

CITIZEN JOURNALISM | LOCAL & INTERNATIONALIST

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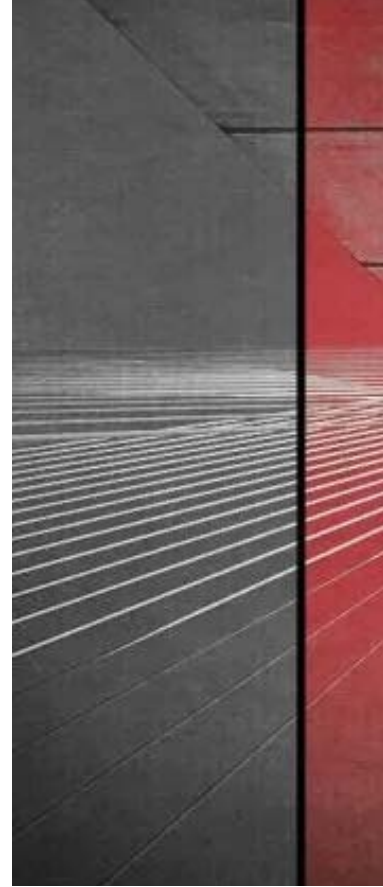
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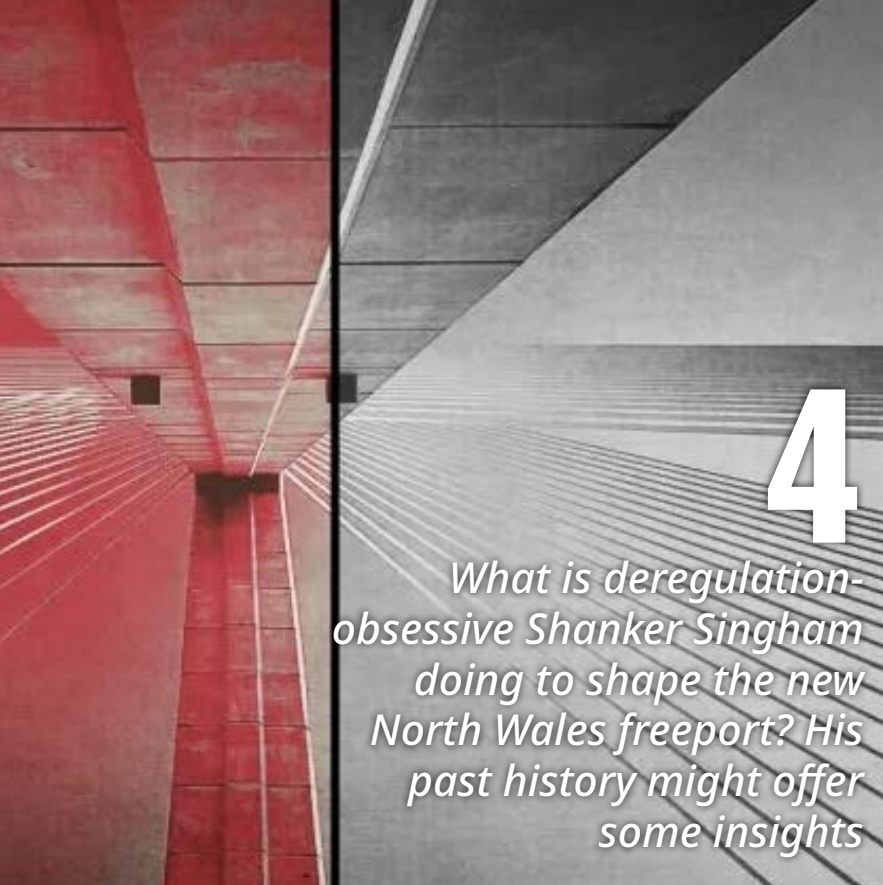
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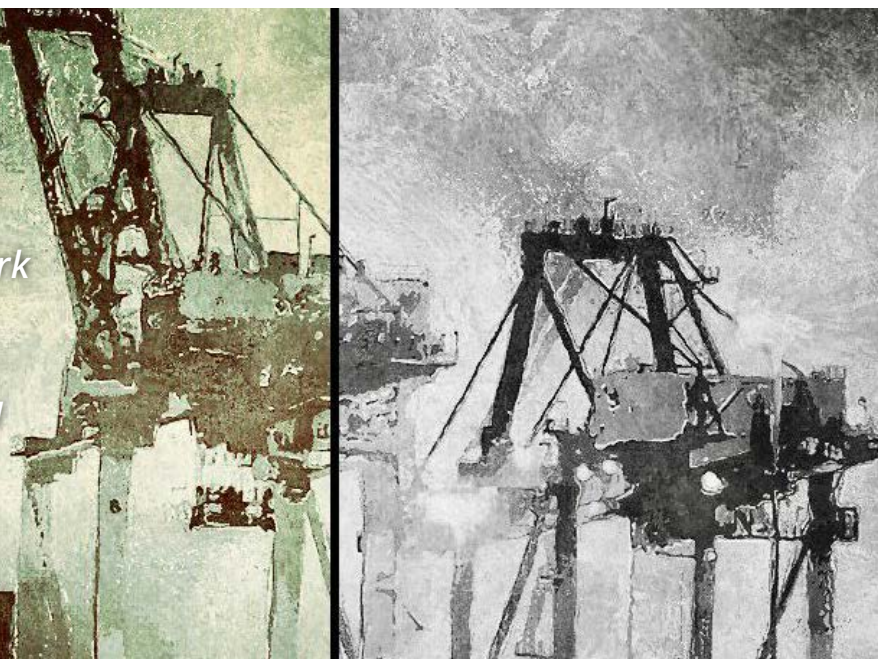
Britain is in turmoil: nothing seems to work as it should and old values are falling to the wayside. How did we fall so fast?



What is deregulation-obsessive Shanker Singham doing to shape the new North Wales freeport? His past history might offer some insights



David Powell, aka @EuropeanPowell, wants the First minister of Wales to know that he's made a grave mistake on Welsh freeports



On 3 May 2023, World Press Freedom Day, the Bylines Network came together to cover one topic on one day across its platforms – freeports.

Surprisingly few people are aware of freeports at all, considering that they represent a local and regional embedding of the way the UK government does business in the Brexit era, and were pledged in the 2019 Conservative general election manifesto. But the mainstream press rarely reports on them analytically. Many if not most news stories about freeports are effectively uncritical press releases, except when it comes to our network and publications like Byline Times and Private Eye.

In keeping with the mission of the Bylines Network, we thought it important to spend a day focusing on freeports in more granular and collective detail, exploring their myths and realities, their stated aims and impacts. There is so much happening so fast in the country that we can't keep up or follow up. We found that putting things together in one place enabled us to see the big picture as well as zooming in, to see things side by side and deepen understanding while making new connections.

As always, the quality of the articles was excellent. So we decided to present the main ones in a special Freeports Gazette, as a gift to all our supporters.

Rachel Morris
Editor-in-chief
Bylines Cymru

'THE BREXITEERS'S BRAIN': SHANKER SINGHAM IN YNYS MÔN

What is deregulation-obsessive Shanker Singham doing to shape the new North Wales freeport? His past history might offer some insights

On 23 March 2023, First Minister of Wales Mark Drakeford met in Ynys Môn (Anglesey) with UK Prime Minister Rishi Sunak and others to announce that the area had been granted freeport status. The other freeport status in Wales has been given to Milford Haven and Port Talbot, known as the 'Celtic freeport'. Also present was Shanker Singham, an England-educated America-linked lawyer little-known in the UK prior to the Brexit era. He now seems ubiquitous as an 'international trade expert', appearing on TV, radio, and in journals, newspapers, blogs, conferences, and private meeting rooms all over the world.

Considering how many hits on Google the name Shanker Singham throws up, it's odd that it was missing from Drakeford and Sunak's tweets and other announcements from Anglesey on the day. We only know he was

there because he tweeted about it himself, which leads you to discover he's been closely involved in bringing that freeport about. He's on the team. Given that, and given how much has been made of the 'prosperity' and 'green gains' the freeport is promised to provide to the people of North Wales, it is instructive to look at Singham's background. How likely is it that these benefits will be 'delivered'?

Who is Shanker Singham?

In his own words, Singham is a "fellow of the institute of Economic Affairs ... CEO of Competere Ltd, a company which provides trade and competition law and policy advice to governments and companies and is focused on promoting international trade and competition policy throughout the world". He previously worked as a director at the Legatum Institute and was managing director of the Competitiveness and Enterprise Cities

project at 'entrepreneur education institute' Babson Global. And so much more. I mean, look at the bio here, it's exhausting just to read it. Not to mention the time spent being roasted on Twitter.

The bestowing of the nickname 'the Brexiteers's brain' was only natural: he has been Mr Brexit Or Bust throughout the era, deeply involved in driving for the fastest, hardest Brexit possible. He is no less committed to 'making Brexit work' now, though it's unclear how that is to happen. Also unclear, as BuzzFeed News put it, is "how Singham sprang seemingly from nowhere to play an outsize role in the most important policy debate in British politics in decades".

While at the controversial and Russia-linked organisation Legatum, Singham co-authored a widely-derided report outlining a road map for a hard Brexit that didn't even grasp how the World

Trade Organization works. Its demand for deregulation was said to be “a vision for driving down environmental and other standards in the mistaken belief that this will increase the UK’s competitiveness”. But more than this, he was highly active – along with Conservative Party chair Greg Hands – in “a secret kitchen cabinet charting the course for a hard Brexit, off the books, behind closed doors”. Some might say, a dirty Brexit.

He didn’t deny he was swift to get involved with steering the government direction on Brexit. And after moving from Legatum to opaquely-funded ‘charity’ the Institute of Economic Affairs (IEA), he was swiftly embroiled in a cash-for-access scandal when IEA head Mark Littlewood was caught on hidden camera saying Singham was “unbelievably well connected” to Brexiteer ministers including Liam Fox, Michael Gove, and Boris Johnson, and could introduce them to a prospective American agribusiness moneybags.

Singham is now on the Trade and Agriculture Commission, which examines post-Brexit free trade agreements, advising parliament on alignment with statutory protections for the environment, animal welfare, and plant health. His firm is a partner of, and he is the policy lead for, the Trader Support Service Consortium, a private enterprise helping deliver governmental implementation of post-Brexit trading rules in Northern Ireland, on a three-year contract.

You have to wonder where on earth Singham finds the time and energy to wear so many hats. Surely it puts him in danger of conflicts of interest? But wear them he does, not least to doff them at the idea of freeports. Indeed, it’s not enough to say that he has been guiding or advising the Anglesey freeport bid. He helped to bring the entire project about in the first place. “Singham has been a prominent advocate for freeports for over a decade, credited with encouraging the government to adopt the idea

while he was a Brexit adviser to Truss during her time as International Trade Secretary from 2019 to 2021.”

Prosperity prosperity prosperity

Singham was involved in a similar project in Honduras, which was ultimately prevented from development because it was widely protested against, and was found by the country’s Supreme Court – irony alert – to violate its “national sovereignty”. A Honduran elected official “slammed the libertarian philosophy as showing an ‘aversion towards states, their laws and regulations’”. Singham’s history makes the very provenance of Welsh freeports worrying, and therefore also their potential. Brexit is not bringing about prosperity for most, so why would freeports be any different? Yet he doesn’t want to stop with freeports, he wants ‘enterprise cities’.

The use of the word ‘prosperity’ – or Próspera in Spanish – is woven through the Brexit journey like white lines in the middle of the road. A curious think tank called Prosperity UK existed for a time, founded in 2017 “with a vision of moving beyond the referendum and looking constructively at Britain’s future post our departure from the EU”. This ‘Alternative Arrangements Commission’ was moribund by 2019. Singham was chairman of its ‘technical panel’, and gave evidence in that capacity to a home affairs select committee. As well as involvement by the ERG’s Steve Baker, now-Conservative Party Chairman Greg Hands and now-Home Secretary Suella Braverman were co-chairs of that organisation, which tried to replace the Northern Ireland backstop with their ‘alternative’. The British Irish Chamber said their “proposals lacked credibility in the reality of how all-island trade actually works”.

