

12 July 2020



The Rt Hon Rishi Sunak MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London, SW1A 2HQ

Dear Chancellor,

Freeports and the Government's levelling-up agenda

As you may recall the British Ports Association (BPA) represents a wide range of ports and terminals, who between them operate over 400 ports, terminals and port facilities around the UK. Our membership covers 43 out of the 50 major port locations in the UK, accounts for 86% of all tonnage and 100% of the 60 million passenger journeys through UK ports each year, and also includes many more that provide important hubs for the energy, tourism and fishing industries.

Ports are vital to coastal regions and the foundation of the wider marine economy, which contributes £46.1 billion to the UK's GVA, supporting all maritime activity from offshore wind to marine recreation and tourism. The BPA is therefore delighted with the Government's recognition that ports can be utilised as a tool in transforming coastal communities around the UK. These regions are in genuine need of regeneration, investment and jobs, and we look forward to working with government to build an ambitious model of UK Freeports as part of the levelling-up agenda.

However, we are seriously concerned and disappointed that the Government's Freeports proposals appear to have limited aspirations to only establish up to ten sites around the UK. The industry has strong reservations that this cap might distort competition and promote certain regions over others. The ports, shipping and freight sectors are market-led and these proposals are designed to unshackle ports from rules and regulation to stimulate growth. However, the arbitrary number could mean that government picks winners and intervenes in the market. Choosing only a small number of ports to receive Freeport status seriously undermines any suggestion that all regions are going to be included in the Government's regional growth agenda. There should be no doubt of the severity of this warning; some ports anticipate that there will be significant job losses for their area if they are overlooked while competing ports are awarded Freeport status.

Growth stimulus is needed now more than ever given many coastal towns and areas will be feeling the devastating impacts of the Coronavirus. We also of course have the new Brexit border procedures being introduced in at various stages in 2020 and while we welcome the announcements around border funding and easements, these new changes are likely to create added pressure the UK's ports and logistics industry.

Therefore it is critical there are more than ten Freeports otherwise the Government risks leaving some coastal regions behind in its levelling-up ambitions.

We recognise that government may be concerned over the possible loss in revenue to the Exchequer from customs and other tax activities if the number of Freeports was expanded. However, while we note that there would be easements provided, we do not expect this to have a major impact on government's revenue-raising ability due to many of the measures outlined already being available to ports in one form or another. Rather, the Government may result in being further compensated by economic activity, which would generate further revenue for exchequer, through employment and NI contributions and business taxes. Furthermore, our members are especially drawn to the possibility of planning easements; changes to which would not be of any cost to government. Therefore, the BPA believes an ambitious and inclusive Freeports policy is possible if measures are expanded to the entire ports industry.

We would be delighted to hold a meeting with you to discuss this matter further.

Yours sincerely



Richard Ballantyne
Chief Executive
British Ports Association