



Department for International Trade

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FOI2020/00237

17th February 2020

Dear Ms Hatti Owens,

Thank you for your email of 17 January where you requested the following information:

"To the extent that DIT holds the following information, please provide:

- 1. Entries in the former Secretary of State for International Trade's ministerial diary from 1 May to 23 July 2019 related to the 2019 Freeport Proposal;*
- 2. Entries in the Secretary of State for International Trade's ministerial diary from 24 July to 1 October 2019 related to the 2019 Freeport Proposal;*
- 3. The terms of reference for and / or a summary of any impact assessment(s) (whether contemplated, in progress or completed) conducted in relation to the 2019 Freeport Proposal;*
- 4. Agenda for and minutes of the first meeting of the Freeports Advisory Panel which was held on 5 September 2019;*
- 5. Dates of any further meetings of the Freeports Advisory Panel held, or scheduled to be held, since 5 September 2019; and*
- 6. Dates of any industry roundtables related to the 2019 Freeports Proposal held, or scheduled to be held, since 5 September 2019 and details of attendees of any such meetings.*

As before, if the relevant information is publicly available, please direct us to the relevant website for each request made."

Under the Freedom of Information Act 2000 ('the Act'), you have the right to:

- know whether we hold the information you require
- be provided with that information (subject to any exemptions under the Act which may apply).

I can confirm that the Department does hold information within scope of your request.

In response to item 3 of your letter, the information you have requested is already in the public domain. As such, provision of this information is exempt under **Section 21** (Information reasonably accessible by other means). Please note that a Freeports consultation was launched on 10 February and will run until 20 April 2020. It can be found at <https://www.gov.uk/government/consultations/freeports-consultation>.

We would welcome any responses you may have to the consultation, which can be submitted online or by post to:

Freeports Team, Area D, Floor 5
Department for International Trade
3 Whitehall Place
London
SW1A 2HP

In response to item 4 of your letter, the information being released at Annex A is a copy of the agenda and minutes produced for the first meeting of the Freeports Advisory Panel which was held on 5 September 2019.

In response to item 6 of your letter, an industry roundtable hosted by the Airport Operators Association and attended by government officials took place on 16 October 2019. Annex B contains the list of attendees, with some information withheld under Section 40 (Personal Information) of the Act.

I can confirm that the Department holds no additional information within scope of your request.

Section 40 (Personal Information)

Section 40(2) of the Act provides an absolute exemption for personal data which then falls to be dealt with under the Data Protection Act. The exemption is designed to address the tension between public access to official information and the need to protect personal information. Personal data of third parties can only be disclosed in accordance with the data protection principles. In particular, the first data protection principle requires that disclosure must be fair and lawful and must comply with one of the conditions in Schedule 2 of the Data Protection Act.

Appeals procedure

If you are dissatisfied with the handling of your request, you have the right to ask for an internal review. Internal review requests should be submitted within two months of the date of receipt of the response to your original request and should be addressed to the Information Rights Unit:

Information Rights Unit
Department for International Trade
3 Whitehall Place
London
SW1A 2AW Email: foi@trade.gov.uk

Please remember to quote the reference number above in any future communications.

If you are not content with the outcome of the internal review, you have the right to apply directly to the Information Commissioner for a decision. The Information Commissioner can be contacted at: Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow, Cheshire, SK9 5AF

Yours sincerely,

Department for International Trade

ANNEX A

Minutes of the first meeting of the Freeports Advisory Panel – 5th September 2019:

Objectives for Freeports:

- Four key objectives for Freeport's were discussed:
 - **Improve efficiency of ports:** remove existing bureaucracy and red tape, ensuring that processes are streamlined so that the UK can maximise growth;
 - **Focus on creating additionality:** ensure Freeports generate new economic activity and additional high-skilled jobs, minimising the risk of displacement;
 - **Increase the competitiveness of the UK:** ensuring we can compete on the global scale and improve the attractiveness of our ports post Brexit;
 - **Hotbeds for innovation:** Freeports should be dynamic environments, capitalising on new ideas, fostering the conditions that will attract new businesses, investors and innovations.

Potential Levers: The panel felt that, to be effective, the Freeport model should go beyond customs and tariffs. It discussed various potential levers that could be available within a Freeport, including:

- Improving access to existing **tariff** reduction and inversion benefits
- Streamlined **customs** facilitations, with the opportunity for HMRC and others to work on a single window approach.
- **Financial incentives** including reduction of business rates and capital allowances, including 100% first year write offs. Other incentives for further consideration include income related relief e.g for national insurance contributions.
- **Streamlined planning** regulations. It was highlighted that there are current conservation constraints for ports that would also need to be considered.
- **R&D** funding or allowances.
- **Skills**, including developing partnerships with Universities as access to talent and ideas are key to creating local high-skilled jobs with sustainable career paths.
- Freeports should be used to **trial new technologies** ahead of wider roll-out across the UK; ideas include virtually linked ports and blockchain.

