Independent Social Research Foundation

# Freeports Exposed

## Corruption, Harm and the Politics of Rule-Shifting

ISRF Report

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# EXECUTIVE SUMMARY

**This report exposes the role of the UK Freeports Programme in reshaping governance, regulation and accountability in ways that risk entrenching crime, harm and democratic deficits. At a moment when freeports are positioned at the centre of post-Brexit industrial strategy and regional regeneration, this report examines the realities beneath the language of "levelling up", competitiveness and renewal. It argues that freeports must be understood not simply as experimental economic tools, but as an increasingly common spatial strategy in which legal, political and institutional norms are selectively reworked. The report provides new evidence of how these arrangements are experienced and contested at the local level.**

Responding to these critical issues, the report draws on multi-method fieldwork conducted at Teesside Freeport, including site observations, 55 interviews with residents and experts, digital ethnography of local political and community debate, and an online public survey, alongside wider international research on special economic zones (SEZs) led by Dr Alexandra Hall. This fieldwork was undertaken at a time of intense national and regional scrutiny focused on the flagship Teesside site. Breaking news reports linked dredging activities undertaken during the early developmental stage of the freeport to a major marine pollution incident.

This prompted wider investigative journalism into the governance of the site, which included allegations of corruption, cronyism, opaque land transfers and asset stripping. The report builds on this body of research and incorporates new evidence from residents, workers and community stakeholders on Teesside. It also draws on the work of journalists and activists who have been instrumental in bringing governance failures, ecological controversy and contested commercial arrangements into the public domain.

The report situates the UK Freeports Programme in a broader zonal political economy. International evidence suggests that SEZs frequently operate through rule-shifting governance arrangements that fragment oversight, redistribute accountability and prioritise investor certainty. In this context, Teesside Freeport is an early and instructive case that provides insights into how these dynamics could unfold in the UK.

The findings suggest that freeports are not simply sites of deregulation or temporary experiments at the margins of the state. They actively reconfigure legal and institutional norms in ways that are increasingly embedded in contemporary state capitalism. Rather than removing rules, they reshape them, institutionalising differentiated governance regimes that privilege investor certainty, executive discretion and assetisation. Freeports are therefore better understood as *renormative spaces* in which the boundaries of responsibility, accountability and public value are systematically restructured and normalised.

Through layered public–private governance bodies, discretionary planning powers and targeted fiscal incentives, these arrangements can create permissive and negligent environments for corruption, conflicts of interest, labour precarity and environmental harm. Survey and interview evidence indicates significant public concern, with widespread expectations of ecological damage, weakened oversight and increased risks of labour exploitation and economic crime, reinforcing the need for robust democratic scrutiny.

Drawing such findings together, the report makes eight recommendations aimed at national government, devolved administrations and regional policy makers:

1. Commission independent, comparative research across the UK Freeport network and global SEZs to build a robust public evidence base. This should assess both successes and governance failures to inform fairer and more accountable future policy design.

2. Establish an independent regulator with full statutory and investigatory powers. This body should oversee governance practices, land transactions, environmental compliance and conflicts of interest across UK Freeports, and publish regular, accessible reports.

3. Mandate full transparency in land disposals, joint ventures, commercial agreements and beneficial ownership structures. All public–private financial flows in freeports should be subject to disclosure requirements.

4. Strengthen environmental safeguards through precautionary standards, independent ecological monitoring and transparent publication of all sampling and impact assessments associated with dredging, construction and industrial activity.

5. Restore and broaden local authority and community oversight. Local authorities, devolved institutions, civil society groups and worker representatives should hold meaningful and statutory roles within freeport governance structures to ensure democratic accountability.

6. Expand health and safety inspection capacity and enhance worker protections across freeport sites. Contractors and subcontractors should be held to consistent labour standards, with guaranteed trade union access and enforceable worker protections.

7. Introduce formal parliamentary scrutiny mechanisms, including regular select committee review, annual reporting obligations and mandatory publication of governance and financial outcomes.

8. Enact a statutory duty on freeport operators and associated public bodies to prevent economic crime. This should include clear responsibilities relating to anti-money laundering controls, illicit trade prevention and cooperation with relevant enforcement agencies.

