

Cardiff Airport in regional freeport bid

Plans for Cardiff Airport to be at the heart of a multisite freeport in south-east Wales can be revealed. The bid for freeport status, which is being led by Newport City Council, also covers a number of under-developed employment sites across the Cardiff Capital Region, and if successful promises to create thousands of new jobs.

The bid would provide a significant boost to the Rhose-based airport and support long-term plans to pivot it away from its over reliance on passenger related income for revenues – currently at around 80% but with the aim of increasing non passenger revenues to 50%. The airport has significant land around its terminal to accommodate freeport related developments. Freeport status should also significantly boost its air freight traffic.

Newport City Council wouldn't confirm which other sites it has identified as part of its regional freeport bid with the airport, however, they are understood to be located in most local authority areas that make up the Cardiff Capital Region. However, Newport is working with local authorities on a case by case basis and not through the auspices of the city region.

The bid is one of three seeking to become the first freeport in Wales after an agreement was reached earlier this year between the UK and Welsh governments, which saw the Westminster administration agreeing £26m of funding support and assurances on environmental standards and employment rights within any Welsh freeport.

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The other Welsh bids received by the UK Government's Department for Levelling Up, Housing and Communities, headed

up by minister Michael Gove, include a tie up between Association British Ports' port of Port Talbot and the Port of Milford Haven. Their Celtic Freeport bid, which is also being backed by Neath Port Talbot and Pembrokeshire councils, would seek to exploit manufacturing and supply chain opportunities from significant green energy projects, including new floating windfarms in the Celtic Sea under new Crown Estate licences. The Port of Holyhead, through its owner Stena Line, has also submitted a bid alongside Anglesey Council. Both bids claim that if successful they could create thousands of new jobs.



Jane Mudd leader of Newport City Council.
Confirming its bid, leader of Newport City Council, Jane Mudd, said: "We have put together a compelling case for a regional freeport that draws on the industrial strength of south-east Wales. Our bid links our key growth sectors and wealth of underdeveloped employment sites with Wales' only international airport.

“It is a partnership between the public and private sectors that promises to lead to significant investment in south east Wales– the economic engine of the whole nation.

“Our bid meets the objectives of promoting regeneration and creating high-quality jobs, building on our reputation for innovation. A freeport would have the potential to attract more national and international businesses, creating thousands of jobs and training opportunities that would benefit residents in the region and provide a massive boost to the local economy.

Newport Council has initially explored a freeport working with ABP and its Port of Newport.

All three bids will now be assessed by UK and Welsh governments with the winner expected to be confirmed early next year and the first Welsh freeport becoming operational later in 2023. While freeports are a UK Government policy, it is not clear how the Welsh Government will be able to assess the Newport bid as it wholly-owns a key component of it in Cardiff Airport – although it is operated by an arm’s length commercial company.

Welcoming the three bids, Secretary of State for Wales, David TC Davies, said: “It is fantastic to take the next step in delivering a freeport for Wales. It will bring jobs and prosperity to its surrounding region and provide a huge boost to the Welsh economy.

“The UK Government has long been committed to bringing a freeport to Wales and is delivering on that pledge. The freeports programme is already returning benefits for businesses and communities elsewhere in the UK and I look forward to seeing similar results for Wales.”

There is potential for more freeports to be established in Wales in the future. Freeports have already been confirmed for England, including for East Midlands Airport.

Businesses will get tax incentives to set up in a freeport from the UK and Welsh governments including on devolved taxes like land transaction tax and rates. Goods entering freeports would not have to pay tariffs, import VAT or excise duty until they leave the freeport and enter the domestic UK market, with simplified customs procedures and declarations.

However, there are commentators who believe they would have little net economic benefit, claiming they mainly displace business activity from elsewhere.

The UK Trade Policy Observatory said its analysis had found that the policy would have little effect in the UK because tariffs were already low. The UK had seven free ports between 1984 and 2012, but were wound down due to their limited economic impact.

The other freeport bids

Celtic Freeport

Port of Holyhead