On a similar theme, Singham was publicly supportive of the tax measures Prime Minister Liz Truss

introduced, and remained bullish about them after her memorable 44-day experiment. You know, the ones that nearly crashed the economy and sterling and cost her the premiership. He recently crowed about the UK’s accession to the comprehensive and progressive agreement for trans-pacific partnership (CPTPP), claiming it would be “a seismic geo-economic event”. When, in fact, the UK had pre-existing trade deals with nine of 11 countries in the partnership, and there is only an “estimated gain to the UK of 0.08% of GDP – this is just a 50th of the OBR’s estimate of what Brexit has cost the UK economy to date”.

Is this a man Anglesey and Wales generally should trust with its economy? Northern Ireland wasn’t safe with him; are we? Anglesey Freeport “is a powerful partnership between Isle of Anglesey County Council and Stena Line, supported by a number of other stakeholders which help to form a powerful consortium, driven by a shared goal to deliver prosperity for North Wales”. There’s that word again.

Other, non-Brexit-brain economists have this to say about freeports: “The logic of the mechanism for achieving the benefits of freeports is somewhat opaque. However, the Government recently released a strategy document for Monitoring and Evaluation (M&E) of the freeports. It contains a list of 32 “assumptions” which would have to be true if the project is to work. Interestingly, while most of these are described as “high confidence” some of the most important ones are marked “low confidence.” ... In essence, these premises need to be realised for the freeport programme to deliver jobs that are high-quality and actually additional (not just displaced) [from elsewhere].”

“The logic of the mechanism for achieving the benefits of freeports is somewhat opaque.” I’m just repeating the phrase because it’s strangely familiar somehow.



Can anyone explain what this means? Is this how we're going to make Brexit work?

In the green zone

On 23 March, the leader of Anglesey County Council, Llinos Medi, said the new freeport status would be “an important driver in securing a brighter future for the people of Ynys Môn and indeed North Wales”. The freeport is said to be focusing on marine energy technology and low carbon energy, with the aim of attracting £1.4bn in investment and creating 3,500 jobs or more. There is huge stress being placed on the word ‘green’ in connection with this freeport, far more so than with English freeports.

Singham has never publicly stated a position on climate change per se, that I’m aware of. But what a tangled web we weave when we’re as busy and in demand as Singham. We should remember that he has been in and in some cases remains closely involved with such climate change-denying or minimising think tanks as the Cato Institute, the Heartland Institute, the Initiative for Free Trade (IFT), and the IEA. The latter, where he still works, “published its own report on the UK’s future trade deals, which called on the

UK to drop “restrictive” regulations, including environmental protections. The IEA was later forced to withdraw and reissue the report for breaching charity commission guidelines on political neutrality.” The report’s author? Shanker Singham.

The IEA and Singham’s so-called ‘Plan A+’ was part of a set advocating what the Guardian called “a bonfire of tariffs, quotas, and anti-competitive rules”. It argued that all government services and procurement should be open to international competition, including that “protections designed to avoid workers being exploited or undercut by cheap migrant labour, which, for example, limit the number of hours people can be asked to work, or require parity of pay with local workers for those posted abroad, should be removed”. It was said by columnist John Crace that the A+ in Plan A+ stood “for idiocy”.

Plan A+ claimed that if the UK continued to strengthen its regulatory environment, it would lead to “wealth destruction” and “push people into poverty”. Singham’s paper pointed

to environmental protection rules as an area where EU regulation was “moving in an anti-competitive direction”. He argued for ditching the EU’s precautionary principle, which underpins many rules on the environment as well as food. There is an excellent map of his connections to American dark money-funded climate change denial organisations over at DeSmog. The company you keep, hmmm?

Is this a man Anglesey and Wales more generally should trust with its environment? He still has a deregulation obsession. Singham has said of himself, “Either I’m a deluded Walter Mitty fantasist or I’m meaningfully influencing the government’s thinking at the very highest levels. Pick one”. What worries me most on Wales’s behalf is that he may well be both. ●

MR DRAKEFORD, WITH ALL DUE RESPECT, SUNAK'S FREEPORTS ARE A THREAT TO DEMOCRACY

David Powell, aka @EuropeanPowell, wants the first minister of Wales to know that he's made a grave mistake on Welsh freeports

Article first published 3 May 2023

March 2023. First minister of Wales, Mark Drakeford MS: "I am pleased to confirm the Celtic Freeport in Milford Haven and Port Talbot and Anglesey Freeport have been selected as Wales's new freeports." Michael Gove MP, secretary of state for levelling up, housing and communities and minister for intergovernmental relations: "I am absolutely confident these new freeports will be transformational for Wales, helping to grow the economy, level up, and spread opportunity."

Drakeford has effectively just sold parts of Wales to private investors. The free zone is not and never can be the Welsh community's friend. It is not the protector of the environment, it is not the source of collective decision-making, and it does not have livelihoods or workers' rights as a priority. It is turbo-capitalism, a post-Brexit wrecking ball that will lead

to an economic boom for the investor classes but will absolutely eviscerate and impoverish those entrapped in 'the zone'.

Network of liberty

Those promoting Prime Minister Rishi Sunak's freeports and their surrounding investment zones are quick to trot out the same old tropes of growth, prosperity, environmental friendliness, and a brighter and more sustainable future. Each time I hear these sorts of phrases now, the reverberating echoes of Boris Johnson's maxim "take back control" appears in my head against a discordant drone of Wurlitzers and blurry visuals of merry-go-rounds. If the post-Brexit litany of catastrophically fiscally illiterate mayhem, law-breaking, and abject societal failures are anything to go by, the next stages of the reconfiguring of the welfare state and "restructuring of

sovereignty", obstinately going where no free marketeer has gone before, should be cause to hit the panic button.

There is a dearth of understanding, due caution, or lessons learned about the very real dangers inherent in spaffing out contracts to the mostly private sector, including in and around Sunak's freeports. Now outside of the EU, third country UK is becoming an international pariah, with panicked level-headed investors responding to Truss and Kwarteng's recent economic debacle by balking at the risks that a deregulated free market independent territory is prone to experiment with.

Despite the reaction by the markets last year, there is not so much a levelling up as there is a doubling down. An economic war is being waged by a transatlantic "network of liberty" (Liz Truss's phrase) who view Brexit as a gateway drug to forming

a new offshore tax haven in the UK. They know Sunak's freeports and Truss's investment zones – recently and quietly picked up by Jeremy Hunt despite Sunak saying he'd scrapped them – aggressively trump democracy as an alternative to law-abiding, human rights-supporting societies. Region by region, each zone will expand outwards from each freeport hub to be run under a separate body of laws as corporate territory beyond the reach of democratic oversight and accountability. The little trade deals and MoUs crowed about are performative in comparison.

in freeports. So too might other standards – e.g. on money laundering – and other measures intended to prevent crime ... A freeport need not be a port. It can be a single warehouse to a whole geographic region that a government declares to be outside the scope of 'normal' regulation."

Which opens the door to criminality.

Drakeford signed a Faustian pact with the UK government, in which the small print details a familiar colonialist mindset at play. Freeports are a direct threat to democracy. For direct parallels to historical examples of what free trade in enterprise zones inflicted on surrounding communities, we typically point to countries outside of the 'protectionist EU'. Nomenclature is key; the old 'company towns' now go under the Orwellian moniker of 'investment zones', birthed by a plethora of pseudo-academically named right wing think tanks: the Centre for Policy Studies, the Institute of Economic Affairs, the TaxPayers' Alliance, the Heritage Foundation.

'The zone' is the next post-Brexit weapon in the arsenal of libertarians like Sunak, Truss, Frost, Rees-Mogg, Badenoch, Mordaunt, and Baker, and their transatlantic 'network of liberty'. Special Enterprise Zones (SEZs) are founded on an ideology that began with colonialism, dating back to 1600 with the East India Company, which lasted until 1874. To further understand what lurks within the methodology and logistics of the zone, we can look to other examples from history, back to the British claiming of Hong Kong in 1842 during the Opium Wars, when 80+ freeports brought legalised lawlessness in the form of the drug trade to the island.

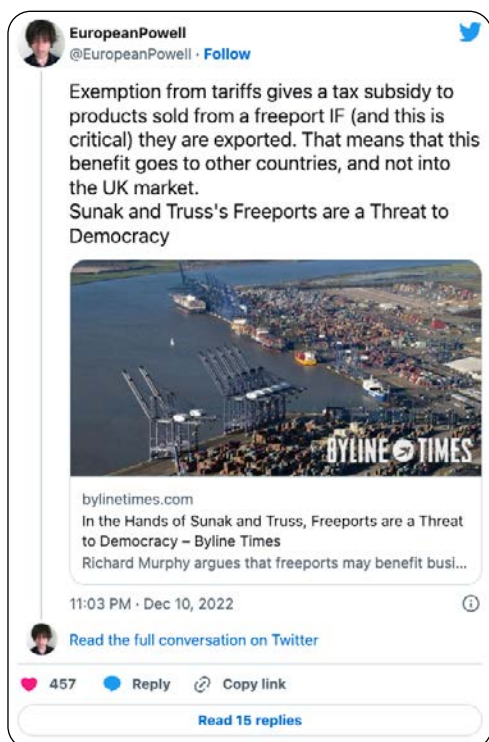
In more recent times, we see the dismantling of the very state, "the transformation of post-war democratic capitalism from a system of wealth-creation to one of wealth extraction". As part of this, the UK has 'zone fever', with huge swathes

of public land being handed over at bargain basement prices to property developers with connections to local 'democratic' structures. This constitutes another wave of public wealth transfers to the private investor classes. "Today, the libertarian right sees Enterprise Cities, Charter Cities and Freeports, able to set their own rules on everything from labour law to codes on corruption, as central to its vision, aggressively pursued by well-funded and well-connected think tanks, like-minded politicians, academics, media and business tycoons," as Alastair Campbell put it in response to Jacob Rees-Mogg's dad's book.

With Wales still subject to Westminster, despite naiveté or the best of intentions, it is a tide pulling us along with it, devolution as detritus. There are no easily available maps of the two Welsh freeports so we can know what and how much of our land is taken up by them: the UK government website of 'UK freeport maps' says 'applies to England' in smaller writing, further down. Wales, as ever, invisible except when seen as exploitable.

Did you vote for this?

Freeports are part of a process through which libertarian ideologues are installing a global push to reconfigure nation-states, to reverse and dismantle democracy in the 21st century. The zone is a harbinger of offshoring wealth with no checks and balances, no rights, just raw corporate hegemony. This is an experiment which, according to libertarian Tom Bell, "may or may not work". It goes like this: break up a nation, subdivide the land, invite foreign venture capitalists in, and hand over powers of governance to them while reducing elected government oversight. This means tailoring private laws (as opposed to the often negatively-framed 'statist' laws) to corporate demands, legalising the breach of hard-won rights and freedoms. In



Faustian Welsh freeports

British chartered accountant and political economist Richard Murphy describes the true features of freeports in stark terms:

"Exemption from tariffs gives a tax subsidy to products sold from a freeport if (and this is critical) they are exported. That means that this benefit goes to other countries, and not into the UK market ... Reduced employee protections are also common, again putting workers at risk. Environmental standards can also be waived

short, right wing libertarians believe that a democratic society destroys a free economy.

Freeports were a 2019 Conservative manifesto item. Most of Wales didn't vote for that. Drakeford himself said as much. Gove has been quietly busy, handing out £26mn here, £24mn there, of government funding to freeport bidders across the country. At the same time, Sunak's government is intent on a bonfire of 'retained EU law'. His freeports provide an excuse to 'correct' the 'regulatory protectionist burden' that comes with a stable democracy, overseen by an extremely powerful transatlantic billionaire network of fossil fuel magnates and property developers who are pooling

their resources ... for what? To tip UK democracy into further crisis by stripping it of assets and offshoring its profits.

The benefits of freeports are as illusory as those of Brexit. Take this analysis by the Institute for Fiscal Studies: "The government and the freeports appear to be much more optimistic: for example, the English freeports themselves expect to create more than 200,000 additional jobs between them. The government has, to date, not published a full assessment of the effects it expects freeports to have, which makes it difficult to scrutinise and evaluate these competing claims." Read that last sentence again.