Freeports have been consolidated as an infrastructural necessity in cross-party industrial policy. If they are to contribute to regional development without reproducing the most harmful characteristics of global zone models, meaningful regulatory reform, democratic oversight and institutional transparency are urgently required. Without such safeguards, the UK risks embedding governance arrangements that intensify criminogenic opportunity, displace public risk onto local communities and weaken the foundations of democratic accountability.

# Background: SEZs, Freeports and UK Industrial Strategy

**Announced in 2021, the UK has designated twelve new freeports, now operational or under development across England, Scotland and Wales.[1] A freeport is a geographically defined area in which a distinct package of customs rules, tax incentives and planning flexibilities applies in a specific space designated in a national territory. In practice, this means that goods entering a freeport can be imported, processed and re-exported under simplified customs procedures, while businesses operating inside designated tax sites benefit from targeted fiscal reliefs and accelerated developmental powers. Each freeport is overseen by a local governing body composed of local authorities, port operators, businesses and other stakeholders, working alongside central government departments.**

These zones combine tax and customs incentives with enhanced planning freedoms and hybrid public–private governance arrangements in delimited areas. While popularly presented as tools for regeneration, trade and industrial renewal, freeports also function as spatial governance experiments that sit within a much

1 HM Government (2021) Freeports Guidance. London: HM Government: https://www.gov.uk/guidance/freeports.

wider international expansion of special economic zones (SEZs).[2]

Globally, SEZs have expanded dramatically over the past three decades, becoming key infrastructural nodes of contemporary capitalism. An estimated 6000 zones have been designated worldwide, although not all are operational.[3] They enable states to attract investment, manage trade flows and experiment with regulatory reforms in bounded territorial enclaves. The UK's freeports follow this pattern. Although marketed through the language of "levelling up", they mirror global zone trends in three main ways:

- Regulatory differentiation: UK freeports create rule-shifting environments where regulatory authority is reorganised, not simply reduced.

- State–market hybridity: they rely on public–private governance coalitions similar to SEZs found across Asia, the Middle East and parts of Eastern Europe.

- Derisking and investor certainty: they reduce investor risk through public subsidy, accelerated planning and flexible regulation, while shifting long-term environmental and social risk onto communities.[4]

2 UNCTAD (2019) *World Investment Report 2019: Special Economic Zones*. Geneva: UNCTAD; World Bank (2020) *Special Economic Zones: An Operational Review of Their Impacts*. Washington, DC: World Bank.

3 See UNCTAD, 2019; World Bank, 2020; Slobodian, Q. (2023) *Crack-Up Capitalism: Market Radicals and the Dream of a World Without Democracy*. London: Penguin.

4 Gabor, D. (2023) 'The (European) derisking state'. *Stato e Mercato*, 43(1), pp. 53–84.

Freeports are not new to the UK. A previous generation operated between the 1980s and 2012 under a Conservative government influenced by Thatcherite enterprise policy. These earlier schemes were widely regarded as having limited additional economic impact and their licences were not renewed. The post-Brexit revival, strongly associated with Rishi Sunak's tenure as Chancellor and then Prime Minister, reframed freeports as instruments of sovereignty, competitiveness and industrial transformation beyond EU state-aid constraints. Positioned at the centre of the "levelling up" agenda, they were presented as more ambitious than their predecessors, with expanded tax incentives, seed funding and redesigned governance structures.

The current Labour government has retained support for the programme, signalling cross-party consolidation of such economic strategies despite earlier criticism. Freeports now operate alongside other forms of spatially differentiated policy in the UK, including investment zones. This continuity underlines how zone-based governance has moved from experimental policy to embedded industrial orthodoxy.

**Where are UK Freeports?**

The UK has twelve designated freeports: eight in England, two Scottish Green Freeports and two Welsh Freeports. These include Teesside, Thames, Solent, Humber, Freeport East, Liverpool City Region, East Midlands Airport, Anglesey, Milford Haven and Port Talbot, and the Scottish sites in the Highlands and the Firth of Forth.[5]

Freeports consist of a small number of designated tax sites (up to three in England) and customs sites, located within a wider geographic outer boundary that represents the area expected to

5 See (HM Government, 2021).

benefit economically from the freeport.[6] Freeport sites often sit alongside adjacent industrial estates and logistics parks. Many are located at major seaports and airports. They are geographically dispersed but share a common institutional structure based on local growth coalitions, often mayoral development corporations and centrally approved business cases.

