

## Annex G - SWOT Analysis: Strategic Case

Strengths	Weaknesses
<ol style="list-style-type: none"> <li>1. Exploiting the economic links fostered by the deep-water channel of Southampton Water, the breadth of capability on the Southampton Waterfront, and the investment incentives of tax sites to generate large increases in port capacity and throughput of international trade. This in turn helps facilitate the growth of industries and supply chains in other UK regions, as well as locally within the Solent. By reducing non-tariff barriers to trade port capacity provides wider benefits to the UK akin to those unlocked by a free trade deal with a large country. Most of these benefits flow outside the Solent region.</li> <li>2. Attracting internationally mobile private investment to unlock un/under-developed land for rapid development in key sectors including advanced manufacturing and marine innovation through specialised and complementary offerings across the Solent.</li> <li>3. Catalysing the growth of innovative new industries that will provide solutions for the challenges of our times, including how to deliver the benefits of growth to hard to reach coastal communities, and generating significant regional and national economic value, for which a strong pipeline of proposals and enquiries already exists.</li> <li>4. Providing both a platform and significant additional funds, not least through pooled retained business rates, to deliver supporting infrastructure, innovation, skills and net zero programmes, coordinated through a dedicated Freeport Company supported by appropriate management resources and governance.</li> </ol>	<ol style="list-style-type: none"> <li>1. Like many coastal communities, parts of the Solent suffer from disconnection and have largely been left behind as they have struggled to respond to de-industrialisation, changes in tourism, and globalisation. This has resulted in deep social and economic challenges that need to be addressed.</li> <li>2. The Solent is not a 'typical' south east economy and is characterised by areas more akin to a northern conurbation in socio-economic terms. Productivity lags behind the regional and national average with particular pockets of the Solent falling further behind.</li> <li>3. Key concentrations of deprivation can be found close to proposed tax and customs sites within Portsmouth, Southampton, Havant and the New Forest Waterside, with other notable concentrations located in Gosport and the Isle of Wight.</li> <li>4. The Solent has historically lacked a clear and cohesive trade and investment proposition recognisable in the international marketplace. These activities have traditionally been undertaken by a range of individual partner organisations locally, but without a clear overarching strategy and co-ordination in order to reach the widest audience across all growth sectors and markets.</li> <li>5. A lack of overarching co-ordination, and single point of access to, the Solent's significant maritime innovation activity, ecosystem and growth network.</li> </ol>
Opportunities	Threats
<ol style="list-style-type: none"> <li>1. Strengthening the UK's premier global gateway: Solent Freeport offers an unparalleled opportunity to increase our international gateway role further by building on the competitive advantages of the Solent to the UK economy through its trade links and port capability to create more capacity within our existing ports and generate new port capacity within our new port facilities on the Waterside Cluster tax site.</li> <li>2. Levelling-up economic opportunity: Freeport designation provides a once-in-a-generation opportunity to address deep seated local economic challenges and the levelling up of our coastal communities, and to also support levelling up across the UK – and in particular the UK's industrial heartlands such as the North and Midlands – through the connectivity to global markets that the Solent ports provide.</li> <li>3. A Freeport aligned to the Solent's competitive advantages: the unique combination of policy levers available through Freeport status align completely with the Solent's DNA and inherent economic characteristics and strengths; through our role as the UK's trading gateway to the world, our world-class marine and maritime economy and talent base, our exceptional port facilities, the availability of strategic waterfront land in the Waterside cluster tax site for development, our cutting-edge R&amp;D expertise and track record in innovation, and through our unique natural geography, industrial strengths and contribution to Net Zero.</li> <li>4. Freeport tax benefits if targeted correctly at complementary offerings can address the mismatch between the relatively low investor returns on additional port capacity with the much larger gains to the UK as a whole.</li> <li>5. Harnessing the Solent's unrivalled natural capital to pioneer clean growth technology and adaptation to drive productivity within the Freeport and across the wider region's business and employment base, and at the same time enhance the quality of local environmental assets for the benefit of our communities.</li> </ol>	<ol style="list-style-type: none"> <li>1. The counterfactual position of not creating a Freeport in the Solent (or a Solent Freeport of a narrower specification) would represent a significant opportunity cost for the Solent region and wider UK. The scale and timing of related private sector investment on tax and customs sites, including in the port capacity increases on the Waterside Cluster tax site set out above, would be reduced and delayed, and potentially permanently deferred. This includes the loss of potential capacity that can be unlocked at the Solent's gateway ports, which would reduce national trade throughput and undermine the competitiveness and efficiency of Solent ports in terms of servicing international trade routes for the UK more widely.</li> <li>2. The consequence of 1) above, would be a significant reduction or delay in the direct, indirect and catalytic economic benefits for the Solent area. The structure of the Solent economy (the dominance of maritime and international trade services, and the visitor economy) has meant that the COVID-19 pandemic and EU Transition have had disproportionate impacts locally, particularly in coastal economies. The Freeport is a critical part of helping the region's economic recovery.</li> <li>3. Similarly, other important cross-cutting programmes that have been developed in the context of the Freeport, but rely on pooled business rates, for example the Solent Freeport Green Growth Institute and the Solent Freeport Skills Charter, would be unlikely to come forward.</li> <li>4. The ability of the Solent to contribute to the UK's Net Zero ambition and wider government sectoral decarbonisation strategies would also likely be significantly undermined through the reduced or delayed investment in new technologies, mitigation strategies and decarbonisation approaches in some sectors.</li> </ol>