The English freeports further ahead than those in Wales show the dangers that lie in wait. There is much more stress in Wales on the 'green' nature of its two new freeports. Perhaps the Welsh Government thinks it can take this feral libertarian construct and make it something more genuinely egalitarian, that can make Wales a Net Zero powerhouse and a world leader in 'reskilling' the workforce. There is much talk of wind farms and rebuilding trade bridges. But its very desperation to get involved in freeports, its fear of being left out or left behind, leaves me in no doubt that the freeports will be business as usual. Until they're something even worse. ●

Stan Fontan
@stanfontan

Govt. freeport maps lacked detail so I made these to show the sheer scale of these deregulation zones. Much extensive research on this and those involved done by @bakerstherald also condensed into some easy to read threads by @EuropeanPowell

PLYMOUTH / SOUTH DEVON CHARTER CITY
Incorrectly named
"FREEPORT"

The map shows a large blue-shaded area covering Dartmoor, Tavistock, Plymouth, and Dartmouth. A red double-headed arrow indicates a vertical distance of 75 km. Other locations marked include Dartmoor Forest, Dartmoor National Park, Newton Abbot, and Torbay. A key in the bottom left corner defines the symbols for Freeport Tax Sites, Freeport Area, and Freeport Boundary. A scale bar shows 0, 5, and 10 km. The map source is cited as <https://www.gov.uk/government/collections/maps-of-freeports-and-freeport-tax-sites#freeport-maps>. A note states: "Distances are approximated to the nearest Kilometre".



by Prof Richard Murphy

FREEPORTS ARE A THREAT TO DEMOCRACY

Freeports, such as Felixstowe and Harwich, benefit businesses through reduced taxes and regulations, but not employees or the local area

Article first published 8 August 2022



I have been asked if I have ever looked at the benefits of freeports. The honest answer is no, but that is because I have never been able to find any such benefits. I have, however, looked at the massive downsides to this idea that both Sunak and Truss support.

It is important to note that there is no one definition of a freeport. Sunak and Truss are already arguing about what they mean by the term, with Truss being the more extreme of the two. There are, however, some common features to note.

First of all, a freeport need not be a port. It needn't be an airport either. It's just a location – from a single warehouse to a whole geographic region – that a government declares to be outside the scope of normal regulation.

Low regulation environment

Second, the range of regulation that is subject to exemption varies, but there are usually some commonalities. Import and export regulations are usually relaxed in freeports. This means that they are, in effect, tariff-free zones. It's a bit like they're still in the EU.

The effect of this exemption from tariffs is to provide a tax subsidy to products sold from the freeport if (and

this is critical) they are exported. That means that this benefit goes to other countries, and not into the UK market.

Tax laws can be waived

Very often some other tax laws are also waived.

The most common relate to employment taxes. So, for example, current UK freeports waive the employer's national insurance charge in respect of people employed in freeports, meaning that the cost of employing people is reduced. Again though, let's be clear that this does not reduce tax for the employee.

All the benefit of this goes to the employer. It is they who get the subsidy. And the country as a whole does, of course, lose out on tax revenue as a result.

There are also local taxes that are usually waived e.g. business rates. That means that unless the council in which the freeport is located is compensated for this loss of revenue – which is another subsidy to business – then the local community loses out or has to pay more tax.

These are not the only taxes that can be waived. For example, corporation tax on profits arising in freeports can be reduced – although how to calculate just what those profits are is open to widespread abuse. This, once more, is a subsidy to business.



And there can also be exemptions from other taxes e.g. to capital gains tax on assets held in freeports. This is currently the appeal of many EU-based freeports (because they do have them) which are used to store works of art, tax-free, because of this exemption.

Reduced employee protections

In addition to the tax exemptions, reduced health and safety standards are often permitted in freeports. These put workers at risk. Reduced employee protections are also common, again putting workers at risk. Environmental standards can also be waived in freeports. So too might other standards e.g. on money laundering and other measures intended to prevent crime.





The whole essence of a freeport is, then, to provide a low regulation environment, not just because of relaxed law, but also because of relaxed enforcement.

And this is not only within the freeport, but also on its border. Bizarrely, what freeports create are many borders within a country as goods can move in and out of different freeports, each with their own separate regulations and maybe tax rules.

The very borders right wing politicians say they hate are at the heart of freeports. There is good reason for this paradox. The more rules there are, and the more borders there are, the more a business can abuse the rules of freeports to negotiate their own advantages. And, given that freeports are now usually run by private companies this abuse is very easy for some companies to arrange:

the control of the law within the freeport can be effectively outsourced to a private company.

Freeports linked to criminal activity

Unsurprisingly the Organisation for Economic Cooperation and Development (OECD), which is based in Paris and of which the UK is a member, has found that there is a strong link between the lax regulation in freeports and criminal activity.

This criminality is not just related to normal trades. There have been many reported concerns about the use of freeports to trade artworks that are owned by offshore companies as a way of criminal money laundering. To put the scale of this activity in context, it is thought that there are more than 1 million works of art in just one European freeport, and other products of supposedly high collectible value could also be very easily used for this type of activity.

So, freeports are linked to lax, and potentially unenforceable regulation whose operation is very often outsourced to private freeport operators. This is bad news for law enforcement as they create an environment where the law is often not known. Worse than that, freeports create a 'race to the bottom' in the regulations that they offer to out-compete each other to get businesses to locate in their freeport rather than another one.

Race to the bottom

There is, however, something deeply sinister about this 'race to the bottom' because it is deliberately promoted

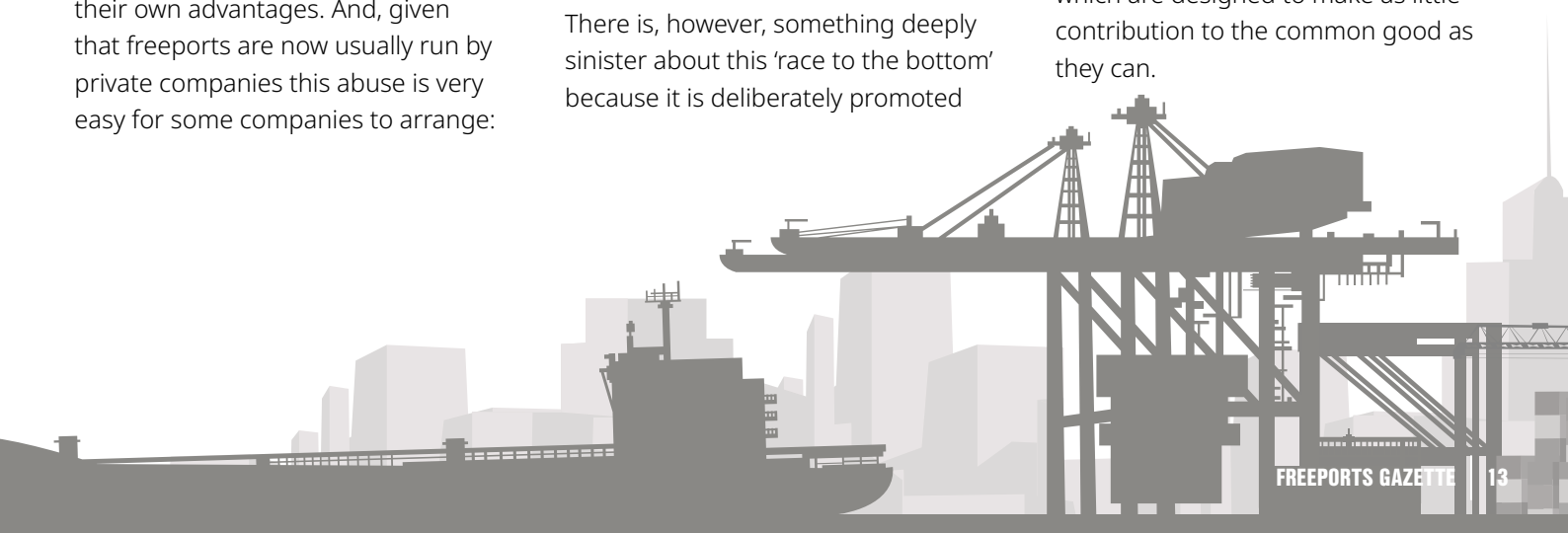
by right wing politicians to support their demands for lower taxes, lower regulation, fewer employee protections, and so on.

But, am I am being rather negative? Do freeports actually encourage growth as their proponents claim? There is no evidence for it. At best there is evidence that they might encourage jobs to be moved into freeports from areas outside them.

But there is no evidence that freeports actually create new jobs or growth. That's why the Tories scrapped a previous experiment with them in 2012. They simply did not work for the economy as a whole.

But that may not be why Truss and Sunak are promoting them. If their aim is to provide a state subsidy to chosen businesses, then they do work. If their aim is to also undermine regulation, then freeports are really good at that too. And if their aim is to shift the tax burden away from employers – who get all the benefits of freeports – onto employees, who usually get no benefit from freeports at all, but may have much lower employee rights – then they definitely work.

But they do not, of course, work for society as a whole as the bung that freeports provide to the companies that use them has to come from somewhere – and it is from reduced taxation paid to central government. So, the pressures on public services are only made worse by freeports, which are designed to make as little contribution to the common good as they can.



Why then are Sunak and Truss so keen on something that has not worked previously, and which around the world are generally seen as dangerous to well-being? The only explanation is that they don't care about anything but bungs for their friends, and undermining the state.

This is where the modern Conservative Party is. It is utterly indifferent to ordinary people. In fact it does everything it can to make life as tough for them as possible. At the same time it does everything it can to help its chosen friends.

Freeports undermine the integrity of the law and regulation in the UK, reduce taxes for employers but not employees, and usually end up with workers more vulnerable than they are in the rest of the country.

Undermines the state

So, it's fair to say that a policy of promoting freeports as widely as possible, as Truss and Sunak seem to want, is all about undermining the state we live it and turning it over to private control. And that's the pathway to the end of government as we've known it.

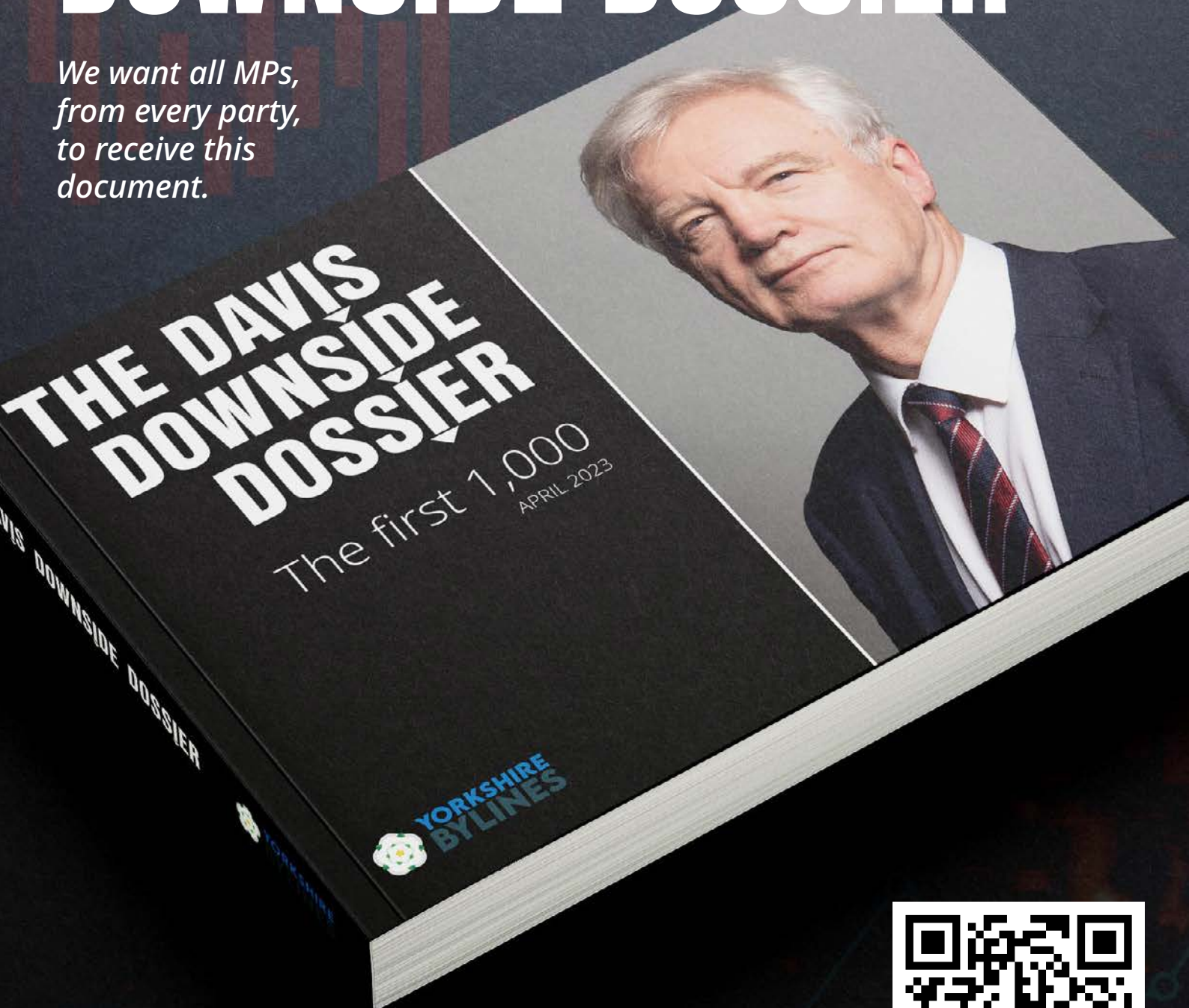
And that is the most dangerous dimension of all to this freeport policy. In the hands of these two, freeports could be the Trojan horse used to undermine much of what we recognise as democratic government. You should be worried.