## What freeport status offers

Freeports provide a concentrated package of fiscal and customs advantages that include:

- Customs flexibility: duty deferral, duty exemption on re-exports, simplified procedures.
- Tax incentives: enhanced capital allowances, business rates relief and employer National Insurance reductions for eligible new jobs.
- Planning acceleration: streamlined consents, Local Development Orders and fast-tracked infrastructure approvals.
- Public seed funding: central government support for site remediation, transport links, port infrastructure and industrial estate development.[7]

In practice, this package of conditions creates zones of intensified development where investor discretion is high and regulatory barriers are reconfigured. These arrangements resemble zone practices from across the world, where targeted incentives

6 HM Government, 2021.

7 HM Government (2020) Freeports Bidding Prospectus. London: HM Government: http://assets.publishing.service.gov.uk/media/5fb24618e90e0709e40951d0/Freeports_Bidding_Prospectus_web_final.pdf.

and flexible planning underpin large-scale industrial or logistics projects.

## Freeports and the Derisking State

Daniela Gabor's analysis of the 'derisking state', formulated in relation to development and infrastructure finance, can be productively extended to the UK freeport model.[8] The upshot is that the state does not retreat from economic governance but becomes more interventionist in ways that attract, secure and protect private capital investment. It does so by absorbing risk, restructuring regulatory environments and producing forms of investor certainty that render assets investible.

Extending Gabor's account, we can now see derisking in the context of freeports operating through three interrelated dynamics:

- First, public absorption of risk – through infrastructure investment, land assembly, underwriting and regulatory exemptions, uncertainty is shifted from investors onto public bodies and, indirectly, local communities.

- Second, rule-shifting rather than rule-removal – instead of dismantling regulation, the state rewrites and redistributes it across complex public–private interfaces, often enhancing discretionary authority and reshaping oversight in ways that prioritise investor interests.

- Third, private capture of gains – strategic land, commercial opportunities and increases in asset value accrue to private actors, while communities and public bodies absorb the long-term environmental and social costs.

8 See Gabor, D. (2023); Gabor, D. (2021) 'The Wall Street Consensus'. Development and Change, 52(3), pp. 429–459.

Freeports exemplify these dynamics. By concentrating tax incentives, planning flexibility and governance discretion within bounded territories, they institutionalise risk redistribution. Investor exposure is reduced while public exposure expands. This structural logic provides a lens through which we can interpret subsequent concerns around the types of opaque land transactions, assetisation, environmental externalisation and diminished accountability observed at Teesside.

# Criminogenic Risks in Freeports: Evidence and Gaps

**Freeports and other Special Economic Zones (SEZs) have long been associated with vulnerability to illicit trade, trade-based money laundering, VAT and excise fraud, tax evasion, environmental crime, corruption, conflicts of interest and labour exploitation.[1] These vulnerabilities largely stem from governance regimes characterised by fragmentation of authority, diluted oversight and expanded private discretion. Rule-shifting arrangements can weaken accountability and create spillover effects, or 'pipelines', through which crime and harm emerge and circulate across jurisdictions.[2]**

SEZs also tend to generate reputational effects. Where a territory becomes known for flexible oversight, permissive enforcement or fragmented regulatory authority, economic actors operating at the margins of legality may be drawn to it. This dynamic aligns with what the criminological literature describes as 'regimes of

1 See (Gilmour, 2022); (Greenland, 2018); (Hall et al, 2023); (Helgadóttir, 2020); (Moiseienko et al, 2020); (Neveling, 2021).