Criteria for Success:

- Consider the opportunity to **accelerate the UK's industrial strategy sectors** which act to improve the additionality of growth within the Freeport. Sectors of interest include high-tech, agriculture, advanced manufacturing, clean energy.
- **Infrastructure** is important, ports need to have the necessary infrastructure in place e.g. you need the right transport, warehouses, roads already there.
- The panel also discussed the risk of displacement, and the need to design the policy such that it is **focused on creating additionality**, rather than simply displacing activity within a narrow radius .

Bidding Process:

- Factors for consideration include:
 - In terms of the number of Freeports that may be awarded bids, we must seek balance the value in the scarcity of Freeport status with the importance of fostering healthy competition between ports and airports across the UK.
 - Reflecting the individual needs of regions within the bidding process and acknowledging that there is no one-size-fits all model.
 - The importance of having clear and robust criteria for selection.

Model & and Timeline for Next Steps:

- Broadly, there was agreement that as a key ambition for this policy is to grasp the opportunities that leaving the EU offers the UK, it would be good to establish a working model as quickly as possible (a minimum viable product) and then look to consider the longer term policy levers that could accompany that.
- Government plans to release an early policy paper in September/October and further policy updates will be circulated to panel members ahead of the next meeting in October.

Agenda of the first meeting of the Freeports Advisory Panel – 5th September 2019:



Freeports Advisory Panel Initial meeting: 5 September 2019

OFFICIAL – SENSITIVE



Time	Item
15.00 – 15.10	Welcome and opening remarks from Secretary of State, Liz Truss and Chief Secretary to the Treasury, Rishi Sunak
15.10 – 15.15	Introductions from around the table
15.15 – 15.55	Discussion <ol style="list-style-type: none">1. How can Freeports be used to meet the Government's objectives?2. What policies should be included in a Freeport?3. How do we make Freeports successful, what are the practical considerations?
15.55 – 15.00	Closing remarks

Introduction: Most Freeports start as special customs areas

A Freeport is an area which is inside a country's land border, but outside its customs territory. They may also offer other regulatory or tax incentives.








From: The Free Ports Opportunity, Rob Sudds MP 2016

A firm can import goods into a Freeport without paying tariffs, process them in the zone into a final good and then either pay a tariff on or export the final goods. They also allow goods to be temporarily stored without paying duties.

Countries around the world have adapted the basic model by adding different elements to create their own Freeport models. Some have created tax incentives to investment in Freeports, others have reduced aspects of regulation in Freeports, and others have invested in infrastructure in and around their Freeports.

Context: There are over 4,500 Free Trade Zones around the world, with many incorporating the features of Freeports

Globally, Free Trade Zones combine traditional freeport levers with wider business climate levers such as tax incentives and reduced regulation. They tend to be most effective where tariffs are high (as in the US), wider customs rules are burdensome and/or the business climate is unfriendly (as in the Middle East and Asia). The UK generally performs well across these dimensions, though could learn from international examples to consider how a UK Freeport could help us be even better.

 USA	<ul style="list-style-type: none"> 191 Foreign Trade Zones at the end of 2017, employing 450,000 people. Crude-oil and automobile parts importers are amongst the biggest users. These inputs (with high-tariffs) are imported tariff-free, processed, with a tariff only paid on the final output if it enters the US customs territory. Some FTZs add other levers. Savannah FTZ has a joint programme designed to drive international trade and investment between the Coastal Georgia region and Wexford County, Ireland.
 EU	<ul style="list-style-type: none"> The EU permits freeports under the Union Customs Code (UCC). The UK historically had freeports, the final five of which closed in 2012. Goods can be imported without usual Customs Union checks, stored and processed duty-free. Checks occur if the good is subsequently exported to the EU Customs Union. Applicants must show they will not affect the interests of other EU operators, and abide by EU state aid rules.
 UAE	<ul style="list-style-type: none"> Dubai Jebel Ali Free Zone is one of the best known industrial zones in the UAE. It offers 100% tax exemptions, exemptions to domestic-ownership rules, and reductions in wider regulations. It accounts for around 20% of inward investment into the UAE.
 China	<ul style="list-style-type: none"> Special-Economic Zones serve as 'demonstration areas' for liberal policy reforms, providing a uniquely liberal economy within China. They relax customs measures, liberalise foreign capital, increase IP protection and ease the wider business climate. Also designed to enhance bilateral relationships. Suzhou Free Zone includes a joint-venture university between Xi'an Jiaotong University and the University of Liverpool.
 Singapore	<ul style="list-style-type: none"> Freeports are seen as necessary in maintaining Singapore's pre-eminence in goods transshipping. 80% of all Singapore trade is transhipped to and from other countries. Freeports have helped develop a thriving maritime services industry, with legal, insurance and financial services supporting transshipping.