Editor's note: 'Freeport East' in East Anglia, is one of eight freeports announced by the government. The tax-free port is centred around Harwich in Essex, and Felixstowe and 'Gateway 14' in Stowmarket, Suffolk. Gateway 14 is billed as the largest business park in East Anglia. Further freeport customs sites meeting the criteria can, in the future, be designated at any location within the wider Freeport East boundary, which encompasses both Ipswich and Colchester. ●



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NORTH EAST BYLINES  by Andy Brown

MARINE ECOCIDE, ALLEGATIONS OF CORRUPTION AND THE TESSIDE FREEPORT

How the development of UK's first post-Brexit freeport ties into a major environmental disaster and alleged corrupt practice

Article first published 26 April 2023



It must have sounded like such a good idea. A hotbed for innovation, a hub for global trade and investment via regeneration and job creation – the definition of government plans for freeports is exemplified by Teesside. The first to begin operations, in November 2021, it fitted perfectly with plans

for levelling up this region. They would scrap pesky regulations so planning could be speeded up, and at the heart of the scheme was a giant new factory to make parts for wind turbines, so light touch regulation would actually benefit the environment.

The theory was that before long the North East would boast a British-style Singapore as Teesside became one of the big winners from the new post-Brexit freedoms. Then the lavishly presented publicity hit a small problem. Reality.

When a scheme is pushed through with insufficient planning two things tend to happen. One is that developers pay too little attention to the wider consequences of what they are doing and the other is that controls over how public money gets spent become sloppy. Events in Teesside have turned into a classic case study of how damaging the results can be.

'Do minimum'

Full-scale decontamination of the area was not deemed financially viable, so they decided to do the minimum necessary and dump much of the mess out at sea. Cleaning up former industrial sites by moving polluted soil and river silt and then dumping it somewhere else has created huge problems. A cocktail of toxic materials was unearthed and taken to a new location where it was freshly released into the environment.

Chemicals such as pyridine had been lying undisturbed for decades in landscapes that were badly polluted but stable. Stirring up this material reactivated its impact.

Shortly after work began on the freeport, with the movement of contaminated material coinciding with routine dredging of the river mouth, a huge amount of local sea life began to die and bodies were washed up onto a number of beaches mainly in North Yorkshire.

Die-offs continue

People walking their dogs along the seafront reported finding enormous numbers of dead shellfish and starfish along with a few of their predators. This is exactly the mix of deaths that might be expected if there had been mass poisoning from pyridine.

The die-offs didn't happen at one location for one brief moment in time. They have been going on for months now and they have destroyed the livelihoods of fishing communities

along the coast and put local tourism at risk. No one wants to visit a resort where the beaches are covered with the stinking corpses of sea creatures.

Every effort has been made by the government to play down this problem, by repeatedly issuing calming reports which would enable the work to continue.

Algae or disease blamed

Calls for an enquiry were initially resisted, then an official report was commissioned telling the public that the die-offs were due to an algal bloom. They were not – algal blooms don't last for months and carry on deep into winter. The report found no actual proof of the deaths being due to algae but used it as an explanation regardless.

A second official report quickly dismissed the first because of that lack of evidence, then produced another theory also based on speculation. It suggested that the die-offs might be due to some disease, one that no scientist had yet detected that would be capable of killing both shellfish and starfish in large numbers as well as lower numbers of other types of sea life – something pyridine is known to do but which would be extraordinarily difficult for a single pathogen.

No halt to dredging

Government has consistently denied that there is any evidence of significant pyridine poisoning in the environment. Now, however, York University has developed its own accredited test for pyridine and is planning a series of intensive investigations throughout the estuary.

Whilst the official reports have ground out their unconvincing theories the dredging and dumping have carried on, ignoring calls to halt while proper investigation took place. The deaths of what is left of the region's sea life have also continued. Government wants its

pet project to be completed quickly and has not been prepared to listen to any scientists urging a precautionary approach.

Developer's profitable deal

As if this ecological disaster wasn't bad enough it has now emerged that though the cost of conducting much of the clean-up has fallen on the public, ownership of the now improved land has been given away for less than £100. Put bluntly this would mean an asset now worth around £100mn belongs to a developer who would have recorded £99,999,900 profit on the deal the day it was signed.

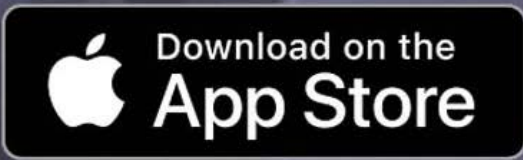
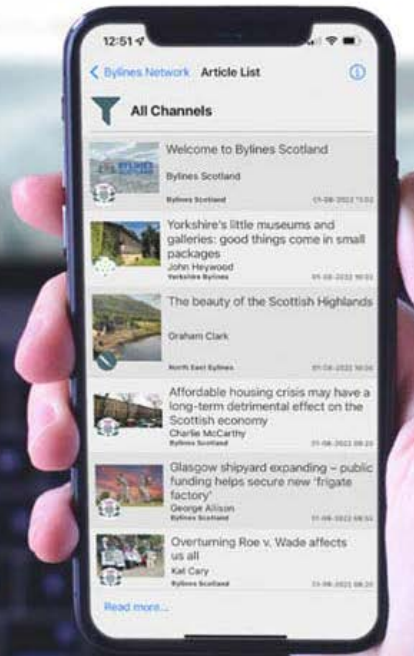
Questions have been asked about corruption – but of course modern Britain doesn't deal in corruption and we are expected to assume that all those involved in the development are acting in the best interests of the North East with little concern for any potential personal gain.

Future safeguards?

We therefore have to ask a different set of questions. What was going through the minds of the public officials who authorised this land sale? Were they put under any pressure by ministers? Who knew that this land was being sold off on the cheap and who selected the recipients of such extraordinary largesse? Has anyone who received this money donated funds to any political party which had members involved in the decision-making process?

And most important of all, what safeguards are being put in place to make sure the next 'freeport' that is developed isn't an equally squalid tale of failed controls over public money and lack of care for the environment and the creatures living in it, as well as those whose livelihoods depend on them? ●

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**NORTH
EAST BYLINES** 

TEESWORKS: HOUCHEN'S SILENCE

Why will the Tees Valley mayor not respond officially to the Private Eye report on land being sold off at £1 per acre?

by Julia Mazza

Article first published 25 April 2023



Private Eye is published every two weeks, and in recent times each fortnightly issue has brought a new revelation of unusual activity – mostly of the financial kind – at Teesworks Ltd and the former SSI 2,600 acre steelworks site at Redcar, now called Teesworks.

The current issue is no exception. Richard Brooks who writes the In The Back section, reported on the sale of publicly – owned Teesworks property by South Tees Developments Ltd, a subsidiary of South Tees Development Corporation (STDC) – to Teesworks Ltd. STDC in turn is a body controlled by Tees Valley Combined Authority. Teesworks and other sites form part of PM Rishi Sunak's freeport – the brainchild of Tees Valley mayor Ben Houchen.

Sell-off for a ridiculous price

The political magazine reported that land amounting to some 105 acres – which cost £100mn of public money to regenerate – has been sold by South Tees Developments Ltd at £1 per acre, a total of £110.35 (plus VAT). The two transactions took place in November and December last year. The main beneficiaries are the business leaders who now own 90% of Teesworks Ltd.

The firm was set up by STDC, a public body under Tees Valley Combined Authority, to remediate and redevelop the derelict land. The corporation created Teesworks Ltd as a joint venture, gifting half its shares to four local developers led by Chris Musgrave and Martin Corney. Then in November 2021 a further 40% of the company was transferred to interests controlled by Musgrave and Corney again without charge, leaving STDC with just 10% of the firm they had created.

The freehold sales to Teesworks Ltd are under an option to buy the land of South Bank Quay currently being developed and the land to the south of it also undergoing publicly funded regeneration. The sites will be rented by Korean wind turbine monopile manufacturers SeAH.

An original condition of the shares transfer was that the private shareholders would foot the bill for ongoing demolition and remediation work, but that condition has now been waived and the public purse via STDC will shoulder those future costs.

Demolition and remediation at Teesworks has so far cost STDC £450mn.

But up to now Musgrave and his pals have paid very little for their interest. The official version for their involvement is that they had purchased a strip of land deemed crucial to the Teesworks site, for £500,000.

The developers have already made their return. Private Eye estimated that £40mn from the sale of metal scrap on the land has so far been released to the four developers. The Private Eye report of the fire-sale of land remediated from the public purse is a serious accusation, warranting an official response.

And the mayor's response?

Yet there has been no formal rebuttal from the mayor's office. Our enquiries to his press office were not answered. The only response we can see is Houchen's posts on Facebook. In response to a comment on his Facebook page – "No one on here read Private Eye then?" – Houchen wrote:

"Only people who enjoy comics and want to an escape from reality.."

"It's all public already. Accounts fully audited and published on Companies House. We have audit reports and scrutiny reports that are investigated on a monthly basis by councillors from across the region from all parties...."

"I talk all the time about how much money we secured from government, the fact the [Teesworks] site had hundreds of millions in liabilities and the jobs we're creating..."

"There are so many [false reports] I'd just spend my whole time refuting nonsense. I have actually provided evidence and truth to them directly but they ignore that and print rubbish instead almost like Private Eye is a socialist comic..."

"But as an example, STDC will make more than £40m from SeAH and that doesn't include the millions a year in business rates. It's wrong to say STDC got just over £100 utter nonsense."

Houchen's comments were relayed to Richard Brooks on Twitter, who tweeted:





Why the secrecy?

So apart from the Facebook reactions it's a no comment from Houchen. It begs the question – why the secrecy?

One of Houchen's comments bends the truth. He posted:

“Accounts fully audited and published on Companies House”

But Teeswork's accounts are not audited, they're simply “unaudited financial statements” meaning that an auditor has not gone through the financial records with a fine toothcomb. But then Teesworks is no longer publicly owned.

Houchen and others have argued that the developers are carrying the site's ‘liabilities’, but the developers will not be liable for any debts of the limited company and they have not invested any of their own money.

Teesworks Ltd

Then there's the unusual origins of Teesworks Ltd which did not see the light of day as a joint venture between the developers and the STDC. In fact

the company was first incorporated in December 2019 as South Tees Enterprise Ltd, equally co-owned by Northern Land Management Ltd (Martin Corney's firm) and Musgrave's J C Musgrave Capital Ltd. The registered office was at Corney's mansion – Southlands in Eaglescliffe, near Stockton.

