



INTERNATIONAL
TRADE
ADMINISTRATION

U.S. Foreign-Trade Zones Board

Foreign-Trade Zones: Supporting U.S. Competitiveness and Jobs



How does the Foreign-Trade Zones Program Work?

- The foreign-trade zones (FTZs) program helps encourage activity and value-added at U.S. facilities in competition with foreign alternatives by allowing delayed or reduced duty payments on foreign merchandise, as well as other savings.
- FTZ procedures allow domestic activity involving foreign items to take place prior to formal customs entry.



Who is on the FTZ Board?

- The Secretary of Commerce (Chair) and the Secretary of the Treasury
- FTZ Board – authorizes zone sites and activity

Operational Oversight

- Separate CBP “activation” needed before activity can begin under FTZ procedures. Zone activity remains under the supervision of CBP.



Are Zones Outside the US?

- No. Merchandise in a zone is considered outside the customs territory of the U.S. for formal entry procedures only. Foreign merchandise admitted to a zone is within the territory and jurisdiction of the U.S. and is considered imported.
- FTZ sites remain within the jurisdiction of local, state and federal governments or agencies.



The U.S. Model

- The U.S. zones model is based on our market economy and decentralized government system.
- U.S. zones are administered by local communities and operated by the private sector.
- Zone are widely available.
- Development aspects are added at the state and local level



How is a FTZ established?

- Local entities (e.g., city, county, port authority) apply to the FTZ Board for a “grant of authority” to establish a new FTZ.
- The application provides information about the proposed FTZ site(s) and the need for the zone.
- If the application is approved, the applicant becomes the “grantee” of the new FTZ.



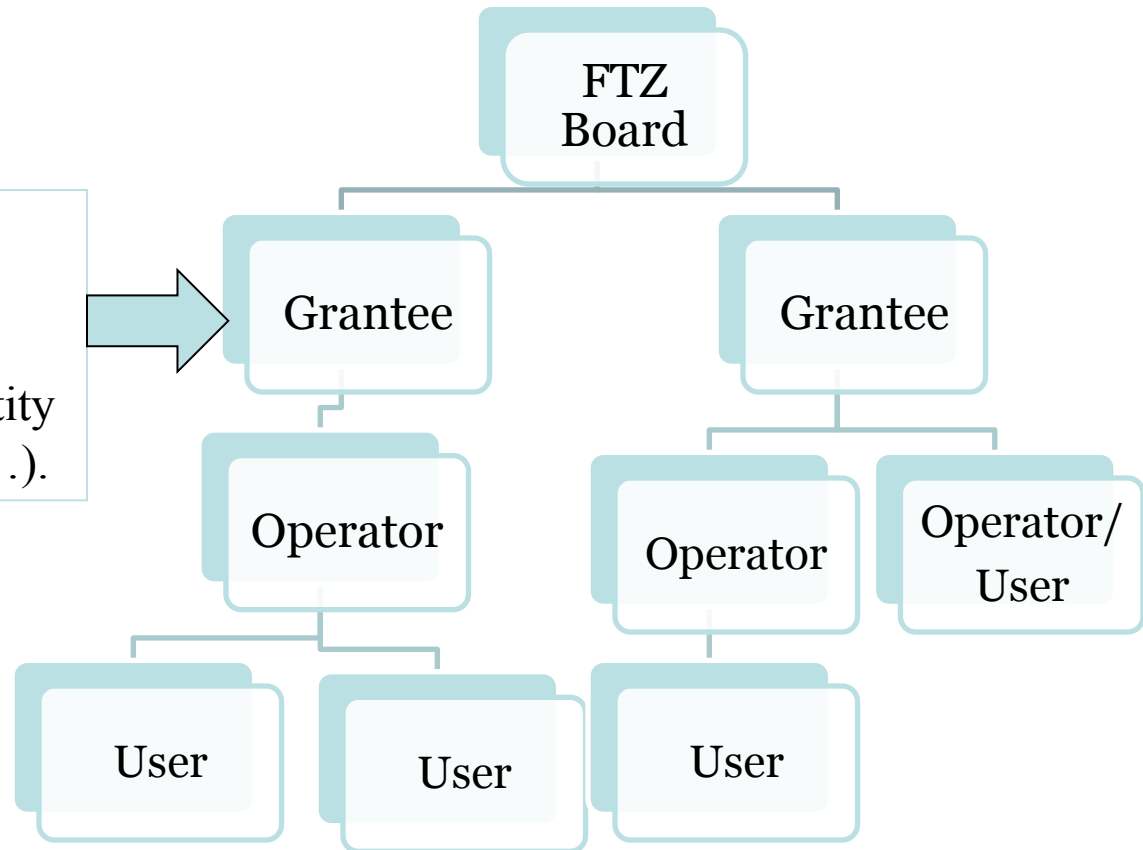
How is a FTZ established?

