

FREEPORTS CONSULTATION

Submission by Transparency International UK to the Department for International Trade, 13 July 2020.

INTRODUCTION

Around the world, freeports present a major money laundering risk due to the secrecy and security they offer. Without proper protections in place, creating similar areas in the UK risks effectively establish onshore havens in which criminals and the corrupt could anonymously hide their ill-gotten gains. Such a situation would prove detrimental to our prosperity, security and reputation for fair business practices and the rule of law.

The UK's freeports aim to increase jobs and innovation across the UK and promote trade and investment globally. However, ignoring the significant corruption risks presented by freeports does more to threaten these objectives than achieve them.

Our submission outlines the corruption risks that emerge in freeports, and makes the following key recommendations to reduce these risks.

KEY RECOMMENDATIONS

1. **Develop strict oversight and accountability measures** for freeport operators and their employees to reduce the risk of corrupt behaviour.
2. Businesses using freeports must undergo **thorough due diligence procedures** to ensure criminals cannot make use of freeport facilities, including providing **verified beneficial ownership information**.
3. The Government should firmly commit that **freeports will at no point be used for high-value storage**, including artworks, to stop them becoming safety deposit boxes for illicit goods.
4. There should be **sufficient controls and enforcement measures in place to prevent money laundering**, particularly trade-based money laundering, which pose reputational and security threats to the UK.
5. There should be **clarity over which sectors are permitted to operate in the freeports** and **no weakening of money laundering controls** for regulated sectors, such as banking and professional services.

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In [Chapter 3 Customs](#) of the Freeports Consultation, the Government notes that the customs sites would be run by a Freeport operator, with responsibility for record keeping and security, while facilities would be made available for government agencies to carry out inspections if necessary. While checks on operators are referenced briefly, the consultation provides no details on [what requirements and obligations will be placed on freeport operators and how ongoing oversight of freeports operators will be maintained](#).

While the UK has strong anti-bribery legislation, specific consideration should be given to the risks posed by freeports, particularly given the bribery and corruption risks associated with