

## **HMG's Freeports Consultation**

### **UK Warehousing Association - Executive Summary**

The UK Warehousing Association (UKWA) has formulated its response to the Government's Freeports Consultation. The response has been collated by a special purpose Steering Group assembled in February, which has consulted with UKWA members through an on-line survey, open to all UKWA members, and feedback session during May and June.

For the most part UKWA supports the key principles of Freeports, recognising the potential benefits of simplified customs procedures aligned to tariff and tax exemptions and other financial incentives to entice the development of hubs geared to international trade.

However, whilst agreeing in principle with the stated objectives, UKWA believes that the overall success of Freeports is a long-term outcome, and likely to be modest at best in the foreseeable future. UKWA is cognisant of the success of Freeports in other parts of the world, notably in emerging markets; but the appeal is less beneficial in a mature market such as the UK.

UKWA acknowledges the Government's ambition to boost trade, jobs and investment and understands how the concept of Freeports has been positioned as a cornerstone of its plans for the post-Brexit era, the impacts of which have become clearer since the launch of the consultation. It is now evident, whatever the outcome of negotiations for a Free Trade Agreement with the EU, that the UK's current trade to and from the EU will require customs declarations and processing, a massive burden on export and import traders. Following the UK's exit from the EU, and in preparing for the end of the Transition Period, the government must prioritise the protection and sustainability of the UK's existing export and import trade, its current manufacturing industries and those companies providing jobs for many thousands of employees. The creation of Freeports does little to address this critical issue in the short term.

Neither for the longer term does UKWA envisage any discernible benefit of Freeports for those major manufacturing companies, nor the secondary and tertiary suppliers and service providers that support their supply chains. For example, UKWA believes it highly unlikely that Jaguar Landover will move its current manufacturing facility, and thousands of jobs, to a new site – simply to take advantage of Freeport status. For existing companies with well-established supply chains, the definition and location of Freeports may prove to be unattractive.

Also, UKWA sees little evidence of the government's Freeports Consultation being aligned to other discussion and consultation with industry regarding the strategy for future borders, notably the recently announced recognition of the Government for multi-purpose inland customs facilities.

Furthermore, since the launch of the Freeports consultation, other geo-political events and the global COVID pandemic have occurred, which are likely to alter the shape of business, global trade and the country's economy beyond the underlying assumptions of six months ago.

The consultation document states that the Government aims to create up to 10 Freeports across the UK. UKWA is curious to understand how the Government arrived at this finite number and suggests that the allocation of Freeports should not be quantitatively predetermined.

Indeed, UKWA challenges the geographic approach as proposed. Freeports should not be restricted by geographical scope, and collaborative applications should be encouraged – taking more of a zoned approach to include multiple ports/airports and other transport nodes; and to maximise the prospects of fulfilling the overall objectives, it is considered best to leave applications exclusively in the hands of the private sector. Freeports/Freezones should sit within a national policy/framework, and not be tied to LEAs or MCAs. In any event, the allocation of Freeports in any area of the UK must have a positive impact for the UK as a whole.

From a tax incentive perspective, it is generally accepted that Enterprise Zones have not met job creation targets and have been largely unsuccessful in attracting higher skilled workers, and UKWA does not envisage Freeports to fulfil the Government's ambition in this respect. As an alternative, as a measure to both protect existing business and as a magnet to attract overseas investment, an industry-specific scheme may prove more successful than one aimed at specific locations or regions. The British Film Industry Tax incentives are a good model of how such an industry-wide initiative can bring sustained growth and increased take up.

Whilst benefits may be limited for UK companies trading internationally today, Freeports/Freezones may well act as a magnet for new investment, with the potential to support the current warehousing and logistics sector. It is essential that the Government recognises the importance of this sector, and provides support to ensure it thrives and expands to serve the needs of new businesses established within Freeport/Freezone areas.

In summary, UKWA considers that the Government's proposals as outlined lack ambition, and through further consultation with industry representatives, backed by cross government joined up thinking, much can be achieved to address both imminent and long term challenges, whilst capturing the opportunities for increased international trade. UKWA looks forward to continued engagement with the Government on these matters.

## Customs

### Declarations

Q1 To what extent do you agree/disagree that the reduced declaration requirements for moving goods into a Freeport represent a useful simplification of the administration of customs processes?

