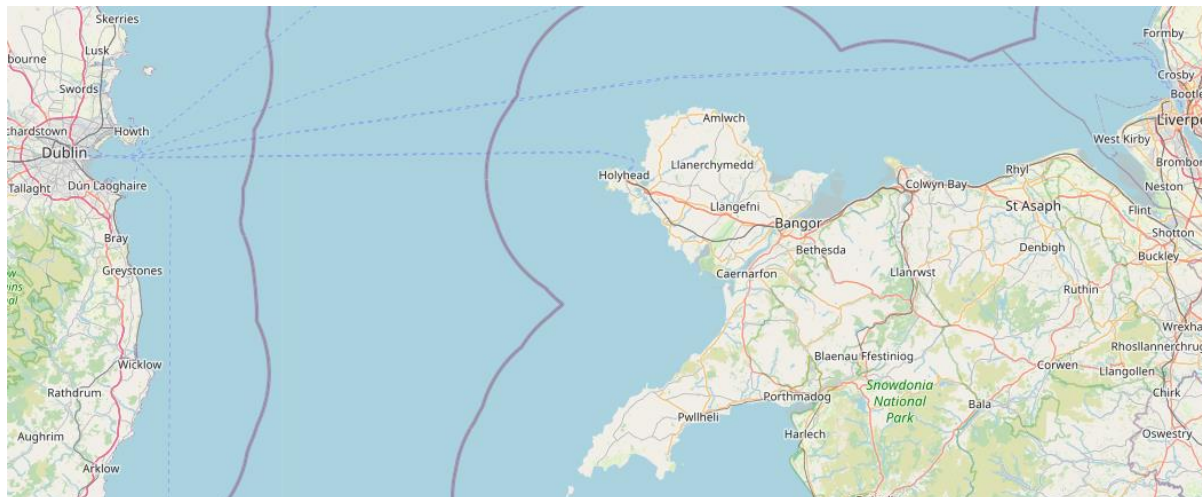


Dublin to Holyhead: can a North Wales Freeport extend the Celtic Fringe?

By John Clancy, Visiting Professor, Centre for Brexit Studies



OpenStreetMap under licence: <https://opendatacommons.org/licenses/odbl/1-0/>

Designating Holyhead/Caergybi on Ynys Môn (the Isle of Anglesey) as a 'Freeport' could be on the cards if the government accepts now growing local political support for it. Its proximity to the E.U. port of Dublin, just a direct 67 miles across the Irish Sea, could open up quite an interesting post-Brexit dynamic. Irish and North Wales Celts could find a new economic partnership, which perhaps redefines a new economic Celtic Fringe. In the run up to Brexit the concept of a customs border down the middle of the Irish Sea seriously dogged the negotiations and wider Westminster politics. Perhaps no-one envisaged it down the A55.

But, seriously, if it gets the go-ahead from the Welsh and U.K. governments it needs to be seized as a wider opportunity to regenerate the entire North Wales economy, and **not to be just about a port**. Local councils and businesses can take what's on offer with regard to the government's own understanding of what a 'Freeport' is, but go further.

'Freeports' figured heavily in the 2019 Brexit General Election, and then in the newly re-elected government's post-Brexit economic strategy. It was also part of Prime Minister Johnson's wider 'no place left behind' promise - a policy designed to refresh parts other ones cannot reach.

Be that as it may, I have made the point frequently over the last year that the Rural-politan and Coastal-politan areas of the U.K., and how they perceive themselves to be (and actually have been) fundamentally neglected by decades of successive governments of all parties, had much to do with the fact of Brexit. It has much to do also with how we deal with a post-Brexit economy, and regional regeneration in particular.

The government has just ended its consultation on Freeports, but acknowledges that the devolved administrations/governments have a role also in determining the fact of, and the policy of, Freeports. Which is why the Welsh government needs to look at Freeports, but perhaps use devolution to mould them into something distinctly of Wales. And initially, something distinctly of **North Wales**.

So what does the government reckon a Freeport is? There are historically, academically, economically and internationally long-held distinctions of what a Freeport is, but we need to distinguish what is actually on offer from this particular government.

The government's definition is contained in the Freeports Consultation [Freeports Consultation](#) which closed this week.

“Freeports are secure customs zones located at ports where business can be carried out inside a country's land border, but where different customs rules apply. They can reduce administrative burdens and tariff controls, provide relief from duties and import taxes, and ease tax and planning regulations.

“Typically, goods brought into a Freeport do not attract a requirement to pay duties until they leave the Freeport and enter the domestic market – and no duty at all is payable if they are re-exported. If raw materials are brought into a Freeport from overseas and processed into a final good before entering the domestic market, then duties will be paid on the final good. Freeports may also offer simplifications to the normal customs administrative processes on imported goods.....

“The Government is considering a bespoke UK Freeport model which would include multiple customs zones located within or away from a port....”

Now while I could concentrate on the modelling of the style of Freeport and debate the role of freeports in future post-Brexit trade policy, I'm much more interested in how the Freeport itself (and a port can be inland or coastal, by the way) when so-designated becomes an engine for sustainable economic growth in the wider areas surrounding it.