The company's SIC code which denotes their business activity was 52101: “Operation of warehousing and storage facilities for water transport activities”. Only later was the remediation role added.

The two business owners ceased to be the controlling parties in July 2020 after two more shares were created and transferred to STDC. At the same time the company name was changed to Teesworks. So the joint venture was born from a Musgrave-Corney partnership.

In November 2021 an official notice in the government's Gazette announced the company's compulsory strike-off from the public register, only to be withdrawn later. That month the developers' share of Teesworks' ownership rose from 50% to 90%.

All the corporate documents confirm that Teesworks has never employed anyone.

Why Teesworks Ltd was created by the developers seems baffling, when STDC has access to accountants, and online company formation agents could provide an ‘off the shelf’ ready-made firm in seconds for a few pounds. It seems that the Teesworks vehicle was an unused company that was given a new name and role.

That's not unusual. But it does beg a few questions. If the joint venture was created from the business owners' own folder of redundant companies, were other potential business partners already ruled out? Was there any formal process to find and recruit joint venture partners? Who was short-listed? How were they screened? Where is the due diligence?

You might ask what discussions were held about the joint venture at STDC board meetings. Given the cryptic minutes and withheld documents you can ask away.

You won't get an answer. ●



**YORKSHIRE
BYLINES**

by Angus Young

HUMBER FREEPORT: FISH OR FOWL?

Will a Humber Freeport deliver on its promises to boost the region's economy or is it a step towards a more dystopian future?

Article first published 22 August 2022

That is the question being asked, as one of the government's flagship policies comes under renewed scrutiny, with some claiming it could eventually lead to self-governing maritime city-state. Singapore-on-Humber anyone?

The current government pushed the accelerator pedal on freeports after the 2019 general election. Then just over a year ago, Rishi Sunak announced that eight new freeports, including one for the Humber, would be created following a bidding process. However, the issue has only recently started to gain traction on social media.

So, what are the current proposals for a freeport here and why have they suddenly become a big talking point? Here's a recap on what's been happening locally and how some of the more extreme theories about them are now circulating.

Freeports and the 1980s

It's worth pointing out that freeports in the UK aren't new. Six operated from the 1980s onwards until 2012 when the government decided not to renew their licences. They largely acted as designated economic zones in which certain customs rules, including taxation, did not apply on goods while in that particular area.

All but two were based at ports with the exceptions being Birmingham and Glasgow's Prestwick Airport. It was generally felt they simply ended up encouraging existing firms to move from other areas rather than being places where new jobs were created.

The new-look freeports

The current version of freeports still includes simplified customs and tariff procedures. This involves not having to pay duties on imports until they leave a zone either as imports within the UK or as re-exports to another country.

Where they differ from the previous model is on wider taxation. The new freeports will allow firms to claim national insurance and other tax reliefs for an initial three years, effectively lowering their operating costs. Critics of tax breaks say they do nothing to help to bolster the country's overall public finances.

The other difference from the 1980s is the size of the new freeport zones. The government is allowing each freeport to cover a 75-kilometre zone (extended from the previous limit of 45km) to enable several locations within that area to come under the umbrella of the companies being set up to run them.

Who is in charge?

The successful bid for the Humber Freeport was led by Associated British Ports (ABP), the main port operator on the Humber. It was supported in this by the region's four local councils and, initially, the Humber Local Enterprise Partnership (LEP) until it was wound down last year and replaced by two separate LEPs on either bank of the estuary.

Final government sign-off on the business case for the Humber Freeport is still awaited. Once in place, a new company will formally be established to run it with North East Lincolnshire Council currently acting as the accountable body responsible for its legal and financial oversight.

The proposed company will be led by a new chief executive and a small team of staff. Its board will include:

- an independent chairperson
- the leaders of the four local councils
- a representative from ABP
- two representatives from the LEPs
- four representatives from businesses operating with the freeport zone
- a representative from the

Environment Agency on behalf of other statutory bodies such as Highways England and Natural England, and

- one so-called 'innovation' stakeholder expected to be drawn from an education or science sector.

Active sites

Although technically covering a large area, the company's initial focus is expected to be on three so-called tax sites – Hull East, Goole and the Able Marine Energy Park on the South Bank. These will all offer relief from stamp duty, land taxes, business rates and employers' national insurance contributions for new businesses in the first three years of being operational. They will also have access to enhanced capital allowances for investment in machinery and equipment.

On the North Bank, the Hull East site includes several parcels of undeveloped land, including ABP's Humber International Enterprise Park between Saltend and Paull, the Yorkshire Energy Park near Hedon, the Saltend Chemical Park and the eastern end of the existing Port of Hull estate at Queen Elizabeth Dock.

At Goole, the tax site sits to the west of the new £200mn Siemens rail factory and is aimed at potential related supply chain companies as well as taking advantage of its location next to the M62 motorway.

In addition, all four main ports on the estuary – Hull, Goole, Grimsby and Immingham – have been identified as customs zones where both port operators and companies will be able to defer tax duty and import VAT on goods. Other sites also included under this banner will include Goole's potential rail supply chain cluster and the steelworks at Scunthorpe as well as several smaller shipping terminals along the Humber.

Finally, there are two identified 'seed capital' sites which could share up to £15mn worth of government funding for land purchase or new infrastructure such as roads or drainage as part of any final agreed business case. Of these, the priority is for an industrial cluster on the South Bank while the other includes part of Hull's western docklands which is also the subject of a new council masterplan mapping out future potential development options.

Company funding

The new freeport company will be able to retain business rates at the different sites for at least 25 years and receive direct grant funding from the government and other agencies. The Humber bid proposed delegating the control of public money to a 'public funds' committee consisting of its four local council members. The re-distribution of retained business rates would also require the committee's approval.

Spending by the company would be restricted to the various designated sites within its overall area however, as it is starting from scratch. The four local councils have agreed to provide a pooled loan believed to be worth at least £3mn to ensure the new company is initially financially viable.

Delays

Despite initial hopes of securing early approval leading to the new company being established by the end of last summer, the Humber Freeport business case has yet to be signed off by the government. It's believed delays have been caused by a re-think over financial forecasts for the new company following a decision earlier year by South Korean offshore wind farm tower manufacturer SeAH to drop plans to build a new factory at the Able Marine Energy Park site.

That decision put a question mark over projected business rate revenue

from the site and could yet mean an alternative tax site on the South Bank being considered. As negotiations continue behind closed doors, it's hard to work out exactly what is going on with little being put into the public domain at council level.

The most recent update was given to Hull councillors last month by the city council's director of economic development Alex Codd. He said:

"In terms of the freeport, we are still in discussions with the civil servants in central government. There has been significant movement by ABP and the four Humber authorities that should lead to the business case being finalised and signed off within the next couple of months."

The recently agreed extended boundary will allow the Goole tax site to be included in the Humber Freeport.

Long-term future

The current debate over what freeports might eventually evolve into can partly be traced back to an uncredited blog from 2010 on the website of the right-wing lobby group the TaxPayers' Alliance (TPA). It championed the concept of 'charter cities' being promoted at the time by American economist Paul Romer, who was recently hailed by Sunak as one of his inspirations while a student at California's Stanford Business School.

Thanks to the Tory leadership contest, that link has suddenly turned the issue into a major talking point on various social media platforms.

Romer had cited Hong Kong and Singapore as examples of charter cities, where city-sized areas in developing countries could become self-governing entities in their own right with few tax and economic regulations, no minimum wage legislation and no social benefits for people living there. In addition, the

rule of law – both criminal and civil – would be outsourced to a private company from the developed world.

The TPA blog mused over bringing the idea to the UK to "reconstitute dying coastal cities". It added:

"Take Hull. Given its prime location facing Europe, we've long believed it has huge potential and yet it has failed dismally to exploit it. Suppose it became our own version of a Charter City – minimum wage and working hours regulations abolished, social benefits for working age citizens abolished (maybe a five-year phased withdrawal), central government economic and planning regulations abolished, no more central government assistance but a 10 percent flat rate income tax, 10 percent Corporation Tax rate and no capital gains tax.

"Public spending as a percentage of GDP would obviously fall sharply, and those that depend on public spending would certainly feel the squeeze (although welfare recipients could be given the option of staying on benefit if they relocated outside the city). But against that, Hull would attract entrepreneurs and private investment on an unprecedented scale – and with its easy European access, much of the inflow would come from overseas. There would soon be jobs for all."

Could that really happen here? Many would suggest it would take a leap of imagination for it to become reality, but in a post-Brexit world where the two current Tory leadership contenders are pledging more deregulation in expanded economic zones, some are now starting to wonder. Reacting to a post on the issue on Twitter this week, city council leader Mike Ross said: "Came up in a meeting today. General view was this was not something we would welcome!"



Politics

Liz Truss is the current poster girl of libertarian right-wing politicians, think-tanks and lobby groups. Currently favourite to become the next prime minister if the polls are to be believed, she has promised to create “full-fat freeports” by turning even more areas into business-led low-tax investment zones. Meanwhile, Sunak continues to champion freeports as his big idea without much mention of their earlier incarnation under Margaret Thatcher.

As yet, neither has spoken about future employment rights in their versions of freeports. But some fear the real push for more free-market enterprise is being driven by the same libertarian think-tanks and lobbyists who supported Brexit and its seismic shift away from the rules and

regulations of not just the European Union, but also, potentially, the European Court of Human Rights.

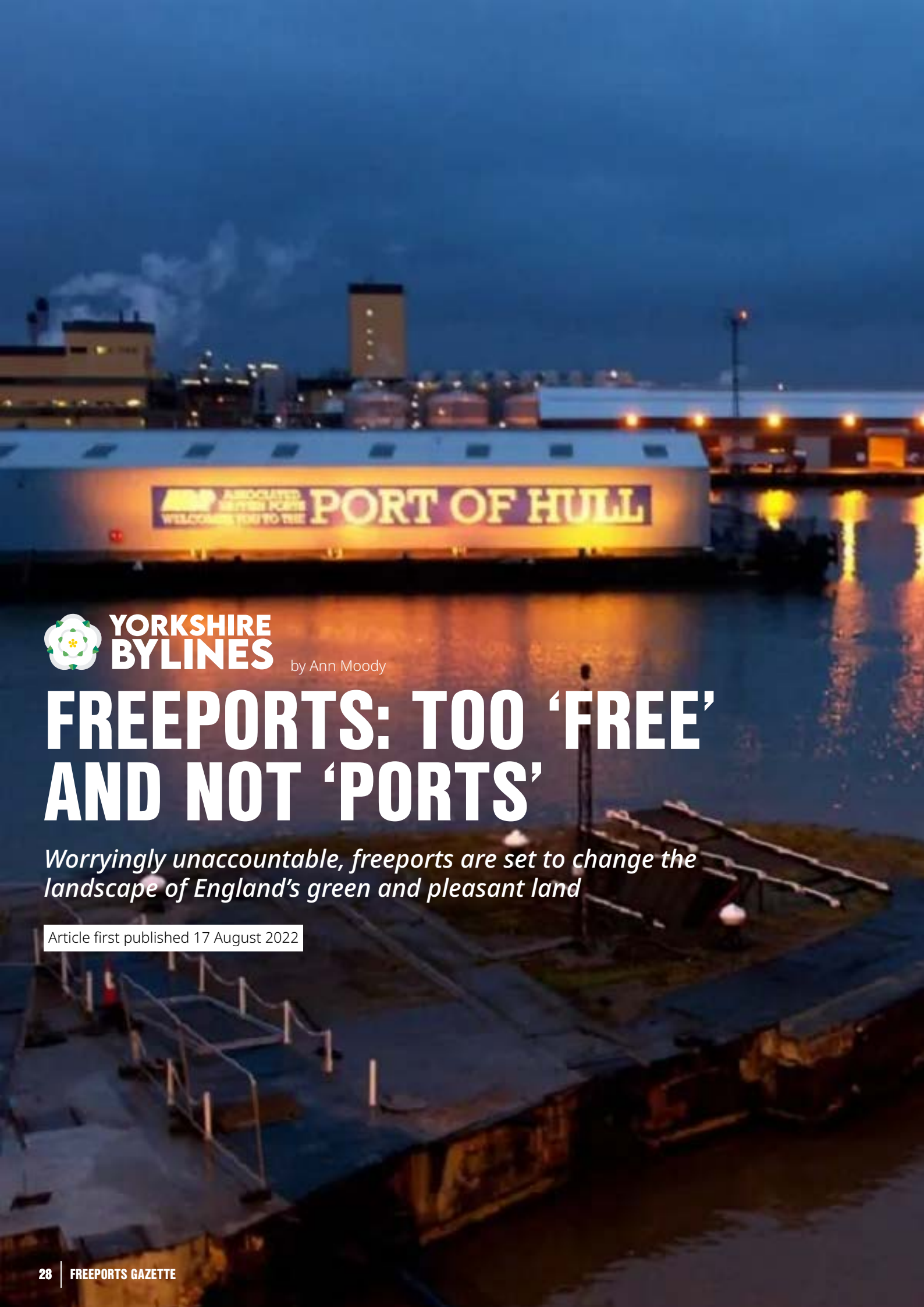
Could we see a Singapore-on-Humber?