*Strongly agree*

*Freeports will work well with the UK's Inventory-based ports, with consignment details, ownership, country of origin etc being automatically entered and downloaded into respective Community Service Provider systems (CSPs) such as Destin8 or CNS. If a current 'non-inventory linked' port became included into a Freezone this would imply the need to adopt a CSP to enable the the port to be fully integrated into the model. For a customs process to be checked and controlled, both the Freeport and HMRC will require a robust audit trail initiating the 'arrival ' of items into the Freeport, potential 'processing' within the Freeport and then eventual dispatch from the Freeport.*

*Clarification needs to be sought as to how consignments are moved into and out of the Freeport - it is assumed that this clarification would come from HMRC if/when the Freeport/zone concept comes into fruition. Currently automated processes to track the identity and or change (processing) of identity of items within a Freeport/zone do not exist in the UK - Established Freeports/Freezones such as Jebel Ali do have established systems to address these matters.*

*If a Freeport or zone is a current existing port, the port will potentially be able to 'extend' the existing Temporary Storage arrangements which allow consignments to be held in the port for 90 days without being customs cleared*

Q2 Please suggest any ways in which you think the administration of customs processes could be simplified further in Freeports

*One of the intentions of a Freeport/Freezone concept is that the processing of items can be undertaken with a finished product exported out of the Freeport/Freezone from the UK with no duties having to be paid. If finished product was sold into the UK then customs processes would need to be simplified to enable decisions to be made on what level of duty should be imposed on these items i.e. will duty be paid on imported items or the the finished goods?*

### Freeport operators and Freeport businesses

Q3 If you are a potential Freeport operator, will you be able to adapt current processes you have to allow goods to be moved into a Freeport?

Yes

*Inventory and non-inventory linked ports all currently keep formal records, electronic or manual when unloading vessels with cargo, iso containers etc being 'landed' within the respective port; HMRC require unloading records as described above to be kept for six years.*

Q4 Please provide any feedback you have on the requirement for perimeter fences

*The International Ship and Port Facility Security Code (ISPS Code), supervised within the UK by Department for Transport (DfT), covers the majority of coastal ports throughout the UK, specifying what fencing requirements are required to maintain secure locations. Fencing is just part of an approach to providing secure locations, combining these with CCTV, security patrols, issuing identification passes, securing buildings within an ISPS location, searching of vehicles, containers, trailers etc, the use and provision of temporary labour, identifying and reporting on suspicious behaviour and adhering to a set of HR processes. All ISPS security measures are devolved from a Risk & Threat Assessment which applies a proportionate approach to security to ensure the safety and security of consignments held within the ISPS area.*

Q5 Please highlight any alternative ways you think security could be maintained without a perimeter fence

*Security solutions at and within port areas, are designed as a result of a ISPS Risk & Threat Assessment undertaken by each respect Port Security Manager. 'Solutions' can include the use of advanced CCTV systems, the appointment of a security company, security training for staff, the use of ID systems using biometric data etc*

Q6 In your view, is the proposed split in responsibility between Freeport operators and Freeport businesses correct or incorrect?

*Don't know*

*Significantly more information on proposed 'splits of responsibility' is required to be able to answer this question. Ports currently can be held jointly and severally liable for the loss of goods or non-payment of duties & VAT in relation to goods held within their Temporary Storage area. This potential liability is just one of the areas that would need clarification moving forward.*

### **Goods already in the UK**

Q7 How important is it for your business to be able to bring goods into the Freeport from the UK, whether the goods are in free circulation or under another customs procedure?

*Very important to my business*

*Responses to the survey are split on whether or not business that operate within Freeport areas are going to be of significant threat to existing UK companies. The principle of allowing products to leave a Freeport area to be sold within the UK is mentioned in the questionnaire, however it is assumed that safeguards will be implemented to protect established UK businesses against 'unfair' competition*

### **Location of Freeports**

Q8 What do you see as the advantages and/or disadvantages of an inland Freeport site compared to a Freeport site which is adjacent to a port? Free text box

*An inland Freeport/Zone would be advantageous to existing UK industrial/manufacturing areas where there is a high proportion of imported items used as part of the manufacturing process. Currently it is possible to move goods within customs suspense authorisations i.e. Customs Warehouse to Customs Warehouse throughout the UK. This is one of the counter arguments when suggesting that the number of Freeports be limited to 10.*

### **Excluded goods and excise goods**

Q9 If you are considering becoming a Freeport operator, how attractive would the proposed customs design be to your business?