- Each CBP port of entry is entitled to one zone project
- Additional projects only approved if the existing zone will not adequately serve the “convenience of commerce”

Structure - Grantee

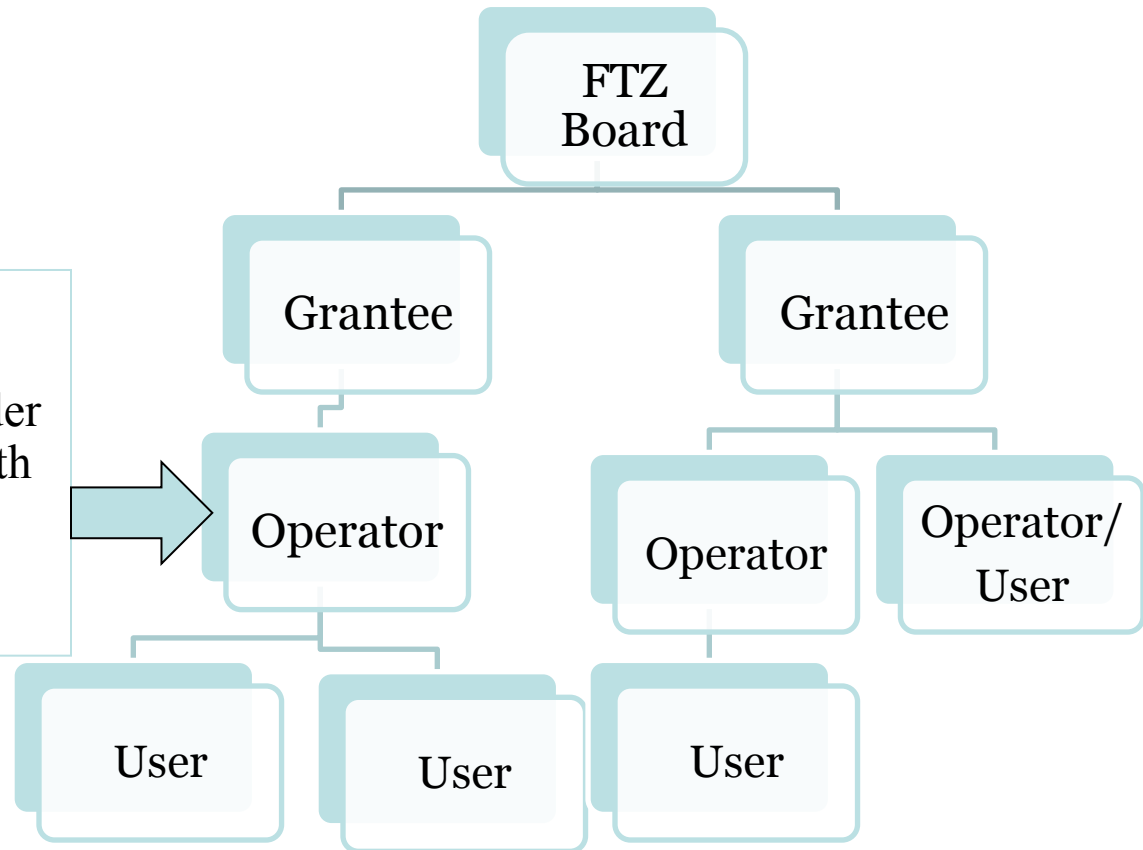
Grantee –

The corporate recipient of a grant of authority for a zone project. Usually a public entity (city, county, port authority...).