Expansion of the current proposed Humber Freeport is certainly an aim. Its website says: “It is our ambition that if the Humber Freeport is successful it will grow over time.”

However, that would require government approval and any further move towards a charter city model would almost certainly need new legislation being passed to enable it to happen. Meanwhile, many people overlook the fact that port estates already operate in many ways beyond conventional rules which apply to the rest of us.

For example, some port operators enjoy permitted development rights allowing them to carry out certain construction work without having to obtain planning permission from the local council. Usually, this applies to new facilities for the purposes of shipping or in the discharging or loading of goods.

You don't have to look very hard to see a recent case study either. The new 171ft high silo currently being built on Hull's William Wright Dock did not need prior planning consent. Similar permitted development rights at non-port freeport sites would seem a more likely first step towards greater autonomy than a fully-fledged Singapore-on-Humber where workers' rights end at the boundary line. ●




**YORKSHIRE
BYLINES**

by Ann Moody

FREEPORTS: TOO 'FREE' AND NOT 'PORTS'

Worryingly unaccountable, freeports are set to change the landscape of England's green and pleasant land

Article first published 17 August 2022



People are starting to notice that the new ‘freeports’ are in fact much larger than originally perceived, taking in significant areas of natural beauty including Dartmoor, the New Forest, the whole of the Isle of Wight and the North York Moors. They also engulf entire cities such as Derby and Nottingham, Hull, Scunthorpe, and large areas of Liverpool.

Initially limited to 45kms between any two points (which still covers up to around 1,600kms² per freeport), the most recent maps provided by the government show some areas with up to 75kms between points.

As the prime minister returns from his second foreign holiday in a fortnight, and the government is wading through a morass of self-created chaos, crumbling national infrastructure and unappealing in-fighting, Great Britain has been diverted and blissfully unaware that it may have just lost huge swathes of its green and pleasant land.

What first attracted you to Britain’s mineral rich national parks?

The new freeports between them cover around 15,000 to 20,000kms² – approximately 8% of England’s total surface area.

Of the national park authorities I spoke to, not one was consulted before being included in the outer boundary of the new freeports. Neither did they have any clear idea how any change in planning regulations would affect them.

This is worryingly reminiscent of how, in 2018, park officials first learned about Ineos Shale’s interest in fracking under the North York Moors by reading a Times article on the subject.

Concerns for our wildlife

Dr Richard Benwell, CEO of Wildlife and Countryside Link, England’s largest environment and wildlife coalition, told me that they are still trying to figure out why national parks have been included in the new freeport outer boundaries and what the environmental impact could be. They have submitted some questions to the government and are awaiting a response.

Kate Jennings, head of site conservation policy for the RSPB, is also concerned. I asked for her thoughts on the inclusion of areas of outstanding natural beauty (AONB) in freeport outer boundaries. She commented as follows:

“Freeport status brings with it scope to remove some of the usual checks on development that could otherwise drive further loss of wildlife ... the government appears to have opened the door to unfettered development AND committed to delivering more beautiful and biodiverse landscapes in some of the same places.”

“While Defra are responsible for National Parks and AONBs, the Treasury are responsible for Freeports – it appears that so far only the Department for Levelling Up, Housing and Communities has responded to queries about how this could have happened. While they have clarified that changes to planning restrictions made so far within Freeports do not extend to the outer boundaries, it seems that risk remains that it will fall to local authorities to reconcile this obvious conflict. As a result, there is a new and serious threat to some of our most rare and threatened wildlife.”

The conflict between freeport development and the conservation of our national parks and AONBs, if left to local authorities to resolve, could result in another conflict of interest. A quick check at Companies House reveals that local councillors are often on the boards of the new freeport limited companies.

Opaque and vague details for the proposed freeports

There is a disturbing lack of concrete detail in many areas of the freeport project. In its response to the freeports consultation, the Royal Towns Planning Institute highlights this as a major concern. In response to the question:

What role could zonal planning, including the use of Local Development Orders, play in delivering the wider generation of local areas around freeports?

They replied, “We would welcome clarification on the term ‘around Freeports’”, and they go on to state that the “current document ignores climate change and biodiversity net gain which are two examples of existing legal requirements for all planned developments”.

Digging deeper: fracking

Though fracking has in effect been banned in Britain since the government placed a moratorium on the activity in its election manifesto of 2019, in April of this year the department for business, energy and industrial strategy led by Kwasi Kwarteng requested the British Geological Survey to review the scientific basis for fracking.

Alarmed at this development, the organisation Yorkshire Landowners wrote to the minister for clarification. Less than happy with the response, they have been led to believe that both Liz Truss and Rishi Sunak are indicating an end to the moratorium on fracking. As a result, Yorkshire Landowners have posed eight public questions to the leadership candidates, the last one being:

Given the debt mountain in the US fracked business community, as well as orphaned wells in the Canadian equivalent – meaning a sting in the

tail for host communities, too – do the two candidates really want to inflict such horrors on England’s green and pleasant land, and its voting inhabitants?

Freeports and criminal activity

Britain has already experimented with freeports. Margaret Thatcher opened the first ones in the 1980s in response to her de-industrialisation policies, in an attempt to regenerate a struggling economy. They were decommissioned by David Cameron’s government in 2012, after they failed to reap the promised benefits and were in reality a drain on the economy through lost tax revenue.

In 2020, the Royal United Services Institute centre for financial crime and security studies submitted evidence to the international trade committee regarding the international experience of crime in freeports. They said:

“There is evidence of criminal activity taking place in multiple freeports around the world. It often involves trade in counterfeit goods, drug trafficking, smuggling of untaxed goods or trade-based money laundering.”

They make a number of recommendations on how to mitigate the risk in the UK, most of which involve increased security activity, crime pattern analysis and intelligence gathering.

In 2021, the EU clamped down on freeport activity for the very reason that they were found to facilitate illegal activities such as money laundering, art theft and terrorism.

Lack of clarity leads to speculation

So many questions arise.

Why re-introduce these entities which have previously failed to provide the expected benefits and how are these

freeports to differ from the previous ones?

The government talks of huge job creation opportunities, but we have a significant labour shortage in this country. Where are all the workers going to come from? Will they share the same rights as workers outside the zones? Despite the reassuringly limited area the word ‘port’ evokes, why are the outer boundaries so enormous, engulfing whole cities like Southampton, Portsmouth, Ipswich, Colchester, Scunthorpe, Nottingham, Loughborough, Derby, Dagenham, Purfleet, Hornchurch, parts of Hull, and the entire island of the Isle of Wight?

And why have our national parks – Dartmoor, the North York Moors and the New Forest – now been absorbed in freeport outer boundaries with no consultation?

Is it purely coincidental that by superimposing their locations over British Geological Survey maps there are worrying correlations between freeport outer boundary locations, and sites where petroleum exploration and development licenses have been granted, or where coal bed methane sites and gas/oil fields have been identified?

Packaged as an exciting opportunity for areas in need of ‘levelling up’, there is real concern that the bonfire of regulations the current government dreams of can also be construed as the perfect mechanism to achieve their aim of minimal government by enabling a corporate takeover of Britain’s cities and natural resources.

It is up to the people now to put pressure on the government to clarify this scheme and commit to a properly accountable and clearly defined project.

As things stand, that is simply not the case. ●

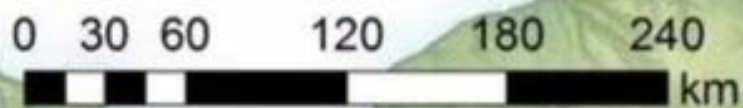
- PEDL Licences
- Fields**
- Oil Field
- Gas Field
- CBM Development

**Carboniferous Midland Valley
Study Area**
(Monaghan 2014)

**Carboniferous Bowland-Hodder
Shale Study Area**
(Andrews 2013)

**Jurassic Wessex
Study Area**
(Greenhalgh 2016)

**Jurassic Weald Basin
Study Area**
(Andrews 2014)





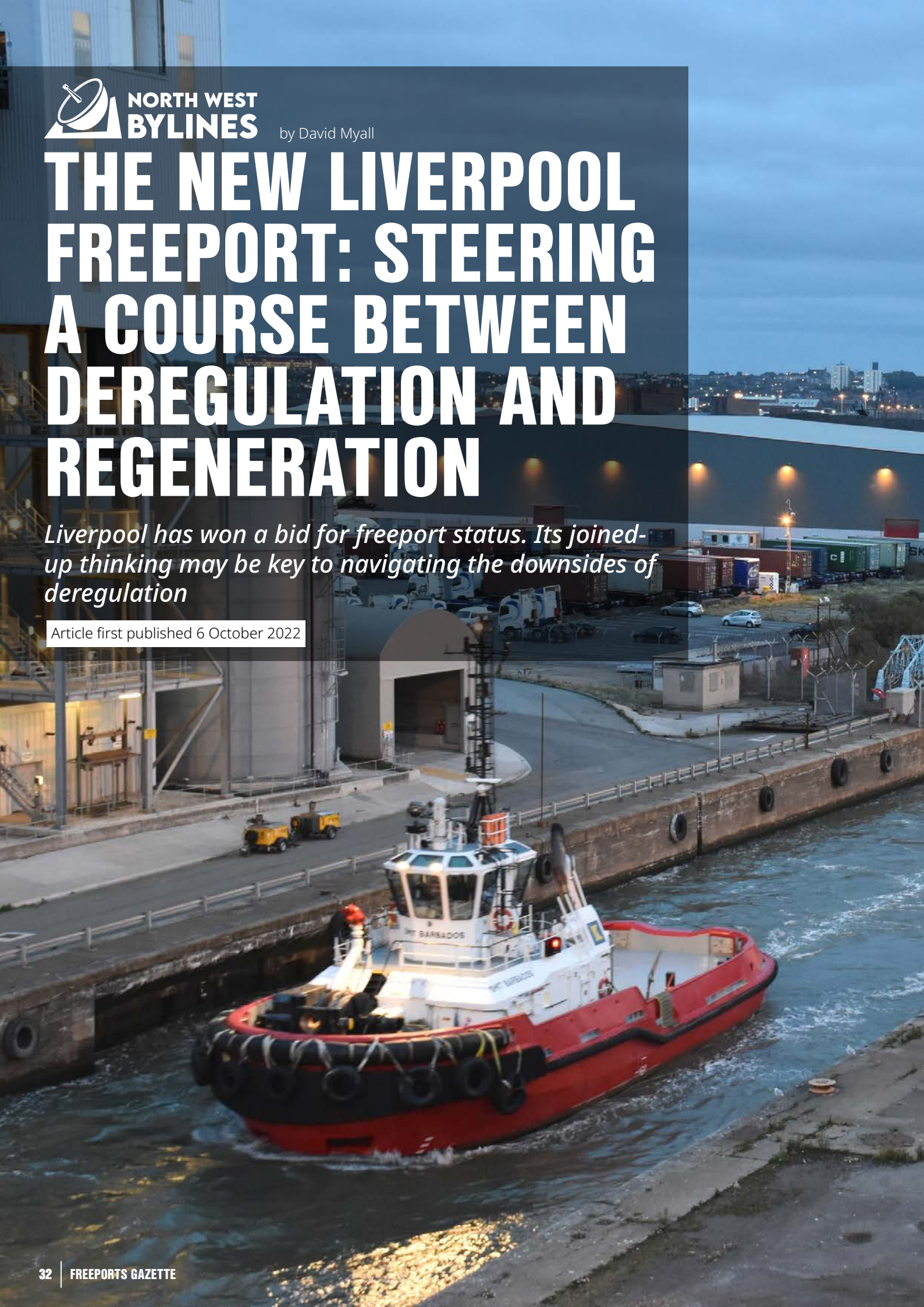
**NORTH WEST
BYLINES**

by David Myall

THE NEW LIVERPOOL FREEPORT: STEERING A COURSE BETWEEN DEREGULATION AND REGENERATION

Liverpool has won a bid for freeport status. Its joined-up thinking may be key to navigating the downsides of deregulation

Article first published 6 October 2022





Liverpool – and a region extending as far as the outskirts of Salford – will soon be hosting a freeport, which will eliminate custom tariffs, reduce taxation, and provide light touch planning in a bid to encourage trade and innovation. An undoubted consequence of Brexit, is there a hidden ideological agenda to develop it into a so-called charter city?