*Attractive to my business*

*Propositions such as these, supported by major stakeholders including HM Government, are welcomed however all Freeport Operators will need much more detail before undertaking the risk and investment required to maximise opportunities.*

Q10 If you are considering becoming a Freeport business and would like to store imported goods or manufacture products using imported goods in the UK, how attractive would the proposed customs design be to your business?

*Attractive to my business*

*There is an obvious attraction for undertaking processing of imported goods in a Freeport due to the proposed reduction in duty, tax and other related costs such as being able to create low-cost labour solutions. It should not be forgotten that uncleared goods can currently be held within an approved Temporary Storage facility, for 90 days, be moved to a customs warehouse in duty suspense - what cannot be currently done is to change the essential identity of the goods through processing - the latter could be done as proposed within a Freeport/Freezone area*

Q11 To what extent would the suspension of import VAT be of value to your business?

*Very valuable to my business*

*It is already being proposed that VAT postponed accounting will be effective from the 1/1/21 regardless in relation to any Freeport initiative. 'A suspension' would be currently be related to a future export where VAT would not currently be applied; if a general suspension is introduced then it would be welcomed by those within a Freeport/Freezone area but regarded by those outside the areas as unfair competition*

Q12 How important would it be for your business to be able to buy and sell goods within Freeports?

*Moderately important to my business*

*As per Q10*

### **Trade remedies and counter measures**

Q13 To what extent do you agree or disagree that trade remedies or countermeasures should be applied to goods exiting Freeports, whether or not they are processed in the Freeports?

*Strongly agree*

*Care should be taken to ensure that UK industry is not put into an unfair position through goods exiting a Freeport or Freezone.*

Q14 To what extent do you agree or disagree that trade remedies or countermeasures should be applied to goods exiting Freeports, whether they are destined for consumption in the UK or exported to foreign markets?

*Strongly agree*

*As per Q13 above*

### **General questions**

Q15 In your view how does this Freeport design compare to existing customs special procedures, such as customs warehousing or inward processing?

*The proposed design would allow modifications of existing customs special procedures e.g. Customs Warehousing does not allow processing of imported items where the classification of the item is changed.*

Q16 Please suggest any ways in which this customs design could be improved. For example, could technology be used to streamline the requirement

*As per the answer in Q1, a CSP modification, or adoption of an existing system from an established Freeport/Freezone outside the UK e.g. Jebel Ali where an audit trail could be created following the path of imported items into and through a facility would be an essential and welcomed development.*

## Tax

- Q18 In your view, do the specific tax incentives provided in existing English Enterprise Zones (Business Rates discount and Enhanced Capital Allowances) encourage increased business activity and employment in England?
- There are conflicting reports that do not support the government evaluations of Enterprise Zones, particularly as and where these apply to job creation. Taking displacement into consideration many of the jobs created have been relatively low skilled. The reports identify that the existing tax incentives have been largely unsuccessful in attracting higher skilled workers. This must be addressed in any tax incentives proposed by the the Freeports policy it is to be successful.*
- Q19 How could the following policies be used to encourage employment and investment in business, infrastructure and innovation in a Freeport or surrounding area?
- facilitative solutions on VAT and Excise Duties for goods within Freeports (UK Wide)
  - Stamp Duty Land Tax (England and Northern Ireland)
  - Research and Development (R&D) Tax Credits (UK Wide)
  - Employer National Insurance Contributions (UK Wide)
- These policies in isolation would be insufficient to encourage new investment to a Freeport if it were located remotely from the contributing and supporting businesses and suppliers required for it to be successful. The successful Freeport models seem to support 'clusters' of businesses that can fully benefit from the advantages of proximity. For existing companies with well established supply chains, the definition and location of Freeports may prove to be unattractive.*
- Q20 Is there any evidence to suggest that changes in these tax policies would be the deciding factor in investment decisions?
- Whilst contributing to the overall investment decision, the Association believes that tax benefits are unlikely to be THE deciding factor for the reasons already given.*
- Any decision likley to attract new investment will consider the wider advantages of Freeports, with location and/or region yet to be determined.*
- Q21 In your view, are there any particular tax policies that could increase the risk of tax avoidance or tax evasion activity being routed through a Freeport?
- No, with correctly established protocols and governance there is no reason to suggest an increased risk profile for Freeports.*
- Q21.i If your answer is yes, then please suggest ways in which the Government could deter or prevent the tax avoidance or evasion risk you have identified.
- The adoption of a Community System would be fundamental to HMRC in auditing goods routed through Freeports.*
- Q22 In your view, would any of the potential tax policies set out in this document unnecessarily increase the administrative burden of business activity in the Freeport?
- It is not possible without knowing the extent of these tax proposals.*
- Q22.ii If your answer is yes, then please explain which of the tax policies could be modified to reduce administrative requirements and how they could be modified.
- Free text box*

