



Dear Mr Chairman,

FedEx welcomes the opportunity to respond to the International Trade Committee's inquiry into UK Freeports and have set out our submission below.

About FedEx

1. FedEx is one of the largest logistics and transportation companies in the world, connecting UK businesses, products and services to customers in 220 countries and territories worldwide.
2. We handle 2.3 million shipments every week in the UK; employ 13,000 team members and run 100 depots nationwide. Across Europe we operate 39 aircraft serving 46 key airports. We have 45 years of operational experience and 34 years of experience in international, cross-border logistics, often in complex and evolving trade environments. This gives us a deep understanding of the logistics of trade, gathered both in the UK and overseas.
3. As the UK charts its post-Brexit future and adopts an independent trade policy, FedEx is uniquely placed to support the UK's international trading ambitions.

The merits of the UK Government's freeports proposals

4. FedEx has first-hand experience of operating within freeports or secure customs zones across international jurisdictions.
5. From experience, the administrative and economic benefits to businesses from adopting freeports include:
 - **Simplified and streamlined customs procedures;** including the elimination of import VAT or excise on goods brought into Freeports;
 - **Cash-flow benefits,** including duty deferral until goods are released into the wider economy;
 - **Enhanced security** for operators enclosed within a freeport or secure customs zone.
6. Reflecting on the specifics of its own Freeports proposals, FedEx welcomes the UK Government's commitment to cutting red tape and streamlining customs declarations for businesses. In the event of the UK striking a low-alignment trade deal with the EU (or failing to reach a trade agreement at all at the end of the transition period), free ports may help alleviate some of the cost burdens placed on some industries that have cross-border supply chains.
7. We welcome the Government's ambition to adopt innovative customs and transport technologies and would welcome further dialogue around these twin-issues. We have set out some preliminary thinking to Government with the publication of our 'Customs Solutions Paper' (which we have shared and discussed with yourself and members of the International Trade Committee). We believe we are uniquely placed to provide further ongoing technical support to

the Government as it forges ahead with its freeports and wider independent trade policy, drawing on our experience of frontline global trade best practice.

8. Whilst the consultation document sets out the Government's intention to adopt tax incentives and state-subsidies to attract businesses to locate to within Freeports, we would discourage Ministers from pursuing this course of policy action. We believe this would constitute a clear distortion of state aid rules and would be tantamount to a form of export subsidy, in clear breach of the principles of international free trade. Wherever possible, the UK Government should seek to embed and encourage market competition and innovation with its trade policies, to benefit British consumers and SMEs.
9. Finally, in the context of the post-covid economic recovery, Freeports may provide a transformational opportunity to stimulate growth, inward investment and economic regeneration, particularly in some of the UK's most deprived coastal areas. However, this should not be at the expense of continued Government support for the UK's aviation sector, including key airports such as Stansted.

Unlocking the Government's Global Britain Agenda

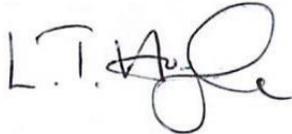
10. Freeports in and of themselves will not solve issues around the introduction of new 'frictions' that will be introduced at certain gateway ports at the end of the December 2020 transition period.
11. Most of the UK's trade with the EU, including FedEx shipments, is via Roll-on Roll-off ferry services where lorries carry freight through ports. For these operations any additional checks at the border from a no-deal or limited trade deal, could potentially mean friction and delays.
12. In order to smooth the flow of goods across borders, the UK Government should consider speeding customs clearance procedures wherever possible by adopting "trusted trader" schemes, along with advance clearance and declaration waiver agreements.
13. The Government should consider adopting minimal data sets for simplified export declarations. This data could also be used for simplified import declaration (including notification of presentation, which can be waived if importers have AEOC and necessary approval) allowing for the goods to be 'released' at the point of export. Importers could account for any difference in tariff rates and the payment of VAT on a periodic basis, through agreed self-assessment process.
14. Fundamentally, however, it is FedEx's continued belief that a deep and meaningful free trade agreement with the EU which minimises the erection of new non-tariff trade barriers is overwhelmingly in the best interests of British businesses and consumers. This is a principle we have seen proven through our years of advocacy for the removal of trade barriers across the globe.

15. In order to truly fulfil its Global Britain agenda, the Government should continue to actively promote the benefits of free trade and pursue consistent policies, including negotiating comprehensive free trade agreements (FTAs) with major economies, including the US, Japan, Australia and Canada.

16. FedEx will continue to support trade agreements that increase SME access to new markets, streamline customs process, and increase international regulatory cooperation. We believe businesses and consumers benefit when it is easier to bring new ideas and products to the global market.

We look forward to continued engagement with yourself and members of your committee.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'L.T. Hoyle', with a stylized flourish at the end.

Trevor Hoyle
Senior Vice President, Operations - Europe (FedEx Express & TNT)