2 Muñoz Cassolis, N. (2022) 'Open secrets: corruption in free trade and special economic zones as an enabler for illegal wildlife trade'. TNRC Topic Brief: https://files.worldwildlife.org/wwfcmsprod/files/Publication/file/6pghxs9zpy_Corruption_in_FTZ_SEZ_as_an_enabler_for_IWT.pdf.

permission',[3] in which legal and governance frameworks do not merely fail to prevent harm but actively structure what is tolerated, prioritised or weakly enforced. Through selective enforcement, regulatory exemptions and dispersed accountability, certain forms of risk-taking and socially damaging conduct become normalised. Over time, these signals can become self-reinforcing, shaping both behaviour and expectations within and beyond the zones.

Some SEZs have attracted sustained international attention because of these dynamics. From reports of worker suicides in Foxconn factories in Shenzhen SEZ[4], to the illicit economies associated with the Golden Triangle SEZ, including the trafficking of drugs, sexual exploitation and the illegal trade in wildlife parts[5], these cases illustrate how zones can become sites of acute and highly visible harm. My own research on falsified medicines, counterfeit goods and illicit tobacco markets similarly identifies SEZs as playing key roles as hubs of production, assembly and transhipment of illicit goods, with major logistics zones such as Jebel Ali Free Zone frequently cited as key nodes within these supply chains, exploiting the logistical advantages and regulatory flexibilities that such environments provide.[6]

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3 Ciocchini, P. and Greener, J. (2023) 'Regimes of extreme permission in Southeast Asia: theorising state–corporate crime in the Global South'. British Journal of Criminology, 63(5), pp. 1309–1326.

4 Chan, J., Selden, M., and Ngai, P. (2020) *Dying for an iPhone: Apple, Foxconn and the Lives of China's Workers*. London: Pluto Press.

5 van Uhm, D.P. and Zhang, M. (2022) 'Illegal wildlife trade in two special economic zones in Laos'. Frontiers in Conservation Science, 3: https://doi.org/10.3389/fcosc.2022.1030378; Environmental Investigation Agency (EIA). (2015), Sin City: Illegal Wildlife Trade in Loas' Golden Triangle Special Economic Zone. EIA, available at: https://eia-international.org/wp-content/uploads/EIA-Sin-City-FINAL-med-res.pdf.

6 Hall, A., and Antonopoulos, G.A. (2016), *Fake Meds Online*. London: Palgrave Macmillan; Antonopoulos, G.A., Hall, A., Large, J., Shen, A., Crang, M., Andrews, M. (2018) *Fake Goods, Real Money: The Counterfeiting Business and its Financial Management*. Bristol: Policy Press.

Forthcoming work with the United Nations Office on Drugs and Crime further points to the global significance of SEZs in facilitating certain forms of environmental crime.[7]

However, a narrow focus on high-profile scandals risks obscuring the more routine and often less visible harms that zoning strategies can generate. These include the normalisation of precarious labour practices, the incremental weakening of environmental safeguards, and the embedding of opaque governance arrangements that complicate accountability. Such 'everyday harms' may be less spectacular but are arguably more pervasive, shaping long-term socio-economic and regulatory landscapes.

A caveat is necessary. Not all zones produce equivalent harm, and some generate measurable employment and infrastructure gains. UK freeport customs sites, for instance, are subject to HMRC authorisation requirements and ongoing monitoring, including Authorised Economic Operator standards designed to ensure compliance with international customs security frameworks. Moreover, UK Freeports operate within the same national legal framework as the rest of the country, including environmental and labour protections. In Scotland, Green Freeports have committed to Fair Work First principles, seeking to embed stronger labour standards within their governance frameworks.[8]

Nonetheless, patterns of crime and exploitation are shaped by broader economic conditions, political culture and enforcement capacity. Critics argue that the combination of tax incentives, planning flexibilities and complex governance arrangements may still create environments in which oversight becomes more fragmented or difficult to enforce.

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7 UNODC (forthcoming) 'Global Analysis on Crimes that Affect the Environment – Part 4: The Role of Special Economic Zones'. Vienna: United Nations Publications

8 BBC News (2023) 'Cromarty Firth and Forth to host first green freeports'. BBC News: http://www.bbc.co.uk/news/uk-scotland-scotland-business-64248082

Variation across sites therefore underscores the importance of empirical evaluation rather than broad categorical claims.

