

Glossary of Terms

Activated Area: an area within the Zone that has been activated pursuant to the FTZ Act.

Activated User: a User located and/or doing business within an Activated Area.

Activation: written approval by the Grantee and Customs Port Director for FTZ operations to commence and for the admission and handling of merchandise in FTZ status. Activation can only take place in approved areas under the grant of authority by the FTZB. Prior to activation, an Operator must enter into a written agreement with the Grantee.

Adjacency: according to Section 400.21(b) of the Foreign-Trade Zones Board Regulations, general-purpose zone sites must be within 60 statute miles or 90 minutes driving time from the outer limits of a U.S. Customs Port of Entry. Subzones are not subject to the same distance standard but must be able to have proper Customs oversight accomplished by physical and electronic means and merchandise must be presented for examination at a Customs site selected by Customs.

Administrator: an entity designated by the Grantee to serve as a point of contact for information on the Zone Project and to provide oversight, marketing and management support.

Admission: the physical arrival of goods into the Foreign-Trade Zone under FTZ status with the approval of U.S. Customs and Border Protection ("Customs"). The word "admission" is to be used instead of "entry" of goods in an FTZ to avoid confusion with Customs entry processes under Parts 141-144 of the U. S. Customs Regulations.

Admit: to bring merchandise into an FTZ in zone status.

Alteration: a change in the boundaries of an activated general-purpose zone or subzone; activation of a separate site of an already activated general-purpose zone or subzone with the same operator at the same port; or the relocation of an already activated site with the same operator.

Annual Reconciliation: a report required of activated Operators by Customs within 90 days after the end of the zone/subzone year unless the Port Director authorizes an extension for reasonable cause. See 19 CFR Section 146.25 for more information.

Annual Report: a report due on January 31st each year from the Grantee to the FTZB on the status of the Zone Project. As a condition of being located in the approved FTZ, all Operators and Users must timely comply with requests for information from the Grantee or Administrator for the completion of the report.

Annual Systems Review: a review by the Operator required by Customs to identify system deficiencies to ensure that the inventory control and recordkeeping system(s) meets the requirements of Customs. See 19 CFR Section 146.26 for more information.

Antidumping/Countervailing Duties: as a matter of FTZB policy, zone procedures shall not be used to circumvent antidumping and countervailing duties. As such, merchandise subject to AD/CVD must be placed in privileged foreign status upon admission to an FTZ.

Applicant: a corporation, partnership or person applying for the right to operate a Foreign-Trade Zone Site or Subzone under the jurisdiction of FTZ No. 181.

Audit-Inspection Procedures: these procedures provide the framework for Customs to reduce on-site supervision of FTZs and for Operators to maintain efficiency of operations through the audit-inspection method of supervision. The systems may be manual, computerized, or a combination of both. These procedures are designed to meet the requirements of the U.S. Customs Regulations (T.D. 86-16) for Audit-Inspection Procedures in FTZs. Under the regulations, the Operator maintains the inventory records. Customs is relieved of the obligation of actually keeping the records, but maintains assurance of the system's accuracy by selective examinations of merchandise, spot checks and audits of FTZ operations.

Authorized Inventory Method: a Customs authorized inventory method other than a lot system (specific identification of merchandise); e.g., First-In-First-Out (FIFO). No lot file is required but the Operator shall maintain a file of all CF214s in sequential order. [19 CFR § 146.37(2)]

Board: the U.S. Foreign-Trade Zones Board of the United States Department of Commerce.

Bond: a surety bond is a contract whereby one party, the surety, guarantees the performance of a second party, the principal, for the benefit of a third party, the obligee (the Federal government, in the case of Customs bonds). Should the principal fail to perform his agreement with the obligee, the surety will be required to pay liquidated damages, and will have the right to obtain reimbursement from the defaulting principal. "Customs bonds" - all bonds required to be given under Customs laws or regulations shall be known as Customs bonds. [19 CFR § 113.4(a)]

Boundary Modifications: a change of the area of an established zone made by proper application. [FTZ Manual, Section 4.4] Boundary modifications may be minor or major; zone expansions may be considered major boundary modifications.

Bulk: the term used in describing fungibles, which can be poured, scooped or shoveled and generally cannot be counted or identified piece by piece.

Business Week: the User's business week for FTZ weekly entry reporting purposes.

Business Year: September 30th is year-end for Foreign-Trade Zones Board Annual Report purposes coinciding with the government's fiscal year. The User's business year for Annual Reconciliation and Systems Review purposes may be different.

