

## Inside the Luxembourg free port storing riches for the super-wealthy

### Level 1 • Pre-intermediate / Intermediate

#### 1 Warmer

What do you know about Luxembourg? Are these statements true (T) or false (F)?

1. The capital of Luxembourg is Luxembourg City.
2. Luxembourg is the smallest country by area in the European Union.
3. There are three official languages in Luxembourg.
4. Luxembourg has borders with four other European Union countries.
5. The franc is the official currency of Luxembourg.

#### 2 Key words

Fill the gaps in the sentences with these key words from the text. The paragraph numbers will help you.

warehouse

money laundering

logistics

storage

customs officer

1. \_\_\_\_\_ is the act of keeping something in a safe place. (para 1)
2. A \_\_\_\_\_ is a big building where large amounts of things are stored. (para 2)
3. \_\_\_\_\_ is when you hide the origin of money from illegal activities by putting it into legal businesses. (para 4)
4. \_\_\_\_\_ is the management of the activity of transporting things. (para 4)
5. A \_\_\_\_\_ is a person who makes certain travellers are not taking things into a country without paying taxes. (para 4)

deny

blacklist

tax evasion

murky

loophole

6. If something is \_\_\_\_\_, it involves activities that are not clearly known and that people think are dishonest or morally wrong. (para 6)
7. \_\_\_\_\_ is the use of illegal methods to pay less tax or pay no tax at all. (para 6)
8. If you \_\_\_\_\_ something, you say it is not true. (para 7)
9. A \_\_\_\_\_ is something that has been left out of a law or legal document that people can use to avoid obeying it. (para 9)
10. A \_\_\_\_\_ is a list of people or things that some people do not approve of and want other people to avoid or stop supporting. (para 9)

#### 3 Find the information

Find the following information in the text as quickly as possible.

1. How many free ports are there around the world, according to a US report?
2. Where in Luxembourg is Le Freeport?
3. How many bottles of wine can be stored in Le Freeport?
4. When was Le Freeport opened?
5. When will new EU anti-money-laundering rules start?
6. How many free ports are there in EU member state territories and their dependencies?

## Inside the Luxembourg free port storing riches for the super-wealthy

### Level 1 • Pre-intermediate / Intermediate

#### Inside the Luxembourg free port storing riches for the super-wealthy

Jennifer Rankin

6 July, 2019

- 1 The UK's new prime minister, Boris Johnson, could introduce special tax-free zones. He said recently that the UK could have six tax-free zones, known as free ports. A US report in 2013 estimated there were 3,500 free ports in 135 countries, with tax-free zones including car production and the storage of works of art.
- 2 One of those zones, and a possible model for the UK, is in a warehouse next to Luxembourg Airport. It is not an ordinary warehouse: Le Freeport is a maximum-security centre for the super-rich to store art, expensive wine and cars, and other treasures. Le Freeport has space for 750,000 bottles of wine and airport landing bays designed for armoured vehicles. The super-rich clients don't have to pay tax on anything they store or sell inside Le Freeport.
- 3 Le Freeport opened in 2014, but not everyone in Luxembourg welcomed it. Doubts increased in 2015 when the Swiss majority shareholder in Le Freeport, Yves Bouvier, was arrested because police believe that he lied about the value of artworks.
- 4 In response, the Luxembourg government increased anti-money-laundering controls. Since 2015, the three logistics companies in Le Freeport have kept records of the owners of property stored in the warehouse. Luxembourg customs officers check everything that arrives at the warehouse.
- 5 "In 2015, the government decided to evaluate the free port in Luxembourg and concluded that there were money-laundering risks," said Djuna Bernard, of Luxembourg's Green party.
- 6 The European parliament thinks Le Freeport is a money-laundering risk. "Everything is very murky," says Ana Gomes, a former member of the parliament's special committee on tax evasion. She visited Le Freeport in February 2018 but is not convinced by its controls. She thinks Luxembourg police and tax authorities do not have enough access to the data collected by the logistics companies working in Le Freeport. "It is a major scheme to avoid taxes and avoid money-laundering controls," she says.
- 7 Luxembourg's Indirect Tax Office found Le Freeport to be "high risk for money laundering". Le Freeport denies this. "The claims that Le Freeport could be used for money laundering are silly," said a company representative. "Le Freeport is probably the most controlled storage place in the European Union."
- 8 Free ports inside the European Union have to follow EU law, including new anti-money-laundering rules that start in 2020. There are 80 free ports in EU member state territories and their dependencies. This includes a free port on the Isle of Man, the British dependency, which is neither part of the EU nor the UK.
- 9 After Brexit or a Brexit transition period, the UK would no longer have to follow EU anti-money-laundering rules. But people who are against free ports say the UK would pay a price for not following EU standards. "If Britain doesn't follow the rules, I don't think that is good in the long run for the reputation of Britain," said Gomes. If the EU thinks there are too many British tax loopholes, the UK could lose access to European markets or even end up on a tax blacklist, she said.