Q23 Please provide any other feedback you have relating to tax incentives for Freeports

*Having look at other tax incentive schemes, the Association believes an industry-wide scheme would be more successful than one aimed at specific locations or regions. The British Film Industry Tax incentives are a good model of how such an industry-wide initiative can bring sustained growth and increased take up.*

## Planning

### Permitted development rights

- Q24 Do you agree or disagree that the permitted development rights for airports and sea ports should be brought into closer alignment by allowing the use of buildings on ports for purposes connected with the operation of the port? *Agree - in principle provided that the function is port related but need to think whether there are unintended consequences such as too much retail or offices that might not be appropriate.*
- Q24.i *UK WA member responses were 75% in favour and 25% don't know.*

### Zonal planning

- Q25 Are there suitable incentives in place that encourage the use of Local Development Orders by local authorities to support faster development? *No - these could be managed better to be more useful.*
- Q25.i *Local Dvlp orders are not much help as detailed applications are also necessary to satisfy environmental etc. They try to simplify planning but they do not always work. Permitted development is better.*
- Q25.ii If not, what more could be done to encourage their use? *Environmental impact legislation is tied up with it and difficult to unravel. Local authorities need to take a more flexible pro-active approach to development.*

### National Policy Statement for Ports (NPSP)

- Q26 Would it be appropriate or inappropriate to consider amending the National Policy Statement for Ports to allow for changes to planning process(es) for significant port development? *Yes, it would be appropriate but we would need to review the details.*
- Q26.i If your answer is 'appropriate', what specific element(s) of the process or document could this focus on, and what potential benefits could this unlock? *???*
- Q26.ii If your answer is 'inappropriate', please explain wh *N/A*

### **Additional planning freedoms**

Q27 Please tell us about any additional planning freedoms related to planning powers and/or increasing the efficiency and effectiveness of planning that you think could be used to support development in Freeports.

*Flexibility between B1/B2 and B8. Better understanding of the benefits of B8.*

### **Regulatory impacts**

Q28 Please provide any feedback you have on the regulatory impact of the planning measures set out in this consultation. For example, do you have any information on the costs and benefits to business of these measures?

*Encourage a more flexible business friendly approach.*

## Regeneration

### Infrastructure

- Q29 What infrastructure could encourage increased business activity in a Freeport? *Good Road connectivity ranked top of the UKWA survey*
- Q30 What infrastructure could support wider regeneration opportunities and promote job creation in the areas around a Freeport? *After good road connectivity, UKWA members cited development ready land, fibre connectivity, labour supply and availability of power as key infrastructure requirements to support the regeneration of ports.*
- Q31 Please provide any additional feedback you have on the issue of infrastructure for Freeports not specifically addressed by any of the questions in this section. *Infrastructure is expensive and often benefits more than one land owner. Public sector could help support these up front costs.*

### Business support

- Q32 What dedicated trade and investment support, advice and guidance would best enable your business to take advantage of the opportunities Freeports would create? *Contributions to setting up costs or business rates relief.*

### Skills

- Q33 Working with Mayoral Combined Authorities, Combined Authorities and Local Enterprise Partnerships (which will be informed by their newly established Skills Advisory Panels), how might a Freeport contribute to the skills offer in your area? *Develop appropriate training and business support strategy. Work with local schools and colleges. Advise what skills are needed.*
- Q34 How could employers involved in Freeport applications demonstrate their commitment to engagement with, and support for, local FE and skills providers? *Work in partnership*

### Housing

- Q35 What are the main housing needs of the local economies which surround ports (suitable for Freeport status), both now and in the future? *A range of affordable and good quality housing.*