Commingling: physically combined or mixed. [19 CFR § 102.1(b)] Regarding fungible goods from different countries, which are commingled, the country or countries of origin may be determined on the basis of an inventory management method of the Customs regulations. [19 CFR § 102.12(b)]

Constructive Transfer: a legal fiction, which permits acceptance of a Customs entry for merchandise in a Zone before its physical transfer to the Customs territory. Constructive transfer is deemed to have occurred when Customs receives an entry in proper form. If the entry is not accepted, the merchandise will be deemed constructively transferred back to the FTZ in its previous zone status.

Consumption Entry: an entry for the transfer of merchandise from a zone to the Customs territory for consumption in the United States.

Control File: a file established for each CF214 Control Number/Admission Number containing source documents related to that number.

Control Number(s): the identifying number assigned by the Operator to identify and track shipments and documentation.

Country of Origin: the country of origin of a good is the country in which (1) the good is wholly obtained or produced; (2) the good is produced exclusively from domestic materials; or (3) each foreign material incorporated

in that good undergoes an applicable change in tariff classification set out in 19 CFR §102.20 and satisfies any other applicable requirements of that section, and all other applicable requirements of these rules are satisfied. [19 CFR §102.11]

Country of Origin Marking: unless excepted by law, every article of foreign origin (or its container), imported into the United States shall be marked in a conspicuous place as legibly, indelibly, and permanently as the nature of the article (or container) will permit in such manner as to indicate to an ultimate purchaser in the United States the English name of the country of origin of the article. Goods leaving a zone for entry into the United States must be properly marked with the applicable country of origin unless excepted under Customs regulations. If an imported article undergoes a substantial transformation while in the foreign-trade zone, that is, such processing that the resultant product is one having a name, character or use differing from that of the article that was admitted into the foreign-trade zone, the final product may no longer be considered to be of foreign origin. Authorization of the use of the legend "Made in USA" is beyond the scope of the U.S. Bureau of Customs & Border Protection; it is within the jurisdiction of the Federal Trade Commission. If no transformation occurs, the requirements of Section 304 of the Tariff Act must be met upon entry of the merchandise into the Customs territory.

Customs-Trade Partnership Against Terrorism (C-TPAT): a joint government-business initiative to build cooperative relationships that strengthen overall supply chain and border security.

Customs & Border Protection: on March 1, 2003, the border inspection functions of the U.S. Customs Service, the Immigration and Naturalization Service, and the Agriculture and Plant Health Inspection Service, along with the U.S. Border Patrol, were transferred to the Bureau of Customs and Border Protection ("CBP" or "Customs"). Customs is an official agency of the Department of Homeland Security.

Customs Broker: a firm, representative, or individual who acts on behalf of the Operator and/or the importer of record under an authorized power of attorney.

Customs & Border Protection Form (CBPF) 214: an application and permit to admit merchandise into an FTZ; permit to transfer merchandise through Customs territory to an FTZ and Customs officer's return thereon; and Customs report of merchandise received at an FTZ.

Customs & Border Protection Form (CBPF) 216: an application and permit for the manipulation, manufacture, exhibition, or destruction of merchandise within an FTZ. A blanket form may be filed annually to meet this requirement.

Customs Modernization Act: a 1993 law that expanded statutory recordkeeping requirements for importers and their agents. The law fundamentally changed U.S. Customs enforcement methodology from a transaction-by-transaction approach to a post entry audit approach. The new method of enforcement is similar to the Internal Revenue Service (IRS) and places the burden for valuation and classification on the importer.

Customs Territory of the United States: the territory of the U.S. in which the general tariff laws of the U.S. apply. "Customs territory of the United States" includes only the States, the District of Columbia, and Puerto Rico. [General Note 2, Harmonized Tariff Schedule of the United States (19 U.S.C. 1202)], [19 CFR § 146.1(b)]

Deactivation: the voluntary discontinuation of the activation of an entire Zone Site or Subzone by the Grantee or Operator. Discontinuance of the activated status of only a part of a Zone Site is an alteration.

Default: an act or omission that will result in a claim for duties, taxes, charges, or liquidated damages under the FTZ Operator's Bond.

Delegate Member: the port authority or other organization designated from time to time by the NEOTEC member as its representative for any purpose relating to the Zone, currently the Port Authority of Columbiana County for Columbiana County, the Stark County Port Authority for Stark County, the Western Reserve Port Authority for Mahoning County and the Summit County Port Authority for Summit County.