In particular, whilst a port such as Caergybi/Holyhead on Ynys Môn is undoubtedly crucial to the economy of the Isle of Anglesey itself (never mind U.K. to Dublin/E.U. trade traffic) the wider North Wales coastal economy neighbouring it is far more important to grasp here.

One of Plaid Cymru's, and the other political parties' Welsh entities', great and accurate criticisms of many decades of successive government neglect is to have seen Snowdonia and North Wales as a fundamentally leave-alone tourist and hospitality economy. The North Wales economy has simply not been taken seriously by Westminster outside this frame of reference. The failure to build an adequate supply of homes properly actually to host that Tourist-Hospitality economy has made things far worse, hampers its success and inevitably leads to North Wales youngsters departing their homes and families. This too has understandably led to local tensions around second-home owners, most especially from the North West and West Midlands.

The Freeport will not have been worthwhile if it does not act as an engine to change this, and if necessary North Wales should adapt or even subvert it so it does. The Counties of Gwynedd, Conwy, Denbighshire/Sir Ddinbych, Flintshire/Sir y Fflint and Wrexham/Wreccsam should claim the Freeport as their own, too. Any spin-offs by way of investment, attracting Freeport businesses, coastal development funds and infrastructure should radiate out from the port of Holyhead/Caergybi through to Bangor and down and up the coast. This should be the Freeport Zone.

Goods can be manufactured, adapted and developed in Caernarfon or Pwllheli, Conwy or Wreccsam, Connah's Quay/Cei Connah or St. Asaph and be considered treated as adjacent to the Freeport of Holyhead/Caergybi.

And to give the government its due, it does at least identify something along these lines as one of its policy objectives:

“[to] promote regeneration and job creation: create high-skilled jobs in ports **and the areas around them**, prioritising some of our most deprived communities to level up the UK economy” (emphasis mine)

“The Government intends for Freeports to be dynamic environments which enable innovators, start-ups, businesses and regulators to generate and test new ideas and technologies across a range of sectors, from customs, to the aviation, rail and maritime sectors. This agenda could also see innovative solutions developed which could regenerate local areas or help deliver the UK’s decarbonisation agenda.”

And there are associated packages which are intended to come from the Freeport which the six counties could access in the Freeport context. Enterprise Zone-like offers would include Business Rate Discounts, Stamp Duty/Land Tax Discounts, R&D Tax Credits, Employer National Insurance Contributions discounts, VAT and Excise Duties flexibility for goods within Freeports and Enhanced Capital Allowances. The Welsh Government could add their own flexibilities and freedoms to this kind of package. The U.K. government intends dedicated trade and investment support to be made available to provide advice and guidance “to help maximise the positive impact of Freeports”.

If the counties chose there could be Planning flexibilities too, though obviously to be viewed in the wider context of taking place in areas of considerable natural beauty and environmental sensitivity.

And so to housing. If the government (U.K. and/or Welsh) commits to add a considerable housebuilding offer then it should also be grasped. In fact if it is not there, then the entire exercise will be pointless. This has been the case, again, with several attempts by successive governments to try to deliver regeneration elsewhere across the U.K., but failing at the first hurdle of Housing had often extinguished the best of intentions.

The 6 counties, including Ynys Môn, need to work with the Welsh and U.K. governments to ensure a rebalance for homes for existing populations, and to retain them (especially the young) as well as prepare new housing to enable sustainable economic growth.

The consultation specifically has good intentions in this area:

“The economic growth that Freeports will bring could require further provision of quality homes in order to attract and retain workers. We want to work with local areas around Freeports to ensure housing provision is geared to meet this need, in order to realise potential and regenerate areas.”

The Freeport process may also lead to the unlocking also of modest investment (again, with Welsh government upscaling, perhaps?) from the £3.6 billion Towns Fund and investments from the Coastal Communities Fund.

So the North Wales Counties should now explore the options with the U.K. government and also with the Welsh Government to make this work for them, inside or outside the current Freeport parameters. They should also themselves look to their own assets and expertise to make this work locally, and lever in further non-government investment.

In particular, like Birmingham in 2017, it should consider banding the counties together to issue a North Wales/Gogledd Cymru Bond to invest in housebuilding and business investment. Birmingham issued £52 million in municipal bonds in one issue in May 2017 which was snapped up overnight by a single institutional investor. The 6 counties could do the same as part of this process.

The two Local Government Pension Funds which cover the 5 North Wales Counties and Ynys Môn (Gwynedd and Clwyd) last year had almost £4 billion of assets under management. The vast majority of the assets are in international equities. Little of these assets were invested in North Wales.

This has to be enabled by the counties and Welsh government creating new investment entities attached to the Freeport. This can specifically be diverted into housing (housing investment bonds). There can also be issuance of bonds for investment in new or existing green Hi-Tech companies across the region (resident in some of the cleanest air in the U.K.). I shall blog further on these two specific routes for new investment in addition to outside U.K./Welsh government support under the Freeport scheme.

The links between the economies of North Wales and Dublin have always been strong, and in both directions. During Ireland's Celtic Tiger economic boom from the mid-1990s to the late-2000s, it mopped up considerable resources (especially young employees) from up and down the North Wales economy. Although we know that ultimately ended badly.

Nevertheless, perhaps the Irish Celtic Tiger and the North Wales Celtic Mountain Lion can renew a mutually beneficial existence in a newly re-energised Celtic Fringe.