- Q36 How can local areas align their housing interventions with the wider regeneration agenda to make Freeports a success? *Meet housing need for ease of access to the Freeport.*
- Q37 What role could zonal planning, including the use of Local Development Orders, play in delivering the wider regeneration of local areas around Freeports? *Appropriate development framework to meet need.*

## Innovation

### Challenge-based initiatives

- Q38 What specific operational barriers to efficiency exist in ports that could be addressed through the development of innovative technology and processes? *There is much data available on goods and consignments prior to their arrival that is as yet unused by ports. By knowing; 1. their likely dwell time and 2. their mode of onward transportation, the congestion associated with inefficient storage and double-handling can be largely mitigated, freeing up resources and reducing wasteful practices.*
- Q39 What specific aspects of customs administration present barriers to business efficiency? *Port Community Systems, linked to Customs for the purpose of managing declarations and clearing goods have been increasing successful under EU legislation. The as yet unclear trade arrangements for post-Brexit clearance could pose a significant increase on checks resulting in slower processing times and increased delays.*
- Q39.i (Only if answered first question) How could the development of innovative technology and processes be used to address these, and maintain a secure environment? *With the likelihood of further encryption, including 'Blockchain', the adoption of more secure processing systems at Border Posts will create a more seamless transition for goods entering and leaving Freeports. Port Community Systems are increasingly digitising these processes so that a fewer number of out-of-scope consignments require a full physical check before being cleared.*

### Freeports and academic collaboration

- Q40 How can ports collaborate with public agencies - including universities and other academic institutions, businesses, and local governments - to develop and adopt new technologies? *Freeports have a unique opportunity to establish Academies and Innovation Centres that can act as hubs for the emerging technology required by the supply chain as a whole and not just ports acting as nodes. For this reason it is difficult to view Freeports as being a single entity, rather a region or zone where many companies can operate together.*

## Regulatory sandboxes

Q41 How could challenge-based initiatives and innovative procurement opportunities help ports and local partners work together to innovate? *Freeports have the opportunity to take a holistic approach to innovation and technology solutions that benefit the stakeholders and thereby the greater supply chain, rather than a competitive and solely parochial model which reflects more traditional R&D.*

### **Data availability and usability**

Q42 What obstacles are there to greater data availability in the customs and transport sectors? *The lack of a common data standard, together with the need for information to be available in real time is a challenge, but not one that is faced by the industry in isolation. Digitisation of Bills of Lading for example has been slow in developing, particularly where there is an impact on more traditional processing procedures and the businesses that have become reliant on them.*

Q43 What opportunities are there for data generated within Freeports to support innovation by businesses and innovation stakeholders? *Virtual Freeport systems could be developed providing visibility to all stakeholders, with options based on predicted outcome from the increasing use of artificial intelligence (AI).*

### **Contribution to the decarbonisation agenda**

Q44 How could regulatory flexibility within Freeports help businesses to trial and implement new products and processes? *A relaxation of regulatory powers is required if Freeports are to gain any tangible benefit from the implementation of new technologies. To date, the entire approvals process eclipses the time taken to implement, several times over. The net impact is often viewed as counter-productive and projects do not get progressed as a direct result.*

Q45 How could Freeports be used to test new ideas and support business and industry to decarbonise in line with the UK's Net Zero target? *Recognition of the value of Freeports as being 'more than the sum of their parts' is crucial if they are to attract investment and talent. Inter-dependent businesses such as waste management and recycling for energy should be considered alongside operations where the consumption of power is a high requirement. There are many examples of this in supply chains, such as refrigerated storage and the shore-side provision of green electricity to shipping whilst in port for example.*

Q46 Please provide any additional feedback you have on the issue of innovation in Freeport policy not specifically addressed by any of the questions in this section *Free text box*

## Additional Policy Decisions

### Preventing illicit activity

Q47 In your view, what is the level of risk of illicit activity in Freeports?

*High*

Q48 What additional measures should be implemented to mitigate such activities?

