

Freeports

A guide for unions in London, East and South East

What is a freeport?

UK freeports will be areas where goods can be imported without having to pay taxes at the border (tariffs). While tariffs are generally low for imports into the UK, there are a very small number of goods that face additional tariffs now that the UK is no longer part of the EU customs union.¹ Freeports will also offer lower rates of tax and allow more flexibility on regulation. The government plans to establish freeports at East Midlands Airport, Felixstowe and Harwich, Humber, Liverpool City Region, Plymouth and South Devon, Solent, Teesside and Thames.

Unions must be involved

The TUC is calling for regional authorities and employers to involve trade unions in the development and oversight of any freeport. It is crucial working people are involved to ensure any freeport promotes the highest standards of workers' rights and good jobs and provides adequate investment in infrastructure and public services.

In the TUC London, East and South East region, three Freeport areas are planned. Unions should contact the following to find out more on plans and to push for engagement:

- Freeport East (Harwich and Felixstowe) [Contact Us \(freeporteast.com\)](https://www.freeporteast.com)
- Thames Freeport [Contact Us – Thames Freeport](#)
- Solent Freeport [Contact Us - Solent LEP](#)

The TUC is clear that freeports are not a substitute for a green industrial strategy that promotes good green jobs across every region and part of the country and any freeport must support a green industrial strategy.²

Considerations for unions

Union involvement in the development and oversight of freeports is key as they raise a number of important issues for workers, listed below.

- **Workers' rights:** versions of freeports found in countries such as the US and United Arab Emirates have been areas where workers have had far less rights and where unions have been forbidden from operating.³ The TUC is concerned that the regulatory flexibility that would be permitted in freeports raises the risk that workers' rights will be reduced and union agreements will not be recognised in freeport areas.

¹ UKTPO (2020), 'Tariff inversion in UK freeports offer little opportunity for duty savings', available at: <https://blogs.sussex.ac.uk/uktpo/2020/07/28/tariff-inversion-in-uk-freeports-offer-little-opportunity-for-duty-savings/>

² TUC (2020), 'Voice and place: how to plan fair and successful plans for zero emissions', available online at: <https://www.tuc.org.uk/research-analysis/reports/voice-and-place-how-plan-fair-and-successful-paths-net-zero-emissions>

³ TUC (2020), 'Freeports consultation response', available at: <https://www.tuc.org.uk/sites/default/files/2020-07/DIT%20Freeports%20consultation%20TUC%20response%20final.pdf>

- **Jobs:** research by the University of Sussex⁴, Centre for Cities⁵ and the Copenhagen Business School⁶ indicate freeports could displace good, unionised jobs in one area and create jobs with lower workers' rights in a freeport zone.
- **Tax collection:** the government has stated freeports would be areas with lower rates of tax and regulation. This raises the risk of tax evasion and money laundering. European Parliament researchers have documented these risks in existing freeports.⁷
- **Local infrastructure and public services:** freeports will require considerable investment in new infrastructure and demand for certain public services will increase to service the needs of new businesses and workers relocating to the freeport area. This may create costs for new infrastructure such as enhanced local public transport links, new utilities and maintenance and upgrading of local roads, industrial estates and public spaces. Local authority support of freeports is also likely to be required for environmental services, planning, regeneration and business support, as well as potential increased housing, education and community facilities if significant population growth builds up in freeport areas over time.

The TUC is calling for the Treasury to reimburse councils for lost tax revenue resulting from five-year business rate relief to businesses locating in freeport zones and provide financial support to pay for any additional burdens to local authorities incurred by the establishment of the freeport. Even with this reimbursement, a decade of severe cuts to local government funding will leave considerable capacity issues among councils that will need to be addressed.

Trade union involvement is vital to counter the risks highlighted above and to argue for measures that would support job creation, contribute to well funded public services and prevent tax evasion.

Asking questions

Below are five important questions unions should ask those involved in developing the freeport in Harwich and Felixstowe, Thames and Solent.

Question 1

How will the freeport ensure the highest standards of workers' rights and collective agreements will be respected?

⁴ University of Sussex (2020) 'What is the extra mileage in the reintroduction of free zones in the UK?', available at: <https://blogs.sussex.ac.uk/uktpo/publications/what-is-the-extra-mileage-in-the-reintroduction-of-free-zones-in-the-uk/>

⁵ Centre for Cities (2019) 'Why freeports do not hold the answer to job creation in a post-Brexit world', available at: <https://www.centreforcities.org/blog/why-free-ports-do-not-hold-the-answer-to-job-creation-in-a-post-brexit-world/>

⁶ Helgadóttir, Oddny (2020) 'Freeports: Johnson should look elsewhere for growth enhancements', available at: <https://www.socialeurope.eu/freeports-johnson-should-look-elsewhere-for-growth-enhancements>

⁷ European Parliament Research Services (2018), 'Money laundering and tax evasion risks in free ports', available at: https://www.europarl.europa.eu/cmsdata/155721/EPRS_STUD_627114_Money%20lauding-FINAL.pdf

Question 2

How will the freeport support new good jobs being created in the area?

Question 3

How will the freeport eliminate possibilities for tax evasion?

Question 4

Will funding be in place to support the relevant local authorities to meet additional infrastructure and public service needs?

Question 5

How will the freeport promote skills development, working in partnership with trade unions?

Question 6

How will trade unions be involved in monitoring and governance of the freeport?

Find out more

- Stay in touch with TUC London, East and South East lese@tuc.org.uk
- TUC consultation response on Freeports: <https://www.tuc.org.uk/sites/default/files/2020-07/DIT%20Freeports%20consultation%20TUC%20response%20final.pdf>