

FOREIGN-TRADE ZONE

FACTS & BENEFITS

WHAT IS A FOREIGN-TRADE ZONE? (FTZ)

- A secure area under the supervision of Customs and Border Protection
- Considered to be outside of the U.S. Customs territory of the United States for the purposes of duty payment
- Located at or near a customs port of entry
- Companies may use special procedures that help encourage U.S. activity
- Provides value-added goods - in competition with foreign alternatives -
- By allowing delayed or reduced duty payments on foreign merchandise, and other cost benefits.

What is an Alternative Site Framework (ASF)?

An optional approach to designation and management of zone sites allowing greater flexibility and responsiveness to serve single-operators / user locations.

ZONE USER BENEFITS

Duty Exemption

No duties or quota charges on re-exports.

Duty Deferral

Customs duties and federal excise tax deferred on imports.

Inverted Tariff

Production of a good completed within a trade zone may be eligible for an inverted tariff, and the rate would apply to the condition of the commodity when it leaves the trade zone. This can happen when the rate of the finished product has a lower duty than that of the foreign materials originally imported. Inverted tariffs require prior authorization.

Community Benefits

- The promotion and facilitation of exports
- Competitive advantages in international trade operations
- Increased economic development, such as employment opportunities
- Increased offshore activity encourages the retention of domestic manufacture and growth for local communities

Logistical Benefits

Opportunities for streamlined Customs procedures exist for organizations who use FTZ's. Streamlined procedures might include weekly entry or direct delivery.

Other Benefits

Foreign 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, which are unrelated to the FTZ act.

FTZ's Outside the US?

No. There are no FTZ's located outside of the United States or its territories.

FUN FACTS ABOUT FTZ'S



Modes of transportation for cargo include: ocean vessel, air, rail, and truck.

Foreign-Trade Zones are in all 50 states plus Puerto Rico.



>**\$610 Billion** in value of merchandise is handled in zones..



420,000 plus people are employed in FTZ's.



195 active FTZs
324 active production operations

3,300 Firms used FTZ's in 2016



63% of shipments are domestic shipments.



Oil refining is the largest industry using Foreign-Trade Zones.

\$224 Billion warehouse / distribution operations.



\$386 Billion productions operations and makes up 63% of zone activity.



Other significant industries in FTZ's include automotive, electronic and pharmaceutical, machinery / equipment sectors.

\$78 Billion in exports.

Questions? Call Tammy Hetrick at 518-298-8281 at Deringer Consulting

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