© Guardian News and Media 2019

First published in *The Guardian*, 06/07/19

## Inside the Luxembourg free port storing riches for the super-wealthy

### Level 1 • Pre-intermediate / Intermediate

#### 4 Comprehension check

Match the beginnings and endings to make statements about the text.

- |  |   |
|--|---|
| 1. The super-rich clients of Le Freeport ...                     | a. ... it could lose access to European markets.                  |
| 2. Customs officers in Luxembourg ...                            | b. ... don't have to pay taxes on anything stored or sold inside. |
| 3. If the UK does not follow EU anti-money-laundering rules, ... | c. ... when Le Freeport opened in 2014.                           |
| 4. There is enough room at Le Freeport ...                       | d. ... Le Freeport was a money-laundering risk.                   |
| 5. In 2015, a government report concluded that ...               | e. ... to store 750,000 bottles of wine.                          |
| 6. Not everyone in Luxembourg was happy ...                      | f. ... check everything that arrives at Le Freeport.              |

#### 5 Chunks

Rearrange the words to make phrases from the text.

- run long the in
- security a centre maximum-
- zones tax- special free
- laundering money- controls anti-
- period after transition a
- part the nor the of neither UK EU

#### 6 Two-word phrases

Match the words in the left-hand column with the words in the right-hand column to make expressions from the text.

- |              |               |
|--------------|---------------|
| 1. free      | a. minister   |
| 2. expensive | b. production |
| 3. prime     | c. rich       |
| 4. high      | d. port       |
| 5. car       | e. risk       |
| 6. super-    | f. cars       |

## Inside the Luxembourg free port storing riches for the super-wealthy

Level 1 • Pre-intermediate / Intermediate

### 7 Word-building

Complete the table using words from the text.

|    | verb    | noun     |
|----|---------|----------|
| 1. | own     | (person) |
| 2. | store   |          |
| 3. | respond |          |
| 4. | produce |          |
| 5. | secure  |          |
| 6. | evade   |          |

### 8 Discussion

- Are free ports a good idea? Why? Why not?

## Inside the Luxembourg free port storing riches for the super-wealthy

### Level 1 • Pre-intermediate / Intermediate

#### KEY

##### 1 Warmer

1. T
2. F – Malta is the smallest.
3. T – French, German and Luxembourgish
4. F – Just three: France, Germany and Belgium.
5. F – It's the euro.

##### 2 Key words

1. storage
2. warehouse
3. money laundering
4. logistics
5. customs officer
6. murky
7. tax evasion
8. deny
9. loophole
10. blacklist

##### 3 Find the information

1. 3,500
2. next to the airport
3. 750,000
4. 2014
5. 2020
6. 80

##### 4 Comprehension check

1. b
2. f
3. a
4. e
5. d
6. c

##### 5 Chunks

1. in the long run
2. a maximum-security centre
3. special tax-free zones
4. anti-money-laundering controls
5. after a transition period
6. neither part of the EU nor the UK

##### 6 Two-word phrases

1. d
2. f
3. a
4. e
5. b
6. c

##### 7 Word-building

1. owner
2. storage
3. response
4. production
5. security
6. evasion