



European Parliament
Attn. Ana Gomes and Evelyn Regner
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B-1047 Brussels

Référence : 825x54637

Luxembourg, 28 May 2018

Dear Ms Gomes, dear Ms Regner,

I refer to your letter dated 2 March 2018.

I can only be surprised by your continued interest for the sole Luxembourg Freeport, while a recent listing established by the European Commission shows that over eighty free zones are currently in operation in the customs territory of the Union¹.

I understand that you visited the premises of the Luxembourg Freeport on the 5th of February 2018. I regret that even after this visit, a number of misconceptions persist with regard to the functioning of the free zone under Luxembourg law, some of which are reflected in your letter.

I notice that you pursue this endeavor in a personal capacity, and not within the mandate of any European Parliament commission or working group.

This being said, I am pleased to provide you with the following answers to your questions, in an effort to help you better understand the applicable framework.

¹ https://ec.europa.eu/taxation_customs/business/customs-procedures/what-is-importation/free-zones_en

Luxembourg's free zone is established in respect of articles 246 and 247 of regulation (EU) No 952/2013 of 9 October 2013 laying down the Union Customs Code, as well as the relevant provisions of the "Loi générale sur les douanes et accises modifiée".

The Freeport is operated by a privately held company, with no ties to the government. Like any other company, it has to abide to all applicable laws and regulations, including, as the case may be, relevant EU legislation and regulations.

Luxembourg's authorities have access to the full shareholder structure and list of shareholders of that company. However, it is not the Ministry of Finance's role to provide information on individual private shareholders.

All operators within the Freeport have to be approved by the Customs and Excise Administration. An operator who wants to become an Agreed Free Zone Operator has to fill out an application and provide the following documents, to be evaluated by the Administration:

- a copy of the lease contract, specifying the premises covered by the lease;
- a copy of the supporting documents regarding the constitution of the company
 - o either a copy of the Memorials or the annexes of the Memorial documenting the constitution of the company and the modifications of the constitution act
 - o either a copy of the notarial act documenting the constitution of the company and the subsequent modifications;
- an excerpt of the Trade Register;
- an excerpt of the authorization of establishment issued by the Ministry of the Economy - Middle Classes Department;
- a recent excerpt of the criminal record of the company (applicant);
- a recent excerpt of the criminal record of the people empowered to represent the company;
- the 3 last balance sheets of the applicant;
- a list of the operating personnel in charge of the operations to be undertaken in the free zone and
- a commitment to update the preceding list continuously and to hand it to Customs.

The accreditation of an Agreed Free Zone Operator is valid as long as the operator does not breach any accreditation conditions or commit any offences.

According to Luxembourg's Anti-Money Laundering (AML) legislation, it is mandatory for all Agreed Free Zone Operators to identify the beneficial owner of the assets and to keep this information on record. The Registration and Domains Administration ("Administration de l'enregistrement et des domaines") is the designated competent authority to monitor the compliance of the Agreed Free Zone Operators with the provisions of the AML legislation.

As you have seen during your visit, all goods entering and leaving the free zone are submitted to a mandatory physical verification by Customs. Boxes are first X-rayed and goods are unpacked in presence of a Customs officer. To this end, three Customs officers are present in the free zone facilities. They benefit from specific training organized by the "Musée national d'Histoire et d'Art Luxembourg".

Goods are allowed to enter the free zone only if their arrival has been electronically notified to the Customs electronic goods accounting and notification system and if they have been cleared by Customs according to the procedure described above. The same applies, mutatis mutandis, for goods leaving the free zone.

The Agreed Free Zone Operators have to inform Customs of any sale, renovation, redecoration or refurbishment of a good occurring during the storing period in the free zone and about every movement inside the free zone, such as a presentation in a showroom or a transfer from one storage room to another one. Any such transaction will be registered in the electronic goods accounting and notification system.

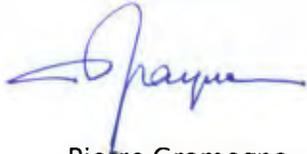
Since the opening of the Freeport, the Registration and Domains Administration, as the competent AML authority, has carried out several supervisory actions. A number of declarations have been made to the judiciary authorities in application of the AML law. According to the principle of separation of powers, the Ministry of Finance is not in a position to provide further details on these matters.

Luxembourg law does not oblige the operator of a free zone to publish statistics about clients, transactions or their assets. To my knowledge, neither does the legislation of any other EU country.

While the information is not public, law enforcement and other relevant authorities have access to all the information that the Agreed Free Zone Operators are required to possess, if required. Furthermore, professional secrecy does not apply in the context of AML enquiries. The exchange of information with other

member states and third countries is done on the basis of the applicable national and international administrative cooperation and mutual assistance provisions. All of these elements illustrate that the framework applicable to the supervision of the Luxembourg Freeport is not only in full compliance with all European rules and regulations, but in fact goes beyond some of their minimum requirements.

Best regards,



Pierre Gramegna
Minister of Finance