These dynamics point to a series of structural paradoxes at the heart of zonal governance, which form the focus of my forthcoming book.[9] SEZs are simultaneously sites of economic dynamism and routine regulatory practice; they promise mobility of capital, goods and labour while remaining territorially bounded; they project visions of economic futures while remaining embedded in the legacies of past policy and regulatory failures; and they promote opportunity while generating new forms of risk, inequality and legal ambiguity. Understanding how these tensions are produced, negotiated and stabilised is central to explaining how zones operate and why they generate uneven patterns of crime and harm.

9 Hall, A. (forthcoming) *The Freeport Paradox: Crime, Harm and the Politics of Special Economic Zones*. London: Routledge.

# Teesside Freeport: Governance Failures, Harm and Assetisation

**Teesside is the flagship site of the current UK Freeports Programme and central to the narrative of "levelling up" in post-industrial Britain.[1] The site has also become the most scrutinised in the national programme, with environmental controversy and investigative journalism intensifying public debate. Led politically by Mayor Ben Houchen, Teesside Freeport has been framed as a symbol of regional revival and post-Brexit renewal. Yet investigations and fieldwork point to deeper structural tensions and issues.**

1 Cotton, M., Tyfield, D., Gray, N. and Yuille, A. (2023) 'The politics of freeports – a place-based analysis of regional economic regeneration in the United Kingdom'. Local Economy, 38(6), pp. 562–581; Telford, L. (2023) '"Levelling up? That's never going to happen": perceptions on levelling up in a Red Wall locality'. Contemporary Social Science, 18(3–4), pp. 546–561.

## Environmental Harm: Weak Safeguards and High-Risk Development

Environmental controversy surrounding dredging and marine die-offs emerged as an early issue in the project. What began with local residents reporting that their dogs were becoming ill after walks along the beach soon escalated into a major marine incident. Photographs of dead and dying crustaceans and other sea life washed up along the North East and North Yorkshire coastline circulated widely across social media, quickly making headline news and attracting national attention. Official explanations attributed the ecological damage to natural causes, including algal bloom. In contrast, fishers, marine scientists and local campaigners pointed to the disturbance of historical contaminated industrial sediment by dredging activity.

The dispute was not only scientific but political, shaping trust in institutions and raising questions about transparency, accountability and precisely whose expertise counted in determining environmental truth and regulatory policy. Residents and workers dependent on coastal industries were interviewed as part of this research. Their ecological concerns were experienced not as abstract regulatory disputes but as immediate threats to livelihoods:

> "There's over 1000 traps down there and no crab... today I didn't see a single one."

> "We're seeing dead zones... everything is being wiped out."

## Governance Concerns and Lack of Transparency

Investigative reporting drew attention to a series of land and equity transactions conducted without open market competition and with limited public transparency. Journalists raised concerns about the transfer of a substantial equity stake in the Teesworks development to private developers under opaque arrangements, alongside the consolidation of large areas of formerly public land into joint ventures that reclassified strategic industrial infrastructure as revenue-generating assets.[2]

Viewed through the lens of assetisation, a common process in what Brett Christophers terms 'asset manager society', the Teesworks site illustrates a broader shift in contemporary political economy.[3] Teesside is not only one of Europe's largest and most contaminated brownfield sites, but also a real-asset project requiring extensive remediation and upgrading across the asset lifecycle. Such assets are typically attractive only to specific categories of investor, particularly infrastructure-focused asset managers able to extract long-term income streams from publicly assembled land, state-backed remediation and future rental flows.

Recent reporting has highlighted how income strips linked to South Bank Quay have been sold to global asset management firm Macquarie, reinforcing the impression that value capture strategies sit at the core of the development model.[4] Arrangements involving the exercise of development options followed by the sale of income streams for substantial returns further exemplify the means by which publicly assembled infrastructure can be converted into tradeable financial assets in global capital markets.