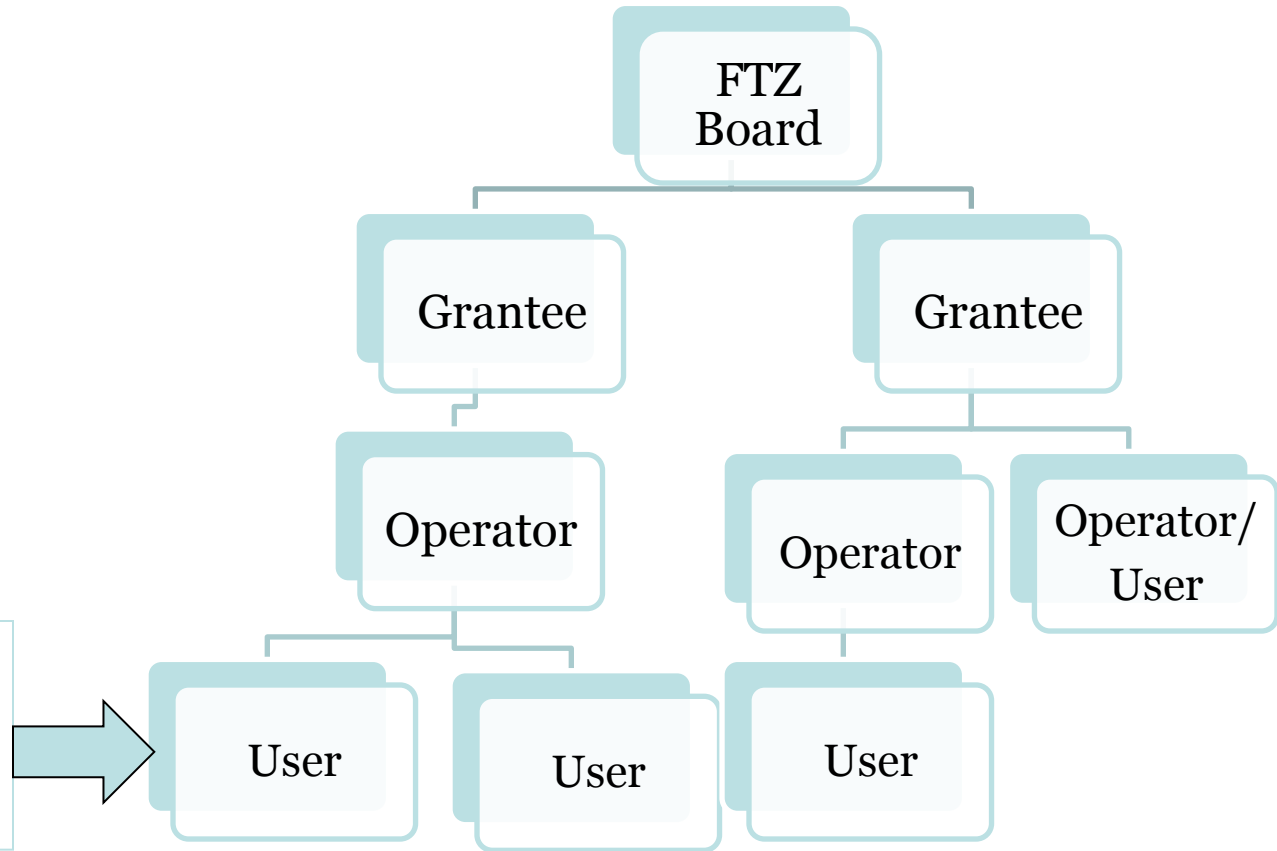
Structure - Operator

Operator - A corporation, partnership, or person that operates a zone or subzone under agreement with the grantee, with the concurrence of the Port Director of CBP. The operator has the bond with CBP.



Structure - User

User - A party using a zone under agreement with the zone grantee or operator.





What Activity is Permitted in Zones?

- General warehouse and distribution activity is allowed (no time limit on storage)
- Manufacturing and processing activity using foreign merchandise must be approved by the FTZ Board on case-by-case basis.
- Retail trade is prohibited in zones.



What are the Benefits to Zone Users?

- **Duty Exemption** (on re-exports) No duties or quota charges.
- **Duty Deferral** (on imports) Customs duties and federal excise tax deferred.
- **Inverted Tariff** (on imports) In FTZ manufacturing, imported inputs can have higher duty rates than the finished product to be entered into U.S. commerce. The FTZ Board may allow the manufacturer to apply the lower finished-product duty rate to the foreign inputs.



