

Wales to get at least one freeport as Welsh and UK governments confirm deal

Wales will get at least one freeport after confirmation of an agreement between the Welsh and UK governments.

It comes after the UK Government, having originally offered £8m, has now agreed non-repayable finance of at least £26m to support freeports in Wales. The funding is in line with the backing for eight agreed freeports in England and a deal to support them in Scotland.

As part of the deal both governments will have a joint say as to where any freeports will be established in Wales.

A prospectus will now be published and bidders invited to submit proposals, which will allow bids for multi-sites.

This throws up the prospect for ports in South Wales, from Milford Haven to Newport, forming part of a wider freeport zone with Cardiff Airport. East Midlands Airport in England has been granted freeport status. The Port of Holyhead has also expressed interest in seeking freeport status.

To support any multi-site solution the UK Government said it is willing to relax the 45 kilometre boundary limit, should there be a sufficiently compelling case for doing so.

Both governments say they remain open to the possibility of allowing more than one freeport in Wales, should they be presented with a sufficiently compelling business case.

However, they will only be implemented if they can demonstrate operating in line with Welsh Government's policies on fair work and environmental and sustainability.

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.

Economy Minister, Vaughan Gething said: "Following considerable engagement between our governments, I'm pleased we have been able to reach agreement with UK ministers to establish freeports in Wales. The agreement we have reached is fair to Wales, and respects the Welsh Government's responsibilities in devolved policy areas.

"However, we have made it clear to the UK Government that a freeport will only be implemented if it can be demonstrated, using robust evidence and analysis, that it will support our fair work agenda and deliver long-term, sustainable benefits for Wales, and value for money for Welsh taxpayers.

"I very much hope that the UK Government's willingness to work with the Welsh Government as equals on freeports can provide a positive model for future co-operation between our governments on other initiatives."

Prime Minister Boris Johnson said: "Wales has a proud history of harnessing international trade and investment to grow its economy and generate decent jobs and opportunities.

"Two of the largest coal-exporting ports in the world were in Wales in the last century and I've no doubt that a modern day

freeport could prove equally effective as gateways to high skill and high wage employment and prosperity if they capture the best of the country's sense of creativity, drive and ambition. "

The UK Government's Secretary of State for Levelling Up, Housing and Communities, Michael Gove said: "I am delighted that Wales is the latest area in the UK set to benefit from a new freeport.

"The UK Government's ambitious freeports agenda will help to level up our coastal communities and create new opportunities for people right across the country.

"Together with the Welsh Government, I look forward to seeing innovative proposals come forward that demonstrate tangible benefits for the people of Wales."

Welsh Secretary Simon Hart said: "Following considerable engagement between our governments, I'm pleased we have been able to reach agreement with UK ministers to establish freeports in Wales. The agreement we have reached is fair to Wales, and respects the Welsh Government's responsibilities in devolved policy areas.

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Welsh and UK ministers have also agreed that the UK Government will provide tax incentives for freeports in Wales in parity with freeports in other parts of the UK will design tax

reliefs from local and devolved taxes (Non-Domestic Rates and Land Transaction Tax) to support the policy aims.

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