2 Brooks, R. (2020–2026) Series of investigative articles on Teesworks and Teesside Freeport. Private Eye.

3 Christophers, B. (2023) Our Lives in Their Portfolios: Why Asset Managers Own the World. London: Verso.

4 See (Brooks, 2020-26).

The involvement of global asset-management capital and offshore-linked investment vehicles intensified concerns that publicly assembled land and state-backed remediation were being positioned for rent extraction, with value potentially accruing beyond the region. Further scrutiny centred on the valuation and disposal of scrap materials from the former steelworks site, the awarding of security and site management contracts and the concentration of strategic authority within a relatively small circle of political and commercial actors. Collectively, these developments contributed to perceptions of potential conflicts of interest, cronyism and weakened independent oversight, as the following excerpts from interviews illustrate:

> "Ninety percent of the shares were given away for free in a secret deal."

> "Public money going to offshore individuals and businesses."

> "Land given to private developers with no return to taxpayers."

> "It feels like the wild west… no impact assessment, no precaution, nothing."

> "No one takes responsibility because it's been designed that way."

These testimonies reflect a perception that governance structures were configured less around stewardship of public assets and more around facilitating their transformation into revenue-generating investment vehicles on behalf of closed circles of economic actors.

## Labour Precarity and Eroded Worker Protections

Concerns were also raised about worker safety and rights within an accelerated development environment. One participant suggested that reduced regulatory oversight could create conditions for malpractice, noting:

> "…in terms of safety… absolutely. There's that opportunity for… malpractice… there's nothing really to protect workers' rights or worker safety… it could well be a dangerous place to work."

Others questioned whether the benefits of freeports accrue primarily to employers rather than workers, particularly in relation to National Insurance and pensions:

> "…whether it's just a way for companies to make more profit from workers… apparently they are exempt from employee National Insurance… are they going to be short of pension… In an area that is already deprived, that's depriving people some more… It's saving money for the employers but not making things better for the employees… getting away with murder with employee conditions and terms."

A further concern related to the enforcement of existing standards. One participant warned that freeport status could exacerbate existing issues:

> "That is one of my worries… some businesses override [regulations]… So, can you imagine a free for all where deregulation is happening… it's 'get work done… at all costs.'"

These claims reflect broader perceptions among some participants about the potential consequences of accelerated development and complex subcontracting arrangements.

**Public Perceptions and Democratic Deficits**

A government review of the Teesside development led by Michael Gove was initiated in response to allegations.5 However, its reliance on executive oversight rather than a fully independent statutory inquiry raised questions about what appeared to be limited legitimacy. The episode illustrates the difficulty of scrutinising governance arrangements embedded within hybrid public–private structures.

An online public survey of 127 people also revealed significant public concern about the UK Freeports Programme:

- 79% reported they found government freeport plans difficult to understand
- 90% said local information provision was insufficient
- environmental harm was identified as the primary concern
- respondents expected elevated risks of corruption, smuggling and financial crime
- strong concerns were expressed about low pay, insecure work and unsafe conditions

These findings reinforce the need for transparency, accountability and democratic oversight.

5 Brown, M. and Quinn, B. (2024) 'Michael Gove orders review into corruption allegations at Teesside freeport'. The Guardian.

## Political Ordering: Narratives that Silence Critique

Political ordering at Teesside has also involved narrative strategies that marginalise dissent. Social media discourse and local political communications frequently characterised environmental campaigners and investigative journalists as "left-wing activists" seeking to obstruct economic regeneration. Some activists reported intimidation and threats, contributing to a climate in which democratic participation becomes more difficult. For some participants, including former supporters of the project, these controversies produced growing disillusionment and distrust in political institutions.

> "They demonised anyone who questioned it… activists, troublemakers, whatever worked."

> "I would think that [marine die-off] had a big impact… and the demolition of the Dorman Long Tower… with the support of local Tories over the wishes of… organisations in the area who then get tarnished with, 'Oh they're just activists, eco activists…'… it's very divisive… I don't think they've done themselves a great deal of benefit from those… the crustacean one… affects very practically a lot of jobs down the North East coast."

> "I think the environmental stuff has really shocked and upset people… There's been mass demonstrations… the press try to paint anyone who's got environmental concerns as some sort of hippy tree hugger… this shock and devastation has gone beyond that… I'm not sure what the future holds really."

> "Wouldn't we just love 18,000 brand new jobs… give the area a lift… But what we're always worried about is that… businesses then decant from the North East, into Teesside… moving there for the tax breaks… When Houchen says, 'well paid jobs', we're a bit sceptical."