What are the Benefits to Zone Users?

- **Logistical Benefits.** Companies using FTZ procedures may have access to streamlined CBP procedures (e.g. "weekly entry" or "direct delivery").
- **Other Benefits.** Foreign goods and domestic goods held for export are exempt from state/local inventory taxes. FTZ status may also make a site eligible for state/local benefits unrelated to the FTZ Act.



Production Equipment Benefit

- Production equipment to be used in FTZ manufacturing can be brought into the zone in foreign status.
- Prior to the payment of duties, equipment can be:
 - Imported
 - Assembled
 - Tested
- Duty on imported production equipment is not paid until the equipment is to be used for manufacturing activity.



What are the Public Benefits?

- Help facilitate and expedite international trade.
- Help firms conduct international trade-related operations in competition with foreign facilities.
- Help attract offshore activity and encourage retention of domestic activity.
- Assist state/local economic development efforts.
- Help create and maintain employment opportunities.



Status of Merchandise in a Zone

- Privileged Foreign (PF)
 - Merchandise maintains its status (and duty rate) based on its condition when it was admitted to the zone, even if transformed in the zone.
- Non-privileged Foreign (NPF)
 - Merchandise is evaluated based on its condition when shipped from zone to the U.S. market (entered for consumption).



Status of Merchandise in a Zone

- Domestic
 - Mainly of domestic origin, but also includes foreign-origin merchandise already entered (duty paid).
- Zone Restricted
 - Must be exported or destroyed.



How to evaluate use of a Foreign-Trade Zone

- Does the company import merchandise with duty rates?
- Use tools available on FTZ Board web site:
 - Fill-in form (“Simplified Savings Estimator for Foreign-Trade Zone Manufacturing”) helps you evaluate.
- Talk to the local FTZ grantee, who can help you estimate costs of FTZ operations.



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Duty Savings Estimator

- Available for Manufacturing and Warehousing
- Designed to help companies estimate level of their potential duty FTZ savings
- Estimator will automatically calculate duty-savings estimate using info. that company fills in



savings_estimator.xls [Read-Only] [Compatibility Mode] - Microsoft Excel

Home Insert Page Layout Formulas Data Review View Acrobat

Normal Page Layout Full Screen Workbook Views

Ruler Formula Bar
 Gridlines Headings
 Message Bar Show/Hide

Zoom 100% Zoom to Selection

New Window Split Arrange All Hide Freeze Panes Unhide Window Save Workspace Windows Switch Workspace Windows Macros

G9

Summary of Savings							
By Input:					Export Related		
					NAFTA	Inverted	Non-NAFTA
Input Name	Inverted Tariff	Scrap/Waste	Duty Deferral	Export Related	Duty Deferral	Tariff	Tariff Not Paid
	-	-	-	-	-	-	-
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By Type:

Export Related =	\$0.00	Duty Deferral =	\$0.00
Inverted Tariff =	\$0.00	Scrap/Waste =	\$0.00
Total =		\$0	

Savings Calculator

Ready

85% 4:20 PM



The Alternative Site Framework (ASF)

- The ASF is an optional “framework” to manage FTZ sites that gives much greater flexibility to use simple “minor boundary modifications” (instead of more complicated and time-consuming procedures) to bring FTZ designation to locations where a company is ready to use FTZ procedures.
- A grantee can participate in the ASF by applying to the FTZ Board to “reorganize” its zone under the ASF.



Why the ASF was developed

- In the past, too many unused FTZ sites (often designated for speculative reasons).
- Little relationship between sites' FTZ designations and actual use.
- Number of speculative sites – not tied to specific users – makes it hard for CBP to project resources needed for oversight.



ASF Terms

- “Service Area” is the geographic area where a grantee can propose usage-driven sites and subzones
 - Adjacent to a CBP port of entry
 - Defined up front to eliminate need for full FTZ Board processes (*Federal Register* notices, public comment periods, etc.) when new zone users appear and need FTZ designation quickly.