*The UK has an unfortunate recent history of a failure to adequately police its border in respect of customs compliance (leading to a large customs debt owed to the EU). Knowledge of such a light touch and under-resourced approach to this issue inevitably led to large scale evasion (see, by way of example, the rationale for the FHDDS consultation). Steps have more recently been taken to clamp down on evasion. This has only been possible with an appropriate level of funding and resources. An adequate level of additional funding and resources for HMRC, Border Force and Trading Standards will be required specifically to ensure that Freeports / Freezones do not become a hotbed for illegal activities. Given the degree to which Freeports / Freezones will benefit from tax incentives, it is vitally important that collection of duty and taxes is maximised so that Freeports / Freezones do not inadvertently become a drain upon the Exchequer.*

Q49 Please provide any other feedback you have on the issue of preventing illicit activity within Freeports

*Regulation and enforcement by agencies such as Border Force, HMRC and Trading Standards is likely to be at its most effective if specialist Freeports / Freezones teams are established within each agency, with the benefit of additional and ringfenced funding.*

### Business impacts

Q50 Please provide any comments on the impact on businesses of the measures set out in this consultation Please provide any information on the costs and benefits to businesses of these measures

*The UK's warehousing sector considers that a sufficiently ambitious system of Freeports / Freezones represents an opportunity for the UK to increase its level of international trade and to attract considerably greater investment from overseas. In such circumstances, this ought to result in new and additional UK based businesses, operating within Freeport / Freezone areas. There is nonetheless a concern that the current proposal lacks a sufficient level of ambition, with the risk that Freeport / Freezone areas do nothing more than result in a transfer of already existing business and investment to those tax-incentivised areas, meaning that warehouse businesses may be compelled to relocate in order to remain in business. The costs of such relocation may well be prohibitive, given that the sector runs on very tight margins. The result in these circumstances would most likely be nothing more than a replacement of existing warehousing businesses with new ones which are located within the Freeport / Freezone areas. It is therefore of fundamental importance that the Freeports / Freezones scheme is of such ambition as to act as a magnet for significant levels of new investment so that the current warehousing sector not only thrives but also expands to serve the needs of new businesses established within Freeport / Freezone areas.*

### **Equalities impacts**

Q51 Please provide any views about the implications of our proposals on people with protected characteristics as defined in section 149 of the Equality Act 2010. Please provide any evidence you have to support your views. Is there anything that could be done to mitigate any impact identified?

*An increase in the level of investment and trade ought to be of benefit to all those in the wider community by way of providing greater employment opportunities.*

Q52 If you are a business owner, what actions would you take if a Freeport was established in your local area? .

*Left blank*

Q53 In your view, what is the level of risk of economic displacement?

*High*

Q53.i What should the Government do to mitigate these risks?

*The level of risk is high if the scheme does no more than to result in the transfer of existing businesses to Freeport / Freezone areas. The scheme must therefore be sufficiently ambitious in order to attract new and substantial levels of investment leading to the creation of new businesses.*

Q54 Please provide any other comments on any potential environmental impacts which may arise as a result of the considerations in this consultation

*Increased trade carries with it the likelihood of an increased adverse impact upon the environment. The level of ambition for the Freeports / Freezones scheme should therefore be accompanied by an equally ambitious approach to mitigating the environmental impact, such as incentivising environmentally friendly buildings and transport infrastructure. Freeports / Freezones could quite feasibly be utilised as a touchpaper for the UK's green industrial revolution.*

Q55 Please provide any other feedback on the impacts of the development of Freeports in the UK not specifically addressed by any of the questions in this section *Left blank*

## Allocation and governance of Freeports in England

### Port modality

Q56 What factors do we need to consider in order to support different port modes becoming Freeports?

*Introducing a scheme which is not limited in terms of either the number of Freeports / Freezones which can exist at any given time, or by their location, should be sufficient to encourage / support collaborative applications by different ports or zones.*

Q57 Do you agree or disagree that a Freeport could include multiple ports?  
Q57.i Please explain your answer

*Agree*

*By way of example, there are a number of ports in the East Anglia region which could feasibly collaborate to operate a single Freezone area, either as a collection of 'mini' Freezone areas based at or adjacent to each individual port, or with each port feeding to a single inland Freezone area. There is no reason why multiple ports of different modes (which could well complement each other in respect of the service which each provides), with a common interest in seeing increased trade coming in and going out through their respective ports, could not collaborate to operate a successful Freezone area. The larger the area and the greater the degree of ambition, the greater the prospects of generating inward investment, creating new businesses and new jobs, and providing a hotbed for innovation (including environmentally friendly methods of work and travel).*

Q58 What factors do we need to consider in order to support applications from multiple ports?

