

Freeports: customs and trade operations

Presentation for webinar:

Freeport East: *A Global Freeport for a Global Britain*

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Our speaker



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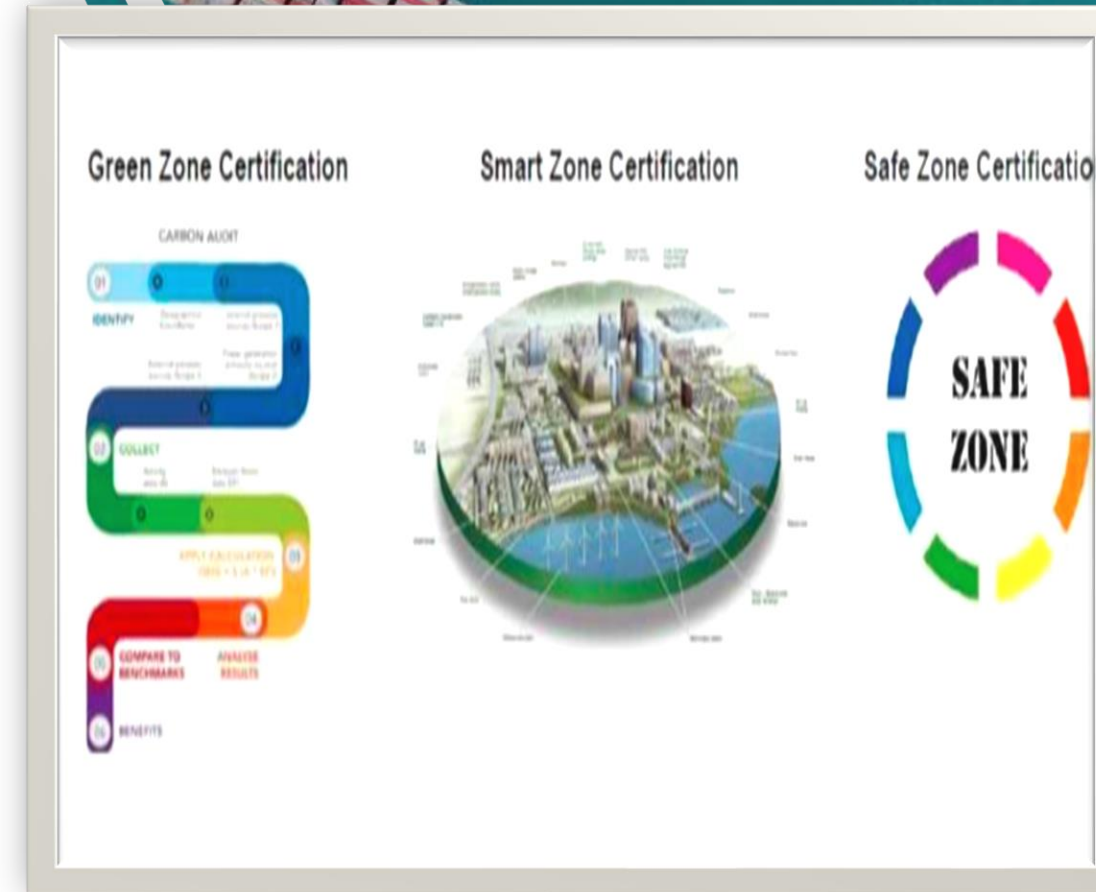
- › Developed educational and training programmes
- › Manages customs training resources for HMRC's Trader Support Service
- › Dean of the UK Customs Academy and NI Customs & Trade Academy
- › Delivered bespoke training programmes for Invest NI, Scottish Enterprise, UK Export Finance, Saudi Export Development Authority and more
- › Approved United Nations international trade trainer



Safety and compliance

Freeports must be safe and ethical, complying with relevant regulations

- ❖ [World Free Zones Organizations' Safe Zone programme](#)
- ❖ Freeports must apply the [OECD's Code of Conduct for Free Zones](#) – covering transparency and countering illicit trade
- ❖ Annex D, Chapter 2 WCO Revised Kyoto Convention on Simplification and Harmonisation of Customs Procedures details a set of international standards