ASF Terms

- “Magnet Site” is designated based on its ability to attract multiple potential FTZ operators/users
 - Designated in advance to attempt to draw FTZ operators/users (industrial park, port facility, etc.).
 - Requires full FTZ Board review process
 - Difficult to justify new magnet sites due to availability of usage-driven sites



ASF Terms

- Subzones and Usage-Driven sites are designated for a company ready to pursue conducting FTZ activity.
 - Within an approved ASF service area, subzones and usage-driven sites can be designated via quick and simple boundary modification (with no swapping of acreage required).
 - Designation tied to the specific company and limited to the space needed by the company.
 - If company vacates the site, the FTZ designation terminates. (A new MBM can be done if a future occupant of the site wanted to pursue using FTZ procedures.)



- Ongoing “Sunset” tests remove unused sites.
 - Standard five-year sunset period for Magnet sites (possible waiver of sunset for one site).
 - Three-year sunset period for all ASF Subzone/Usage-Driven sites.
 - Sunset deadline for each site extended based on the site’s activation at any time during the sunset period.
 - For example, a Usage-Driven site with a sunset deadline of October 31, 2012 has admission of foreign-status merchandise in early 2011. As a result, the sunset deadline automatically pushes back to October 31, 2015.



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Applying for a Subzone/Usage-Driven Site

- Submitted by the grantee on behalf of a company
- Information needed:
 - Site address/acreage
 - Company/activity
 - Right to use site
 - Map
 - Concurrence from CBP
- Timeline: within 30 days



ASF Service Areas in New York

Zone Number	ASF Service Area
37	Orange and Dutchess Counties
54	Clinton County
90	Onondaga, Cayuga, Oswego and Madison Counties
109	County of Jefferson
118	St. Lawrence County
121	Albany, Columbia, Greene, Fulton, Montgomery, Rensselaer, Saratoga, Schenectady, Warren, and Washington Counties
141	Monroe County
284	Genesee County
285	Chenango County



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Pre-Application Process

- Pre-application counseling
- Our web site has “FTZ Manufacturing Toolbox” with key tools for companies:
 - Fill-in savings estimator
 - Application formats
 - FTZ Staff available to answer questions and provide further guidance.



What goes into an application?

- Application formats designed to be user-friendly.
- Application format requires information on your company and location
 - Production notifications also include products and components.
- Do not need to include information not requested in format.
- Answers can be simple and direct.



Standard FTZ application track

- Production Notifications: 120 days
 - Includes public comment period and interagency FTZ Board review
- ASF Subzone/Usage-driven site designation: 30 days



Production in a FTZ

- With the ASF, sites can quickly receive FTZ designation and activate with standard warehouse/distribution savings.
- May still need specific production authorization
- Production = any activity that changes the 6-digit HTSUS classification of an imported component or substantial transformation
(may include kitting and light processing)



What happens after FTZ Board approval?

- Activation with CBP
 - Contact CBP while the FTZ Board application is pending
 - Includes:
 - Background investigations
 - Review of inventory control system
 - Posting a bond
 - Written procedures manual



What happens after FTZ Board approval?

- Annual Report to FTZ Board
 - Due March 31 for the prior calendar year
 - New online reporting system – OFIS (Online FTZ Information System)
 - Also includes info on zone contacts, sites, subzones and *Federal Register* notices

SITE INDEX

IMPORT ADMINISTRATION

SEARCH IA

U.S. Foreign-Trade Zones Board

- FTZ Home
- FTZ Act
- FTZ Regulations
- Annual Report to Congress
- Site Map
- Contact Us
- Glossary
- Links

What's New:

- FTZ Update - Regulatory Process (incl. free webinar on 5/11/2011)
- List of 2010 Annual Reports NOT Received
- Extension of Public Comment Period on Proposed Regulations
- Rollout of Online FTZ Information System (OFIS)
- Information about the FTZ Program
- Information on Proposed FTZ Regulations - Powerpoint Added 3/2/2011

Information on Cases

- Case Timing and Case Status
- List of Cases with Open Public Comment Periods



Notices and Board Orders

Online FTZ Information System (OFIS)

