



House of Commons
Welsh Affairs Committee

**Freeports and Wales:
Government Response
to the Committee's
Second Report of
Session 2019-21**

**Third Special Report of
Session 2019–21**

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Welsh Affairs Committee

The Welsh Affairs Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Office of the Secretary of State for Wales (including relations with the National Assembly for Wales).

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The current staff of the Committee are Mems Ayinla (Second Clerk), Dr Adam Evans (Clerk), Louise Glen (Senior Committee Assistant), Simon Horswell (Committee Specialist), Kelly Tunnicliffe (Committee Assistant), Tim West (Media Officer) and Rhiannon Williams (Committee Specialist).

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Third Special Report

The Welsh Affairs Committee published its Second Report of Session 2019-21, [Freeports and Wales](#) (HC 205) on 8 May 2020. The Government's response was received on 20 July 2020 and is appended to this report.

Appendix: Letter from Secretary of State for Wales to Chair of the Welsh Affairs Committee

Wales and Freeports

I would like to thank the Welsh Affairs Committee for their inquiry and report into Wales and Freeports.

The Government recognised that stakeholders who would likely have an interest in responding to the consultation would be significantly impacted by COVID-19, so we extended the consultation deadline to 13 July. The Government is currently analysing these submissions to the consultation and will publish a response in due course.

I am pleased the Committee's report recognises the potential of Freeports in bringing economic and social prosperity Wales.

I have first responded to the individual recommendations and then turned to the questions from the report in the remainder of my letter.

The UK Government should set out in greater detail its assessments of the economic potential of Freeports and how it intends to use Freeports as one tool among a broader set of policies to promote economic and regional development and to 'level up' the regions and nations of the UK. The Government should also detail the lessons it has learnt from the experience of enterprise zones, and from the previous incarnation of Freeports from 1984 until 2012. (Paragraph 47)

- The Government notes this recommendation and it will be considered as part of the Government's response to the public consultation.

The UK Government must not allow the complexities created by the devolution settlement to disadvantage the bids submitted by Welsh ports. For its part, the Welsh Government should recognise the potential opportunities provided by the Freeports concept and work constructively with the Welsh ports to deliver outstanding bids to the UK Government. (Paragraph 62)

- Details of the proposed bidding process are in the consultation. The Government is currently considering the consultation responses and is working on a process to best allocate Freeports in the UK.
- The UK Government and Welsh Government have regular discussions between both Ministers and Officials on Freeports policy in Wales.

The UK Government must neither artificially cap the number of potential Freeports in Wales, nor create a ‘Welsh Freeport’ purely for optical or political purposes. All bids should be assessed on their merits even if that results in no Freeports, or several, being awarded to Wales. (Paragraph 63)

- The Government is committed to Freeports that work for the whole of the UK. The Government is considering all responses to the consultation and is working on an allocation process that best meets the aims of Freeports as set out in the consultation and contributes to the levelling-up agenda.

If the UK Government chooses to proceed with Freeports after the consultation process then it should, as a priority, publish details on the bidding process that it intends to adopt. The UK Government should consider using the bidding process to encourage bids by consortiums (including multiple terminals) and should explain what role bodies such as city regions or enterprise zones could expect to play. The bidding process should also provide clarity about the governance structures that would be expected for Freeports and could, for example, include an illustrative example of such a structure. (Paragraph 70)

- The Government is currently considering the allocation process for Freeports, as set out in the consultation the Government encourages bids from a wide range of stakeholders including consortiums. The allocation process and criteria will be published in due course.

The establishment of Freeports is likely to have implications for port infrastructure and for customs, and planning, processes. Ahead of any bidding process, it is important that clarity is provided as to the customs processes that will be required at Freeports, as well as the infrastructure implications. The UK Government should also work with the devolved administrations, local government and key stakeholders in the freight, ports and airports sector to discuss what changes would be required to planning processes to accommodate the establishment of Freeports. (Paragraph 74)

- The consultation sets out the custom arrangements that need to be in place at a Freeport.
- The customs model set out in the consultation includes consideration of the infrastructure required to make it effective. We will be considering the responses to the consultation and set out more detail in due course.
- The UK Government is working closely with stakeholders across Wales on a Freeports policy that works best for Wales, including roundtables with Port Operators, Local Authorities and Industry. We will be continuing to engage with stakeholders in Wales as we develop Freeports policy.

Q: How will the UK Government work with the Welsh Government and other devolved administrations in ensuring that Freeports can be successfully established and integrated in the local, as well as national, economy?

- Freeports will unleash the potential of our ports, regenerating communities across the UK. They can attract new businesses, spreading jobs, investment and opportunity to towns and cities up and down the country.

- We are working with the Devolved Administrations, including the Welsh Government to enable this to be a UK-wide offer which will enable the creation of Freeports in England, Wales, Scotland and Northern Ireland.
- We will build on the engagement so far through ministerial meetings and regular official discussions to ensure that Freeports can be successfully established and integrated into the local economy. This will include detailed discussions of both the reserved and the devolved levers.

Q: What role should consortiums and public sector bodies play in the bidding process and delivery of Freeports?

- The finalised policy and a bidding process will be announced in due course now the consultation has concluded. Details of the proposed bidding process were set out in the consultation document which is available to the public, and we have invited comments and feedback on these proposals as part of the consultation process.
- We expect that strong bids will need extensive collaboration between the public and private sectors, with ports, businesses and local areas all having an important part to play.
- The selection process will be fair, transparent and robust, informed by relevant experts.

Q: What additional hard and technological infrastructure will be required as a result of Freeports?

- The customs model set out in the consultation includes consideration of the infrastructure required to make it effective.
- One of the objectives of Freeports is to create “hotbeds of innovation”, including technological developments to improve the efficiency of ports and their impact on the local economy.
- Our proposals also include carefully considered planning reforms to facilitate much-needed construction and additional targeted funding for infrastructure improvements in Freeport areas to level up communities and increase employment opportunities. The Government will make further announcements in due course.

Q: What additional customs arrangements will need to be in place at Freeports?

- The consultation sets out the custom arrangements that need to be in place at a Freeport. We will be considering the responses to the consultation and set out more detail in due course.

Q: How will the UK Government ensure that any jobs or economic growth generated by Freeports is new and not the result of economic displacement from other locations in the UK?

- The proposed policy sets out how to encourage business investment and create

new economic activity in Freeports. This will create jobs in deprived communities across the country.

- Our focus is on encouraging new investment from around the world and within the UK to create new businesses within Freeports.
- We are engaging with a wide range of stakeholders and industry experts, to ensure that this policy is a success, and works to boost growth for regions across the whole of the UK, helping to level up towns and regions across the country.
- As part of the consultation, we have requested evidence from stakeholders concerned about displacement and will respond to their views in due course.

Q: Are there other policies that could be pursued which would deliver more meaningful economic development for regions across the UK? (Paragraph 76)

- Freeports will unleash the potential of our ports, regenerating communities across the UK. They can attract new businesses, spreading jobs, investment and opportunity to towns and cities up and down the country.
- Freeports will also act as hotbeds of innovation. That's why we're planning to support innovators to generate new ideas in a whole host of UK sectors, from customs to transport to decarbonisation.
- Freeport implementation is one of several policies that the Government will pursue in the coming months to support economic development for regions across the UK, particularly when responding to the impacts of COVID-19.

I would once again like to re-iterate my thanks to the Committee for looking into this important issue which the government believes will be a key part of its levelling-up agenda.

Rt Hon Simon Hart MP

Secretary of State for Wales

Ysgrifennydd Gwladol Cymru