Destruction: the complete destruction of articles or merchandise to the extent that they have no commercial value. Any residue from the destruction within a zone, which is determined to be without commercial value, may be removed to Customs territory for disposal. [19 CFR 146.52(e)]

Direct Delivery: a procedure for delivery of merchandise to an FTZ without prior application and approval on CF 214; designed for shipments where ordering and timing are under the control of the Operator. Approval to utilize direct delivery must be obtained from the Port Director (19 CFR §146.39).

Domestic Status Merchandise: merchandise of every description (except articles specifically and absolutely prohibited by statute) that has been (1) grown, produced or manufactured in the United States and not exported there from, or (2) previously imported into the U.S. Customs territory and properly released from Customs custody.

For the purposes of return to the U.S. Customs territory from an FTZ and freedom from liability for the payment of duties or taxes, it includes only:

- 1) domestic merchandise brought into the FTZ from the U.S. Customs territory for which the identity has been maintained, and
- 2) the product of manipulation or manufacture in the FTZ in which only domestic merchandise is used.

It does not include the product of manipulation or manufacture in an FTZ in which foreign and domestic commodities are mixed or combined, or in which foreign merchandise is so changed in form or enhanced in value as to be considered a product made in the US (except that duties and taxes are payable only on the quantity of the foreign merchandise contained in the product).

Drawback: a refund or remission, in whole or in part, of a Customs duty, internal revenue tax, or fee lawfully assessed or collected because of a particular use made of the merchandise on which the duty, tax, or fee was assessed or collected (19 CFR § 191.2(i)).

Dutiable Value: (for the material imported from a foreign country) the price actually paid or payable for the foreign sourced material in the transaction that caused the material to be admitted into the zone, less, if included, international shipment and insurance costs and U.S. inland freight costs. The dutiable value is used to calculate duty payments. 19 CFR 146.65(b)(2) The dutiable value of the merchandise manufactured (finished product) in the zone is the sum of the dutiable values of the foreign non-duty paid merchandise that is in the finished product.

Duty: a tax on imports. In a foreign-trade zone, duties are not payable until the merchandise exits the zone and is entered into the commerce of the United States.

Duty Drawback: a refund or remission, in whole or in part, of a Customs duty, internal revenue tax, or fee lawfully assessed or collected because of a particular use made of the merchandise on which the duty, tax, or fee was assessed or collected. [19 CFR § 191.2(i)]

Entry: to bring merchandise into the Customs territory of the United States. Documentation required by 19 CFR § 142.3 to be filed with the appropriate Customs officer to secure the release of imported merchandise from Customs custody, or the act of filing that documentation. [19 CFR § 141.0a (a)]

Exhibition: the display of merchandise within an FTZ.

Estimated Weekly Entry: an estimated entry, made on CF3461 and officially accepted, providing the legal permit necessary from Customs to remove merchandise during a business week.

Estimated Weekly Export (Application for Weekly Zone Permit): an estimated export, made on CF7512 and officially accepted, providing the legal permit necessary from Customs to remove merchandise during a business week. [19 CFR § 146.68(a)]

Export: the transportation of merchandise out of the U.S. for the purpose of being entered into the commerce of a foreign country. [19 CFR § 192.1]

First In-First Out (FIFO): the method by which fungible merchandise or articles are identified by recordkeeping on the basis of the first merchandise or articles received into the inventory. Under this method, withdrawals are from the oldest (first-in) merchandise layer or articles in the inventory at the time of withdrawal. Use of this method in FTZ requires a perpetual inventory system that identifies the merchandise by:

- 1) The date the merchandise is admitted into the FTZ
- 2) A unique identification number (UIN) that distinguishes fungible goods from all other goods
- 3) FTZ status for each increment of the UIN to the inventory
- 4) The unit value of each such increment
- 5) The country of origin

Foreign-First (FOFI): an accounting method based on the assumption that foreign status merchandise is decremented first.

Foreign Status Merchandise: imported merchandise of every description (except articles specifically and absolutely prohibited by statute) that has not been released from U.S. Customs custody into the U.S. Customs territory. Imported merchandise upon which duty and taxes, if applicable, have not been paid. [19 CFR 146.1(b)]

Foreign-Trade Zone (FTZ): a restricted-access site, authorized by the FTZB and supervised by Customs (19 CFR §146) where companies can use special Customs procedures prior to entry for consumption. Zones are located in or adjacent to a Customs port of entry and operated pursuant to public utility principles under the sponsorship of a corporation granted authority by the FTZB pursuant to the Foreign-Trade Zones Act (19 USC §81a-u) and regulations (15 CFR Part 400).