FTZ Home	Commerce
Treasury	CBP

<p>New to FTZs? Start here with FAQ's, articles and other information.</p>	<p>List of FTZs Zones are listed by state and include contact information and subzones.</p>
<p>How to Apply Forms, guidelines, instructions and everything you need to know about FTZ applications.</p>	<p>Already in a Zone? Information for operators and users, including Annual Report forms and more.</p>
<p>FTZ Manufacturing Center Information and Tools Designed for Small & Medium-Sized Manufacturers.</p>	<p>Reading Room <i>Federal Register</i> Notices, Applications, Comments Received, Zone and Site Information.</p>

Information for CBP



PUBLIC INFORMATION

- [ZONE & SITE INFORMATION](#)
- [SUMMARY SITE INFORMATION](#)
- [FEDERAL REGISTER NOTICES](#)
- [SEARCH](#)

GRANTEES AND OPERATORS

[LOG IN](#)

WELCOME TO THE ONLINE FTZ INFORMATION SYSTEM (OFIS)

PUBLIC INFORMATION

- Click on the "Zone & Site Info" link under "Public Information" on the left to access contact information, site lists and other information for each Foreign-Trade Zone.
- When you click on "Federal Register Notices" a page will display that allows you to sort notices by company name, the year of publication or the zone number.

GRANTEES AND OPERATORS

- Log in by clicking on the "Log In" link under "Grantees and Operators" to the left to update your information or submit your annual report.

USERNAME AND PASSWORD

If you are an operator and need a username and password created, your grantee can log in to request an account on your behalf.



Click here
for
Grantee
contact
information,
site and
subzone lists
for each
zone.



Windows Internet Explorer browser window showing the URL <http://ita-web.ita.doc.gov/FTZ/OFISLogin.nsf>. The browser interface includes the address bar, search bar, and menu options like File, Edit, View, Favorites, Tools, and Help.

Click
"Open"
next to
the Zone
Number

INTERNATIONAL TRADE ADMINISTRATION website interface. The page title is "ZONE AND SITE INFORMATION". Below the title, it says "CLICK BELOW FOR MORE INFORMATION:". A table lists various zones with columns for Zone, Grantee, Location, State, Service Area, and Port of Entry. The word "OPEN" is circled in red in the first row, and a red arrow points from the text box on the left to it.

ZONE	GRANTEE	LOCATION	STATE	SERVICE AREA	PORT OF ENTRY
OPEN 001	New York City Economic Development Corporation	New York	NY		NY, New York
OPEN 002	Board of Commissioners of the Port of New Orleans	New Orleans	LA	Orleans, Jefferson and St. Bernard Parishes	LA, New Orleans
OPEN 003	San Francisco Port Commission	San Francisco	CA	City and County of San Francisco and San Mateo County	CA, San Francisco
OPEN 005	Port of Seattle	Seattle	WA	King and Snohomish Counties	WA, Seattle
OPEN 007	Puerto Rico Industrial Dev Co.	Hato Rey	PR		PR, San Juan
OPEN 008	Toledo-Lucas County Port Authority	Toledo	OH		OH, Toledo-Sandusky
OPEN 009	State of Hawaii	Honolulu	HI		HI, Honolulu
OPEN 012	McAllen Economic Development Corp.	McAllen, TX	TX		TX, Hildago
OPEN 014	Arkansas Economic Development Commission	Little Rock	AR	Clark, Conway, Dallas, Faulkner, Garland, Grant, Hot Spring, Jefferson, Lonoke, Montgomery, Nevada, Pike, Pulaski, Pope, Saline, Yell and	AR, Little Rock-N.L.R.



http://ita-web.ita.doc.gov/FTZ/OFISLogin.nsf - Windows Internet Explorer

http://ita-web.ita.doc.gov/FTZ/OFISLogin.nsf

File Edit View Favorites Tools Help

Federal Register - Table of C... http://ita-web.ita.doc.go...