Will it simply attract investment and jobs from other parts of the region and become an onshore tax haven? Or, accepting that it's the only game in town, can Liverpool find a way to manage the potential negative consequences of deregulation in order to benefit from it?

Why is the government promoting freeports?

The Conservative Party manifesto included a commitment to create up to ten freeports around the UK as national hubs for global trade and investment across the UK. The aim was to promote regeneration and job creation as part of the policy to level up communities. They were also seen as hotbeds for innovation.

The creation of freeports is now government policy. Bids were invited and, as announced in the 2021 budget, eight were successful: East Midlands Airport, Felixstowe and Harwich, Humber, Liverpool City Region, Plymouth and South Devon, Solent, Teesside and Thames.

There are many freeports in the EU and the UK previously had several – including Liverpool. However, these were scrapped in this country because they were believed to be ineffective. Now, Brexit is seen by the government

as allowing it to implement freeports in a new way, achieving more than was previously possible under EU rules. Freeports are, however, subject to World Trade Organisation rules and sometimes to free trade agreements.

The advantages of freeport location for businesses is described by the government as follows:

“In the UK, freeports are designated areas where a range of economic incentives are available. These include incentives related to tax, customs, business rates, planning, regeneration, innovation and trade and investment support. While being within a country's geographical borders, freeports are effectively outside a country's customs borders.

“Goods imported into the freeport customs site benefit from simplified customs documentation and can delay paying tariffs. Businesses operating in designated areas can make products using these imports and export them without paying tariffs and again benefit from simplified customs procedures.”

The Liverpool City Region freeport

Each of the new style freeports has a port (the primary customs zone) and a region of up to 45km in diameter, within which specific areas can be designated for custom and/or tax reductions. As the map of the Liverpool freeport region shows, it extends to the fringes of Manchester in the east, and includes the towns of Warrington, Wigan and Widnes, Halton and the west side of the Mersey including Ellesmere Port and Birkenhead. The concept is to allow industrial and logistical zones at or close to the port to

benefit from the special customs and tax arrangements, which should encourage investment and innovation and benefit the whole region. Areas many miles from the port will need to be physically fenced off, with customs controls in place for goods leaving the area for the rest of the UK.

The successful Liverpool City bid is summarised here. In addition to the Liverpool port, which is of course the primary customs site, there are three so-called Tax and Customs sites in the region included in the initial plan – Wirral Waters, 3MG in Widnes and Parkside in St Helens. These will look to use the incentives available to build on existing strengths in education, transport, logistics, manufacturing, and R&D. Transport hubs such as Liverpool airport will be integrated in later phases of the plan. In the words of the bid document:

“The [Liverpool City Region] Freeport will be shaped to support the delivery of LCR's vision outlined in the Local Industrial Strategy and Economic Recovery Plan: for a globally competitive, environmentally responsible and socially inclusive City Region.”

What's not to like?

One of the acknowledged problems with providing tax and other incentives to a freeport is that it simply attracts investment and business from surrounding areas and the net benefit to the country is negligible – the incentives are wasted because overall, no new activity is generated.

This is known as ‘displacement’. A study on the impact of Enterprise Zones (with similar incentives to freeports) showed that only a quarter of the expected new jobs were



delivered and a third of these had been displaced. The jobs also tended to be low skilled (perhaps reflecting the fact that low margin businesses will be particularly attracted by the freeport benefits).

The Office for Budget Responsibility assumed in the October 2021 economic and fiscal outlook report that “on the basis of historical and international evidence ... the main effect of freeports ‘will be to alter the location rather than the volume of economic activity’”.

The government required freeport bidders to ensure that the risks of displacement were mitigated, but it remains to be seen how effective these measures will be.

There are two further potential drawbacks to freeports, which are frequently mentioned. Firstly, employee rights might be included in future de-regulation in these areas (so that workers there might have reduced protection against redundancy or lower entitlement to holidays). However, this is not currently proposed for freeports in the UK.

Secondly, the EU Commission has noted the potential for freeports to be used for criminal activity. They are useful places to store high value assets such as works of art and can be used to conceal the true origins of items by exploiting the simplified customs paperwork. The UK Government has included safeguards in its own proposals, such as requiring HMRC authorisation for companies operating in freeports and bidders for freeports to demonstrate how they will secure their customs sites.

Freeports and charter cities

A charter city is a concept proposed by economist Paul Romer, in which a city in one country is handed over to be administered by another country or even private company, with lower taxes, de-regulation and other business friendly policies supposedly leading to faster economic growth.

The similarity in concept has led to concerns (on social media at least) that the new UK freeport regions were a kind of Trojan horse leading to them becoming charter cities. This seems to be overblown in the case of the UK, as there is no legal basis for this to happen at present. The Byline Times article ‘Beware the Charter Cities Conspiracy Theory’ is a good analysis and concludes that this particular threat is greatly exaggerated.

The only game in town

There’s no question that freeports and the set of Enterprise Zones being pushed by the government are ideologically driven. If you believe that de-regulation and tax cutting are the keys to business success, you must believe that the more de-regulation and the lower the tax burden, the more successful you will be – even if that might lead you to some extreme scenarios, where workers’ rights and environmental standards are sacrificed.

The authors of the successful Liverpool bid have clearly thought very carefully about the values they want to be at the core of their approach, which show they are fully aware of the possible downsides:

- Collaboration on efforts to drive social mobility, equality, and inclusion.
- Continuous assessment of core skills requirements and a proactive collaborative approach with key skills providers.
- Consideration of activities in line with Fair Employment Charter / Real Living Wage.
- Effective promotion of job opportunities to all communities via local recruitment channels.
- Promotion of low carbon initiatives and helping deliver the Net Zero ambitions of LCR.

They are seeking to leverage the resources within the region, encourage development and open up sites such as the old Parkside colliery in St Helens that have lain empty and unused for decades. The freeport is clearly an opportunity to receive multi-million-pound funding and to improve prosperity for local residents.

Of course, the possibility to create a freeport is the only game in town at the moment, so it is impossible to ignore. But the joined-up thinking represented by the Liverpool City Region bid could be applied to the whole region – the whole UK in fact. Business values a well-educated, skilled workforce, good infrastructure, and high-quality transport links as much as it does low taxes.

Only time will tell if the experiment Liverpool and seven other English cities are embarking on will succeed in expanding the UK economy or will simply erect a complex set of arrangements to be exploited by those competing in a race to the bottom on costs and standards. ●





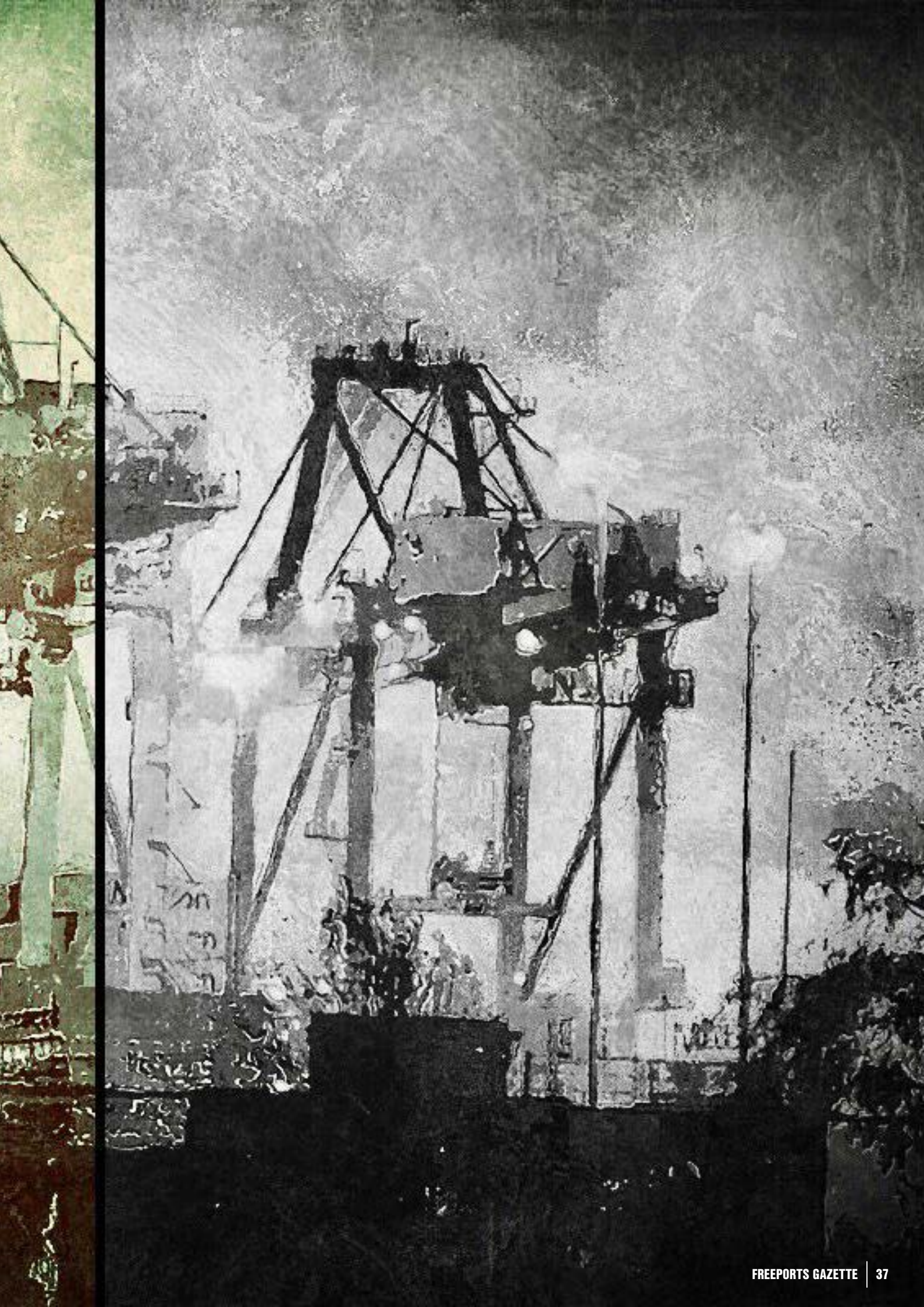
**BYLINES
SCOTLAND**

by Alison Murray

GREEN FREEPORTS: GATEWAY TO SUSTAINABILITY OR GREENWASHING WITH A TAX AVOIDANCE CHERRY?

The promise and perils of Scotland's green freeports: ensuring a sustainable future versus opening doors to greenwashing and fraud

Article first published 3 May 2023



Across the globe, some might feel that the rapid introduction of several UK freeports was intended to build the Gateway to the World following the economic loss of Britain's unique position as the Gateway to the EU. Britain's freeport glitches and potential for fraud and corruption may add additional scrutiny for any attempt to re-join the EU. No doubt Scotland, and other governments will seek to abide by the European Commission's new rules to facilitate potential future EU membership, should the opportunity arise.

The Scottish government announced plans for green freeports in September 2020.