The dynamics surrounding Teesworks reflect what Bickerton and Invernizzi Accetti describe as technopopulism.[6] In this political logic, leaders simultaneously claim technocratic competence and a direct popular mandate, presenting controversial decisions as necessary for delivering growth and renewal on behalf of "the people". At Teesside, political authority has frequently been articulated through a combination of claims to insider expertise, economic delivery and regional pride. Within this framing, critics are portrayed as anti-growth or anti-Teesside, while complex governance decisions are justified as pragmatic necessities in the effort to attract global capital investment. The result is a political environment in which scrutiny can be delegitimised and contested financial arrangements are shielded behind narratives of economic revival.

### What Teesside Reveals

Taken together, the Teesside case illustrates how freeport governance, which combines flexible and selectively applied regulatory frameworks, offshore-linked investment networks, fragmented oversight and powerful private actors, can create an environment conducive to harm, corruption and the extraction of public value for private gain. It demonstrates how assetisation, when embedded within rule-shifting governance structures, is able to reorient regional development towards rent extraction rather than long-term public benefit.

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6 Bickerton, C.J. and Invernizzi Accetti, C. (2021) *Technopopulism: The New Logic of Democratic Politics*. Oxford: Oxford University Press.

These local dynamics and controversies, while distinct in context and scale, resonate with the broader pattern of concern regarding governance opacity, land transactions and the distribution of public and private benefit across SEZ regimes globally.[7]

7 Hall, A., Antonopoulos, G.A., Atkinson, R. and Wyatt, T. (2023) 'Duty free: turning the criminological spotlight on special economic zones'. British Journal of Criminology, 63(2), pp. 265–282.

# Conclusion and Recommendations

**So far, the research findings and analysis are suggesting that freeports operate not merely as economic initiatives but as *renormative spaces* in which rules, responsibilities and protections are actively recalibrated. The UK model combines selective deregulation, targeted reregulation and the derisking logic of contemporary industrial strategy.[1] Rather than justify a retreat of the state, the current outcomes of the freeports project demonstrate that the state has played an active role in restructuring regulatory frameworks and underwriting risk in ways that facilitate assetisation and the expansion of 'asset-manager society'.[2] In this sense, freeports form part of emerging post-neoliberal state capitalist arrangements in which state intervention is not withdrawn but strategically reorganised to secure competitiveness, attract mobile capital and produce investment-grade income streams, reflecting the 'spectre of state capitalism' and aligning with recent critiques of the new English freeports.[3]**

1 See (Gabor, 2023).

2 See (Christophers, 2023).

3 Alami, I. and Dixon, A.D. (2024) The Spectre of State Capitalism. Oxford: Oxford University Press.; Holden, P. and Harmer, N. (2025) 'Post-neoliberalism? The strange case of the new English freeports'. New Political Economy, 30(1), pp. 19–33.

Evidence from Teesside demonstrates how these arrangements can produce opacity, weakened accountability, political patronage, environmental damage and labour precarity. While concerns of this scale have not yet been widely documented across other UK sites, the structural features of the model mean that such vulnerabilities are embedded in its institutional design.[4] One of the most troubling insights from this research is that the freeport framework appears to incline governance in ways that make meaningful scrutiny difficult, creating environments in which oversight gaps are not accidental but accepted and structurally reproduced.

International research on SEZs shows that when zones combine discretionary governance, fragmented oversight and strong private influence over public assets, they become susceptible to corruption, regulatory evasion, social harm and diminished democratic control. The UK freeport model reflects many of these tendencies.

The UK is therefore at a critical juncture. The current Labour government has retained support for the programme, consolidating freeports in the mainstream of industrial policy. Preventing the reproduction of damaging global zone patterns will require a move towards transparent, democratically anchored regulatory frameworks. This includes independent oversight, strengthened labour and environmental standards, enhanced parliamentary scrutiny and the meaningful involvement of local authorities, workers and communities.

There is an urgent need for comprehensive empirical research across the UK freeport network and at the international level to assess impacts, monitor emerging risks and identify governance models capable of mitigating harm. This research should also trace how different governance configurations shape criminogenic outcomes across contexts and move beyond high-profile case

4 See (Slobodian, 2023).

studies towards a more systematic understanding of the everyday operation of diverse SEZ regimes.