ZONE & SITE INFORMATION
SUMMARY SITE INFORMATION
FEDERAL REGISTER NOTICES
SEARCH

GRANTEES AND OPERATORS

LOG IN

GRANTEE INFORMATION:

Zone Number: 001
Grantee: New York City Economic Development Corporation
Approved on Date: 01/30/1936
Location: New York
Status:
Service Area: Port of Entry: NY, New York
Service Area Map:
Contact Name: Patricia Ornst
Phone Number: (212) 312-4226
E-Mail Address: patricia.ornst@nycedc.com
Fax Number: (212) 312-3916
Street Address: 110 William Street, Rm 401
City: New York
State: NY
ZIP Code: 10038-3918
Website: www.nycedc.com

CLICK HERE FOR MORE INFORMATION:

Now Showing: **SITE**

TYPE	OPEN	NUMBER	STATUS	SITE/COMPANY NAME	ACTIVATED ACRES	SUNSET DATE
SITES	→ OPEN	01		Building 77	0	
SITES	→ OPEN	02		Howland Hook Marine Terminal and Port Ivory Facility	0	
SITES	→ OPEN	03		International Gem Tower	0	
SITES	→ OPEN	04		Malca Amit, Jamaica NY	0	
SITES	→ OPEN	05		World Diamond Tower - Malca Amit	0	
					0	

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Done Trusted sites 100%

start FTZ Case Mgmt ... Inbox - Microsof... http://ita-web.it... Microsoft Power... 11:34 AM

Grantee contact information

Zone site information is displayed



Current Statistics

- 250 Zones in all 50 states and Puerto Rico
- Over 500 Subzones
- Approximately 340,000 employees in active zones
- Over \$640 billion in merchandise was handled in FTZs in 2011
- Exports in 2011 from FTZs were over \$54 billion



FTZ Staff Contacts by Region

Region	States	Staff Contact
Eastern	Connecticut, Delaware, Georgia, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, North Carolina, Rhode Island, South Carolina, Tennessee, Vermont, Virginia, West Virginia	Kathleen Boyce (202) 482-1346 Kathleen.Boyce@trade.gov
Great Lakes	Illinois, Indiana, Iowa, Kentucky, Michigan, New York, Ohio, Pennsylvania, Wisconsin	Liz Whiteman (202) 482-0473 Elizabeth.Whiteman@trade.gov
Central	Alabama, Arkansas, Florida, Kansas, Louisiana, Minnesota, Mississippi, Missouri, Oklahoma, Puerto Rico, Texas	Camille Evans (202) 482-2350 Camille.Evans@trade.gov
Western	Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oregon, South Dakota, Utah, Washington, Wyoming	Christopher Kemp (202) 482-0862 Christopher.Kemp@trade.gov



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For more information

Liz Whiteman

202-482-0473

Elizabeth.Whiteman@trade.gov

FTZ staff main line: 202-482-2862

Website: www.trade.gov/ftz

Get your Upstate NY Trade Conference passport signed by at least 10 exhibitors for a chance to win the following prizes, which will be raffled off and announced after the closing keynote

Exhibitors:

- 1 GRE/IBC/NYSERDA
- 2 Time Warner Cable Business Class
- 3 Advanced Language Translation
- 4 Freed Maxick CPAs, P.C.
- 5 Wells Fargo Bank, N.A.
- 6 KCI Engineering of New York, PC
- 7 JR Language Translation Services Inc.
- 8 RIT Saunders College of Business
- 9 Speed Global Services
- 10 RBS Citizens
- 11 FBI
- 12 US Small Business Administration
- 13 Mohawk Global Logistics
- 14 School of Business Administration and Economics,
The College at Brockport
- 15 Gallagher Benefit Services
- 16 U. S. Department of Commerce
- 17 U. S. Customs and Border Patrol
- 18 County of Monroe Industrial Development Agency (COMIDA)
Procurement Technical Assistance Center (PTAC)
- 19 Employer Support of the National Guard & Reserves (ESGR)

Exhibitor Passport Prizes:

- **Advanced Language Translation, Inc.**
\$500 Gift Certificate towards translation services
- **Hong Wah Restaurant** – \$10 Gift Certificate
- **Mario's Via Abruzzi Restaurant** – (2)
\$50 Gift Certificates
- **Mohawk Global Logistics**
\$100 Gift Card to Black & Blue Restaurant
- **Richardson's Canal House Restaurant** – (2)
\$25 Gift Certificates
- **Speed Global Services**
Dictionary of International Trade
& 50% off 2nd international shipment
- **The Cheesecake Factory** – \$25 Gift Certificate
- **The Spa at the Del Monte**
50 minute Massage
- **Wegmans** – \$100 Gift Card
- **Wilmorite Inc.** – \$50 Mall Gift Card