Successful freeports: logistics

Location

Geographical location – deep sea and short sea

Local economy

Location lends itself to economic activity in the freeport and in the local economy

Market access

Good access to home economy, wider markets and countries

Multi-modal

Multi-modal integrated sea, road and rail logistics

Connectivity

Links to trade & transport corridors

Hubs

Research and production zones in the freeport

Successful freeports: trade and customs

- ◈ Customs and trade help desk to support businesses in freeport & local economy
- ◈ Location of freeport provides opportunity as an access point for global or regional supply chains
 - ◈ eg deep sea hub from Rest of World and short-sea crossing to EU
- ◈ New business and industry is created with a focus on several industries
 - ◈ e.g. manufacturing, food production and clean energy
- ◈ Application of different customs status
 - ◈ eg customs warehousing, inward processing, outward processing



Successful freeports: trade and customs

- ◆ Inspections away from the entry/exit of the freeport
- ◆ Modern freeports can increase supply chain visibility and resilience – good practice including:
 - ◆ Track and trace technology
 - ◆ Strong inventory management
- ◆ Centres of innovation & excellence with enhanced value creation
- ◆ Freeports can be used to manage transshipping operations, transferring goods from one Free Trade Zone to another without paying customs duties



Freeports and AEO

- ◈ AEO: Authorised Economic Operator status
- ◈ **Umbrella effect:** All SMEs operating on a freeport could qualify for AEO status if granted to the freeport
- ◈ AEO benefits include:
 - ◈ Mutual recognition with other countries on supply chain safety & security
 - ◈ Industry 'kite mark' and a requirement to participate in some supply chains
 - ◈ Lower risk score for customs risk management systems

Customs authorities could apply simplifications

- eg Entry into Declarants Records
- Freeports could also be used to trial reduced approval requirements for customs special procedures



Customs procedures: Customs entry

Outside of a freeport:

Customs procedures (declarations and documentation) must be completed for goods to enter the customs procedure

Within a freeport

Freeport is not considered within customs territory

Customs entry processed when goods are removed from freeport



Customs procedures: Customs bond

Outside of a freeport:

Supported by a bank guarantee required for customs procedures

Although in GB now only a requirement for high-risk traders

Within a freeport

Not required for goods in a freeport, relieving impact on banking facilities



Customs procedures: Allowable and permissible cargo

Outside of a freeport:

Only foreign goods may be placed in a customs procedure

Within a freeport

Foreign and domestic goods may be placed in a freeport

Goods can be mixed providing benefits to the local economy



Customs procedures: Duty payments

Outside of a freeport:

Duties are due prior to release from the customs special procedure

Within a freeport

Duty is only paid when goods enter the local economy

- Duty inversion can apply if applicable
- Duty is payable at lower rate on either imported components or finished product



Customs procedures: Re-export of goods

Outside of a freeport:

Import duty and import VAT is not payable if goods are re-exported

Within a freeport

Import duty and import VAT is not payable if goods are re-exported



Customs procedures: Movement of goods

Outside of a freeport:

Goods movement is limited

Within a freeport

Goods can move unrestricted
within the freeport



Freeport process



Dispatch

Goods dispatched from exporter's premises



Shipped

Goods transported by sea



Freeport

Goods arrive at Freeport without customs intervention



Processing

Advanced processing and production takes place at freeport (goods & services)



Onwards

Goods leave freeport into local economy or for re-export

- Foreign and domestic goods may be placed into a freeport
- Goods can be held in freeport for an unlimited period
- No customs bond required to use Customs Special Procedures
- Goods can move unrestricted in the freeport
- No customs declarations or customs procedures until goods leave freeport
- Import tariff does not apply until goods leave freeport
- No import tariff upon re-export
- Import VAT of 20% does not apply until goods leave freeport
- No import VAT upon re-export

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**Thank you for
listening**