If designed and governed with robust safeguards, freeports could contribute to regional development. Without such reforms, they risk entrenching harmful governance cultures, amplifying criminogenic opportunities and consolidating political and economic power in ways that undermine public trust, democratic accountability and long-term equitable development.

In light of the findings presented in this report, and the evidence drawn from fieldwork, survey data and international research, the following recommendations are proposed:

1. **Commission independent, comparative research across the UK freeport network and global SEZs**. There is an urgent need to build an independent public knowledge base on the governance, economic and social impacts of freeports and other SEZs. Current evidence remains fragmented and often politically mediated. Future research should evaluate both successes and failures of zone-based governance, including long-term fiscal impacts, land valuation practices, labour conditions, environmental monitoring and risk distribution. This research should be publicly funded and institutionally independent to ensure transparency and credibility.

2. **Establish an independent regulator**. The hybrid public–private governance structures within freeports create oversight gaps and blurred lines of accountability. A dedicated regulator is required to scrutinise land disposals, equity arrangements, public–private partnerships, environmental compliance and potential conflicts of interest. This body should operate independently of ministerial control and publish regular, accessible reports to parliament and the public. Without such oversight, governance risks becoming structurally insulated from meaningful scrutiny.

3. **Mandate full transparency in land transactions, joint ventures and beneficial ownership**. All land disposals, equity transfers, income strip arrangements and commercial agreements within freeports should be subject to statutory disclosure requirements. Beneficial ownership structures must be clearly and publicly recorded. The use of offshore-linked entities or complex investment vehicles should not obscure the flow of public value. Transparent reporting is essential to prevent asset stripping and to ensure that gains derived from publicly assembled land and state-backed remediation are demonstrably in the public interest.

4. **Strengthen environmental safeguards and independent ecological monitoring**. The environmental controversy at Teesside demonstrates the importance of precautionary regulation and trusted scientific oversight. All dredging, remediation and industrial activity within freeports should be subjected to independent environmental sampling, publicly available impact assessments and transparent reporting mechanisms. Monitoring should not rely solely on developer-commissioned evidence. Rebuilding public trust requires clear separation between commercial development interests and environmental oversight functions.

5. **Restore and broaden democratic oversight at local and regional levels**. Although some local authority actors sit on freeport governance boards, participation is often limited and uneven. Democratic accountability requires meaningful representation for local authorities, devolved institutions, community organisations and worker representatives within governance structures. Decision-making processes should be transparent, minutes published, and conflicts of interest declared. Freeports must not operate as insulated executive zones detached from the communities in whose name regeneration is justified.

6. **Expand labour protections and enforcement capacity.** Accelerated development and complex subcontracting chains increase the risk of weakened labour standards in practice. Health and safety inspection capacity should be expanded within freeport sites, and contractors and subcontractors held to consistent and enforceable labour standards. Trade union access should be guaranteed. If freeports are justified as engines of high-quality employment, this must be reflected in pay, conditions, security and long-term worker protections.

7. **Introduce strengthened parliamentary scrutiny**. Freeports represent a significant restructuring of governance and public asset management. Regular select committee review, mandatory annual reporting and full disclosure of governance arrangements, financial structures and long-term liabilities should be required. Parliamentary oversight must move beyond irregular enquiry and become embedded in ongoing institutional review.

8. **Enact a statutory duty to prevent economic crime**. Given international evidence linking SEZs to heightened risks of illicit trade, trade-based money laundering and regulatory evasion, freeport operators and associated public bodies should be placed under a clear statutory duty to prevent economic crime. This should include enforceable responsibilities regarding anti-money laundering controls, customs reporting, illicit trade prevention and cooperation with enforcement agencies.

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Any errors or omissions in this report are my own.

**At a moment when freeports are positioned at the centre of post-Brexit industrial strategy and regional regeneration, this report examines the realities beneath the language of "levelling up", competitiveness and renewal. It argues that freeports must be understood not simply as experimental economic tools, but as an increasingly common spatial strategy in which legal, political and institutional norms are selectively reworked.**

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