

Claire Pearce says: "We're 100 per cent behind the West of England proposition because of our proximity to Bristol Port, but also its access to rail, at the moment as the marshalling port for Hinkley Point C. We see huge potential, in the post-Brexit context for Gravity to offer what is quite an exceptional site, in combination with the proximity of Bristol Port. It's quite a unique proposition for the UK – to provide scale and advanced manufacturing facilities that can bring in that new era of clean economic growth."

Pearce says she sees freeport designation as being part of the marketing tool to attract inward investment into the UK, which if combined with a 5G trial, could provide the digital architecture needed to

enable a freeport zone without fences and security borders."

Deep South West

In the south of the region, a second freeport zone bid is taking shape focused on Devon, spreading from Exeter International Airport to Plymouth docks.

The government's consultation paper suggests that freeports can be, or can include a mix of, sea ports, airports, rail and other transport hubs as well as manufacturing or processing areas, and this is very much behind the spirit of the South West Freeport Zone proposal, which is focused on the two Devon cities. Led by the South West Business Council and Heart of the South West LEP working with a range of local authorities, the proposal brings together the assets of Exeter Airport, the sea port of Plymouth and the manufacturing-focused county that exists between the two. It is estimated to bring a potential 27,000 new jobs to the area.

The partnership will bring together more than a million square feet of port, airport, high-value manufacturing and innovation



Eifion Jones

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Eifion Jones
Heart of the South West LEP

and knowledge-intensive space, combining assets and strengths from a diverse range of partners, from the Universities of Exeter and Plymouth, Associated British Ports and regional and city airports, to Yeovil helicopter manufacturer Leonardo and Devonport Dockyard operator Babcock Marine.

Tim Jones, chairman of the South West Business Council, says: "You've got to go back to about 2012 since freeports were abolished in the UK. But it's a model that works really well. In the States they're very commonplace. It's the rounded nature of the package that I find very attractive about it – stimulation of investment, local supply chain development, and the tax break is really important in terms of encouraging the investment profile, and the R&D capability that comes with it.

"We're always looking for leverage in projects like this – a freeport provides a really broad base of opportunities. There is the import/export element. But the ability to then develop some vertically-integrated businesses off the back of that is key – the raw material processing."

He adds: "The beauty of the peninsula economy is that we're already well established as part of an integrated supply chain. That's why this model works really well for us."

Eifion Jones, chief operating officer at Heart of the South West LEP says clean growth is one of the key priorities for the organisation. "The two emerging freeport propositions for the Heart of the South West have clean growth at their heart," he explains, "clean growth is very much what Gravity sets out to deliver, and the Plymouth/ Exeter/ Yeovil offer delivers marine autonomy and renewables and the future of low carbon flight.

"Clearly there's a massive impact from Covid in all areas, but in the Heart of the South West in particular because of our sectoral mix. While the virus numbers are relatively low in the South West, the economic impact is significant. So there's a vital need to provide short-term support but also to make sure investment is in place for that longer term recovery.

"If we don't try to build a different economy, next time there's some sort of crisis – whether it's a recession or a pandemic – again this area will be harder hit and take longer to recover than elsewhere. We must address our structural challenges." ■