*See response to Q56*

### Objectives and criteria

Q59 In your view, how appropriate are the proposed criteria for assessing how potential Freeport applications can meet the stated policy objectives? Very appropriate/Fairly appropriate/Not very appropriate/Not at all appropriate/Don't know

*Fairly appropriate*

Q59.i Please explain your answer

*On the whole, the criteria for assessing applications appears appropriate. Whilst it is recognised that Freeports / Freezones could promote regeneration of deprived areas, it is considered that the potential of an applicant's ability to do so should not be an essential element to be satisfied in order for an application to be successful. An application should be judged upon its prospects of generating inward investment, creating new businesses and new jobs and providing a hotbed for innovation (including environmentally friendly methods of work and travel).regardless of whether the proposed location is in a deprived area which would benefit from such a development. The potential of a Freeport / Freezone to promote regeneration should be a "nice to have" as opposed to an essential characteristic. Rightly or wrongly, it is considered unlikely that there will be the levels of overseas investment required to make the concept of Freeports / Freezones (and the consequent benefits of increased trade, jobs etc.) a success, if Freeports / Freezones are based within deprived areas.*

Q60 Please suggest any other criteria that we could use to effectively assess potential Freeport application

*Left blank*

### **Public and private sector partnerships**

Q61 What are the advantages and/or disadvantages of asking Mayoral Combined Authorities/Combined Authorities where they exist, or Local Enterprise Partnerships and upper tier local authorities where they do not, to lead on submitting applications?

*Freeports / Freezones should not have to be tied to LEPs or MCAs/CAs. Consequently, applications should not have to involve LEPs or MCAs/CAs (and nor should the strength of an application be determined by approval or otherwise by a LEP or MCA/CA). It is considered that tying applications to LEPs or MCAs/CAs would act as an obstacle to the scale of ambition required to make Freeports / Freezones a success as they would immediately restrict geographical scope. A good example is the East Coast ports: whilst there might appear to be considerable logic to a single Freeport / Freezone linked to the ports of Great Yarmouth, Lowestoft, Felixstowe, Ipswich and Harwich, these cover 3 different counties and 2 different LEPs. Applications are best left to the private sector, submitted directly to a central government body created to administer and regulate Freeports / Freezones.*

Q62 What are the advantages and/or disadvantages of asking MCAs/CAs where they exist, and LEPs where they do not, to support a single application in their local area? In what circumstances should this be flexed to allow for more than one application?

*Following on from the response to Q61, it is considered that the involvement of LEPs or MCAs/CAs would only serve to add an unnecessary level of bureaucracy which could only hinder accomplishment of the overall objectives and criteria of the Freeports / Freezones scheme. The scheme should be approached as a national venture, administered and regulated by a single central government authority.*

Q63 What are the advantages and/or disadvantages of enabling ports to submit applications for Freeport status directly to central government?

*Any model which reduces levels of bureaucracy and serves to promote a consistent approach to a national Freeports / Freezones venture can only serve to encourage prospective investors to conclude that UK PLC is open for business, and a worthwhile location to invest and take a risk on their investments. This would also minimise the potential for local, politically motivated, attempts to seek to scupper / influence what should be a national policy / framework.*

Q64 Please outline the most effective models for partnership between private, public sector and local economic partners to design and submit applications.

*In order to maximise the prospects of fulfilling the overall objectives, it is considered best to leave applications exclusively in the hands of the private sector.*

Q65 Please provide any other feedback you have on the allocation of Freeports not specifically addressed by any of the questions in this section

*Left blank*

## Measuring Impact

Q66 How can the Government best monitor and evaluate Freeports?

*By administering and regulating Freeports / Freezones through a single central government authority.*

Q67 Are there ways that we could ensure a counterfactual impact evaluation is feasible and deliverable for all Freeport areas?

*See response to Q66 - a single, central location for data collection and analysis.*

Q68 For the Freeport model described in this consultation, what might be an appropriate time period for incentives to initially operate for to give certainty to investors and businesses and provide an opportunity for the Government to evaluate their effectiveness? If you think the appropriate period could differ for different incentives within the Freeports model, then specify a different time period for each incentive

*An appropriate period isn't proposed at this stage. It is however considered that, as an appropriate general principle, in order that Freeports / Freezones can attract the levels of new investment required to fulfill the overall objectives, the Government should commit to incentives for the long term.*