To date, Scotland have selected two sites: Opportunity Cromarty Firth and Firth of Forth Green Freeport. It has the potential to set a high standard to complement the Scottish context, with a focus on Fair Work First practices for green jobs and upholding the highest environment protections. Scotland's green freeports in Scotland are required to:

- promote regeneration and high-quality job creation
- promote decarbonisation and a "just" transition to a net zero economy
- establish hubs for global trade and investment
- foster an innovative environment

Greenwashing

Greenwashing is particularly relevant to the development of green freeports. The 'ideal' is for green freeports to create economic growth and employment opportunities, and, at the same time promote sustainability and reduce emissions. However, there are real risks that these goals could be overshadowed by greenwashing. Insufficient transparency around the environmental impacts of operations

in green freeports could result in greenwashing.

There is widespread concern that carbon credits are being abused by companies as well as organisations scamming the unsuspecting. Claims of environmental benefits about their environmental friendliness could be exaggerated, should renewable energy supply rely upon trees/ biomass as a renewable energy source to be burnt.


Opportunity Cromarty Firth Freeport

Opportunity Cromarty Firth Freeport, designated as Inverness and Cromarty Firth Green Freeport may benefit from additional work assembling offshore wind platforms from parts which only leave the freeport site for installation. Cromarty has already partnered with more than 25 international businesses and UK infrastructure and energy companies looking to exploit its unique tax-free situation to help deliver the UK's national energy security.

This helps allow its partners to take advantage of international investment for the benefit of Scotland and towards net zero. For example, Storegga's installation of its Cromarty hydrogen project is projected to create 90 jobs when it's Q42023 contract is signed. This project will utilise the entire capacity of the 29MW Beinn Tharsuinn windfarm to produce ~11,000kb of hydrogen each day.

Firth of Forth Green Freeport

Likewise, Firth of Forth Green Freeport will have specific tax and customs sites at Rosyth and Burntisland, whilst other locations and infrastructure across South West Fife and Mid Fife will also benefit. CEO and chair of partners Ineos, Andrew Gardner, stated that it "will have a much broader impact across Scotland, including creating 50,000 new green jobs, creating local jobs in local communities for local



people". Ineos have committed to building a world-scale low-carbon hydrogen plant at Grangemouth.

Green hydrogen

Green hydrogen is an alternative to battery storage for renewable produced electricity, enabling it to be available when needed during peak usage and the troughs during periods of low wind energy. Scotland has the potential to build upon its wind farm dominance expanding into green hydrogen, and perhaps even into carbon capture industries with its partners and others. This is not without competition from other countries also looking to capitalise on green economies. Fortunately, the need for more energy does not appear to be diminishing, so there is the potential for bright futures for



those green freeports who get their sums right.

Freeport crime

Green freeports are just as vulnerable to fraud and other illegal activities as other freeports. As with other freeports around the UK, Scotland's freeports can import goods and then re-export them outside normal tax and customs rules. This means that manufacturers in free ports can import raw materials tariff-free and export them overseas without UK duties being paid. Only finished products leaving the site for elsewhere in the UK will be subject to tariffs. Clarification is needed to determine what if any tariffs are to be paid for the 'other locations' associated with free ports.

Thus far, it appears that these first two green freeports are above board, will avoid the taint of the freeports internationally which are linked to crime, money laundering, smuggling, bribery, corruption, and low wages.

The tax avoidance cherry may be enough to entice many partners. Companies on site will also benefit from paying lower property taxes as well as lower rates of national insurance for taking on new staff. Scotland's government has stated that its goal is for high value job creation rather than a race to the bottom of the job market, sacrificing salaries, standards and/or worker safety. This may prove difficult as these things are determined by the business operating within freeports rather than the freeports themselves.

Only as good as the regulatory framework

Scotland, like the rest of the UK, will need to ensure that proper regulatory frameworks are in place to prevent such activities and ensure that the green freeports operate in a transparent and accountable manner. As with the transparency needed to help eliminate greenwashing, clear and transparent frameworks need to be in place to measure and report all factors to reduce fraud and corruption. ●



 **WEST ENGLAND
BYLINES** by Hadrian Cook

SINGAPORE-ON-CHANNEL?

It's no secret that Johnson wants to shape the UK into a European Singapore. But what would that look like if it were to come to pass?

The following dramatisation depicts an event in the late seventies during strike action by HM Customs and Excise.

Two besuited reps struggle to carry a heavy crate through the Port of Dover. Written on the box is 'Les numéro treize widgettes' with a cog wheel as illustration. Exhausted, they placed their burden on the bench beneath the beady eyes of a lone senior customs officer – evidently not on strike:

Officer: "What's in the package Sir?"

Rep 1: "What it says on the box, mate! We're from an engineering firm and there's a car outside to pick us up and take us to Slough. It's urgent. My gov'nor's got a big order, and we mustn't stop production."

Officer: "Don't you 'mate' me Sir, I am an officer of the Crown. Open that box."

Rep 2: retrieves a sheaf of paper from his jacket pocket and replies: "Here you are Officer, from our supplier in Calais. Proves what's inside."

He flamboyantly casts the papers on the bench. The customs officer growls: "I am asking you to open the case, so I can see if it is engineering parts..."

The outcome of this techy exchange remains unknown, but it is doubtful these men were either arms smugglers or drug dealers. Just rather weary. What is memorable is that while the lone official was checking the widgettes, there was the 'clink clink' in the background from bottles of contraband carried by tourists taking advantage of the situation and sneaking out through 'Nothing to Declare'.

It is redolent of the sketch involving an unlicensed street musician, his monkey, a jewellery raid, and of course, Inspector Clouseau ...

That was then, but now it is all coming back!

UK ports have been enjoying frictionless trade with our EU neighbours for years. Then Brexit threw a metaphorical spanner in the works, a metaphor the reps would understand. The Financial Times (5-7 March) reported: "UK-EU trade falls sharply as Brexit disruption starts to bite." Key take-away points are that for January, French exports to the UK were down 13%, and 20% the other way. German exports were down 30% "continuing a trend of declining trade between the two countries since the Brexit Referendum in 2016" and the proportion for Italy is worse. There are other factors, including Covid, but Brexit is clearly the major cause.

'Frictionless Trade' is the removal of both tariff and non-tariff barriers to trade: free movement of goods, services, capital, and people between countries. Frictionless trade means not only the removal of taxes and

charges at borders but also alignment of regulatory and legal frameworks with another country.

A steady decline since 2016 suggests a lack of willingness to trade with UK, and partial blame is attributed to requirements from customs, including certifications. Delays are hardly the frictionless trade promised by the government in 2016; neither are these considered to be merely teething problems, as reported by the BBC on 12 February.

According to the Institute of Government, the concept of freeports is a special kind of port where normal tax and customs rules do not apply. Candidates for freeport areas can be either maritime or airports. Contrary to what the government would have you believe, freeports were allowed under EU law and UK has had several including Tilbury, Southampton and Glasgow Prestwick Airport.

Because tariffs on component parts are often higher than tariffs on finished goods, it can be advantageous to transport components to a freeport to manufacture finished goods and then import these into the rest of that country with a lower tariff, says Abbas Panjwadi.

Gwyn Topham in the Guardian (4 February) resurrects the old anti-Tory trope of 'sleaze' in the freeports idea. He asserts:

"Within designated zones, stretching up to 45km from ports, the government's free ports prospectus

describes how usual customs, planning and tax measures will not apply. Goods and components will, in effect, remain offshore, allowing, say, a new factory to be built, processing raw materials and components without customs paperwork or tariffs, to re-export as more valuable goods."

Inevitably, Rishi Sunak is behind freeports, with promises of employment in deprived areas and 'green industry' for such as Humberside, Liverpool or Teesside as candidates apply for freeport status. This is, of course, in line with the desire to make the UK economically more like Singapore.

One criticism of freeports is that companies will just move their operations into the freeport areas which is to the detriment of already hard-hit towns and the workers who would have to move. Also there may be reduced regulation with the threat of loss of workers' rights. Then there may be 'relaxation' on employers paying national insurance contributions and an overall loss of revenue to the government through concessions from legal non-payment of stamp duty and business rates.

The fear that mini-tax havens will be created on British soil is real; 45 km gives a lot of wriggle room for 'virtual freeports'. For instance, that radius from Liverpool takes in much of south Lancashire and north Cheshire. Practices developed in 'sleaze ports' could leak into the wider economy. Tax dodgers and money launderers could be two kinds of beneficiaries.

So, will freeports work and for whom?

A BBC report (3 March) finds supporters claiming they encourage manufacturing and job creation in less affluent areas; opponents claim no overall boost to jobs, with an economic burden of moving activities geographically. Despite claims made by James Cleverley (minister of state for Middle East and North Africa) and the chancellor, Abbas Panjwadi reports that there are around 80 zones within the EU with free port characteristics. These are still subject to EU rules and presumably, trade through EU freeports would still bind UK to EU regulations. Also trade from UK freeports to the EU will be subject to EU regulations. So freeports are not entirely 'free' of regulation!

Would we therefore be better off in 'Global Britain'? Falls in governmental revenues and employment conditions look likely with no good news for overall employment, since this may only move geographically. Whatever the future may hold for freeports, I cannot help thinking how convenient it was when there was frictionless trade to and from our neighbours.

I dedicate this article to all presently suffering from frictional trade. ●





**BYLINES
CYMRU**

WALES FREEPORTS: DOUBTS RAISED BY UK GOVERNMENT ADVISER

by Twm Owen

This article was originally published in the National Wales in May 2022. With the news of Welsh freeports going ahead, let's go back a bit [↗](#)

Article first published 28 March 2023



**BYLINES
CYMRU**

THE SOUTH WALES FREEPORT AND NET ZERO

by Andrew Taylor-Dawson

Andrew Taylor-Dawson reports on a £30bn plan involving controversial 'carbon capture' and dependency on a deregulated South Wales freeport [↗](#)

Article first published 3 May 2023



EAST ANGLIA
Bylines

FREEPORT EAST: WHY IS IT SO CONTROVERSIAL?

by Kate Moore

Felixstowe, Harwich, and Stowmarket-based Gateway 14 make up Freeport East. Who will benefit from its low tax and low regulation regime? [↗](#)

Article first published 3 May 2023



EAST ANGLIA
Bylines

OUTRAGE AS COMPANY BEHIND P&O'S 800 ILLEGAL SACKINGS GETS LUCRATIVE FREEPORT ROLE

by Anna Damski

The government has announced the official launch of the Thames Freeport, led by the controversial Dubai-based firm DP World [↗](#)

Article first published 29 March 2023



**NORTH
EAST BYLINES**

A TEESSIDE FREEPORT WILL NOT LEVEL UP THE NORTH EAST

by Giuseppe Bignardi

If freeports were such a good solution, why we have not tried them before? Sadly, the answer is that we tried them before, but they did not work [↗](#)

Article first published 23 May 2021



NORTH EAST BYLINES

PERSONAL PROTECTIVE EQUIPMENT AT TEESSIDE FREEPORT: YAY OR MAY?

by James Waterson

What is happening with protecting the risk to human life at the Teesside Freeport? [↗](#)

Article first published 28 April 2023



YORKSHIRE BYLINES

BREXIT BENEFITS: FROM HONDURAS TO HULL, VIA HONG KONG

by Ann Moody

Ann Moody takes a look at charter cities, free ports and the real benefits of Brexit, according to Jacob Rees-Mogg [↗](#)

Article first published 9 June 2022



YORKSHIRE BYLINES

FREEPORT PLANS SIGNAL TURBULENT TIMES AHEAD

by Jane Thomas

Just as there's no such thing as a free lunch, this is true of freeports too [↗](#)

Article first published 2 March 2021



NORTH WEST BYLINES

HOW A COAL MINE IN NEWTON-LE-WILLOWS BECAME PART OF THE NEW LIVERPOOL FREEPORT

by David Myall

David Myall turns the spotlight on the Liverpool freeport and the opportunities and threats it may pose for the Liverpool city region [↗](#)

Article first published 3 May 2023



Kent Bylines

News from the Garden of England

WOULD DOVORIANS BENEFIT IF DOVER BECAME A FREEPORT?

by Sarah Gleave

The Port of Dover's annual consultation meeting with the town confronts the current challenging times facing it [↗](#)

Article first published 6 March 2021

