



CONSTRUCTION | JUNE 2021

## **FREEPORTS: WILL FREEPORTS DRIVE THE UK GOVERNMENT'S GREEN INDUSTRIAL REVOLUTION AND BOOST YET FURTHER GROWTH IN UK OFFSHORE WIND?**

The UK government has made bold promises of a "green industrial revolution". Freeports, including those in Teesside and the Humber region, are central to this.

The earlier articles in our series on the UK's new Freeports set out some of the key benefits of Freeports and the regulatory framework. In this article, we explore how Freeports are a major step towards the UK government's pledge of "levelling up" the post-industrial north, quadrupling the UK's offshore wind capacity by 2030, and achieving a post-pandemic economic boost.

We also consider how some of the first shoots of the promised green industrial revolution are emerging on the back of Mr Sunak's Freeports announcements, with some major investments in the UK's offshore wind manufacturing capability.

### **UK GOVERNMENT POLICY, FREEPORTS AND OFFSHORE WIND**

In October 2020, the UK government promised £95 million investment for two new offshore wind ports to be constructed in Teesside and Humberside. Combined, these new ports will be able to house up to seven manufacturers which will encourage further development of off-shore wind projects in the UK (and offshore wind globally).

That investment has now been followed up by the announcements that each port will be designated a Freeport. This makes both Teesside and Humberside highly attractive investment propositions for the offshore wind supply chain, with key benefits of Freeports including:

- Enhanced capital allowance of 100% for company investment in plant and machinery for use within Freeports;
- Relief from stamp duty land tax on purchases of qualifying land situated within the Freeport and used for a qualifying purpose;
- Five years of full business rates relief for all new businesses setting up in Freeport designated sites;
- Potential further tax benefits including lower tariffs and duty exemptions on certain goods;
- The potential easing of planning rules in respect of developments within the Freeport area.

### **EARLY SIGNS OF SUCCESS**

Shortly after the announcement that Teesside was designated a Freeport, GE Renewable Energy confirmed that it had chosen Teesside to build its new blade manufacturing factory, dedicated to the production of its 107-metre-long offshore wind turbine blades, a key component of GE's Haliade-X offshore turbine. GE's investment in its new plant is expected to run into the hundreds of millions of pounds (the final price for Siemens Gamesa's Hull blade factory has been reported at £310 million). The new GE factory is also estimated to create up to 750 direct renewable energy jobs and up to 1,500 indirect jobs. It is understood that Teesside's Freeport status was crucial to securing the location of this plant and investment in the UK.

The construction work on the 78,000 square-metre facility, on the site of the former steel works on the south bank of the Tees is already underway with enabling works and is a prime example of how Freeports can generate re-

development and investment (both in terms of stimulating construction projects and attracting new employment opportunities and manufacturing). It is expected that the GE Renewable Energy blade manufacturing facility will provide blades for the Dogger Bank Offshore Wind Farm, which is located off the east coast of Yorkshire and is planned to have a capacity of 3.6GW, enough to power six million UK homes.

This GE Renewable Energy blade manufacturing plant represents a significant increase in the UK's offshore wind turbine blade manufacturing capability.

#### WHAT NEXT FOR FREEPORTS AND OFFSHORE WIND?

The UK government's Freeport announcement is good news for the UK offshore wind industry. It is pleasing to see that the UK government policy is now going a step further than its Contracts for Difference (**CfD**) auction scheme, which effectively guaranteed the price developers would receive for sales of energy produced by offshore wind for a certain period, thereby encouraging investment. The government is now backing policies to encourage investment in the supply chain and to develop manufacturing and port infrastructure to mega-charge the UK's already thriving offshore wind industry.

The offshore wind hubs in Teesside and Humberside, now designated as Freeports, should help the UK's offshore wind industry drive towards the UK government's ambitious goal of powering all UK homes with offshore wind by 2030. Further, with the Freeport tax benefits and investment in high-tech manufacturing facilities, the future for the UK exporting its growing offshore wind capabilities looks bright.

GE, and other members of the offshore wind supply chain establishing new facilities in Freeports will also be able to leverage the local content benefits in procurement for offshore wind farms in future CfD auction rounds. UK-produced blades and other components will give manufacturers a boost in UK tenders given the expected new local content rules for the upcoming CfD auctions.

[Stay tuned for the next article in our Freeports series which will focus on the impact of Freeports on the commodities sector.](#)

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