How does the UK economic context affect potential free port models?

Free port models are often bespoke to the economic characteristics of that country. How can we pick a model that best fits the UK?

Customs, tariffs and trade

UK tariffs are currently low, and will remain low after we leave the EU. In no deal, tariffs will be reduced to 0 on most goods, including many raw materials - whereas in some of the international examples discussed on the previous slide, tariffs and non-tariff barriers are significant.

This means we need to consider how free ports can go even further in creating a genuinely world class environment for businesses.

Characteristics of port regions

Many UK coastal communities have seen decades-long declines in economic activity, with diminishing industries, reduced tourism revenues and communities being distant from inland centres of economic activity. This has resulted in many of these communities developing a mix of economic and social deprivation.

Free ports represent an exciting opportunity to regenerate the UK's coastal communities and make sure no place is left behind.

What are the objectives for the UK's Freeport?

A UK Freeport should be bespoke to our economy. There is no one-size-fits all model, and we will need to consider how the various policies could be utilised to achieve the following objectives:

Freeport Objectives:

- Enhance trade and investment across the UK;
- Boost growth and high-skilled jobs;
- Signal that the UK is an attractive trade and investment location and open to business;
- Rebalance the economy and regenerate left behind areas.

What policy levers would help us achieve our objectives?

There are number of different policy levers that could form part of a free zone offer. What do we think are the most important?

Category	Question prompts
Tariffs	How would tariff inversion and deferral in Freeports boost growth and facilitate trade?
Customs administration	How could a free port help businesses gain the benefits of tariff inversion and deferral at lower administration costs than currently available Inward Processing Relief and Customs Warehousing?
Tax	What tax and financial incentives have the best evidence for being effective at maximising the economic opportunity for freeports? Do you have examples?
Planning	How would specific planning freedoms for freeports maximise jobs and growth in their regions and across the UK? How will these levers deliver on our objectives for freeports: for example, by releasing more land for development, providing greater flexibility between uses, or allowing for more rapid response to new demands? What's the evidence on the best planning levers?
Human capital and innovation	How could freeports best be used to deliver high value jobs to the surrounding areas and create innovation hubs with links to academic and research institutions? How could Freeports drive agglomeration in key sectors?
Investment	What infrastructure is required for a successful Freeport? What investment would best support a Freeport model, and how should port areas contribute to this alongside Government?
Export and investment promotion	How could Government operational support be used to facilitate trade and investment e.g. customs and trade and investment support?
Location	Which locations best fit with our objectives? What would ports need to show in order to get Freeport status? Will there be one model of Freeport or will this differ by location? How can we get local areas to engage with the model?

Closing remarks

- Thank you for your ongoing contribution to the design of the future Freeport for the UK.
- The next panel meeting will be in October. This will be an opportunity to comment on developments to the design of the Freeport model, discuss the future governance model, and feedback additional ideas in response to the questions explored today.

ANNEX B

List of attendees of the industry roundtable – 16th October 2019

[REDACTED] HMT [S40]
[REDACTED] DIT [S40]
[REDACTED] DIT [S40]
[REDACTED] DIT [S40]
[REDACTED] DIT [S40]
[REDACTED] DIT [S40]
[REDACTED] DIT [S40]
[REDACTED] HMRC [S40]

Karen Dee, AOA

Henk van Klaveren, AOA

Neil Thompson, London Luton Airport

Andrew Mitchell, Heathrow Airport

Graeme Mason, Newcastle Airport

David Boot, London Gatwick Airport

Jack Carnell, Manchester Airports Group

Ian Bettles, on behalf of Regional & City Airports

Chris Hayton, East Midlands Airport

Andy Richardson, Carlisle Lake District Airport

Spencer Birns, Cardiff Airport

Brian Carlin, Belfast International

Uel Hoey, Belfast International

Deborah Harris, Belfast International