Foreign-Trade Zones Board (FTZB): the Foreign-Trade Zones Board was created by the Act to carry out provisions thereof. The FTZB consists of the Secretary of Commerce, who is the chairman and executive officer, and the Secretary of the Treasury, or their designated alternates. The FTZB staff is responsible for administering the FTZ program on behalf of the FTZB. The Executive Secretary of the FTZB staff represents the FTZB in administrative, regulatory, operational, and public affairs matters. The Executive Secretary serves as the director of the staff.

Foreign-Trade Zones Number: a number assigned by the Foreign-Trade Zones Board at the time of approval of the zone grant.

Foreign-Trade Zones Reports: reports used in the operation of Foreign-Trade Zones are designated by Customs. These reports may be completed by either the Operator/User as the Importer of Record, its duly assigned Customhouse broker, or the Operator. In addition to reports used generally for bonded movements, imports and exports, the main FTZ reports required by Customs include:

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| Customs Form 214 (CF 214) | Application for FTZ Admission and/or Status Designation |
| Customs Form 216 (CF 216) | Application for FTZ Activity Permit |

FTZ Act: the Foreign-Trade Zones Act of 1934, as amended, and the rules and regulations of the Board promulgated thereunder.

Fungible Merchandise: merchandise that for commercial purposes is identical and interchangeable in all situations. [19 CFR § 191.2(b)] In an FTZ, fungible merchandise may be identified by an inventory method authorized by Customs, which is consistently applied, such as First-In-First-Out (FIFO) and using a unique identifier. [19 CFR § 146.23(2)]

General Purpose Zone: the general purpose zone established for multiple activities by multiple users under the FTZ Act pursuant to the Grant and all extensions, expansions and boundary modifications thereto.

General Zone Operator Agreement: a Zone Operator Agreement (General Purpose Zone Operator) entered into between NEOTEC and a General Operator for the Activated Areas described therein.

Grant: the grant of authority of the Board to the Akron-Canton Regional Airport Authority for Foreign-Trade Zone No. 181 which was reissued to the JOED on March 13, 1998 by Order 965 of the Board as grantee replacing the Akron-Canton Regional Airport Authority.

Grantee: the JOED, as grantee of the Grant, which is administered by NEOTEC, as administrative agent of the JOED.

Harbor Maintenance Fee (HMF): a port use fee of 0.125 percent of a cargo's value may be payable by commercial vessels unloading cargo at a port that is authorized to charge HMF. [19 CFR § 24.24(b)(1).] The applicant for admission of cargo unloaded in a foreign-trade zone must pay the HMF due on a quarterly basis. [19 CFR § 24.24(e)(2)(iii)]

Imports: foreign merchandise of every description (except articles specifically and absolutely prohibited by statute) entered into Customs territory to become a part of the domestic supply for the purpose of domestic commerce or consumption, and particularly that which is entered into Customs territory through the Zone and foreign merchandise which, under the laws and regulations of various other Federal agencies having jurisdiction with the Zone, is said to be "imported" into Foreign-Trade Zones, Customs bonded warehouses, or Customs custody. This latter merchandise, in relation to operations in the Zone, is considered to be foreign merchandise until its entry into the commerce of the United States.

In-Bond Merchandise: any merchandise, other than explosives and merchandise the importation of which is prohibited, arriving at a port of entry in the United States may be entered, under such rules and regulations as the Secretary of the Treasury may prescribe, for transportation in-bond without appraisalment to any other port of entry designated by the consignee, or his agent, and by such bonded carrier as he designates, there to be entered in accordance with the provisions of this chapter. Pursuant to Public Resolution 108, of June 19, 1936, (19 U.S.C. 1551, 1551a) and subject to compliance with all other applicable provisions, the port director, upon the request of the party in interest, may permit merchandise entered and examined for Customs purposes to be transported in bond between ports by bonded cartmen or lightermen duly qualified if the port director is satisfied that the transportation of such merchandise in this manner will not endanger the revenue. [19 CFR § 18.1(b)]

In-Transit Merchandise: the term "in-transit merchandise" includes all foreign merchandise transported into and out of the United States, whether in and out of the same port or across the country to another port, with or without transshipment, warehousing, breaking bulk, or change in mode of transportation, which originated in one foreign country and is destined at the time of the original shipment to another foreign country. Its distinctive feature is that it is being transported from one foreign country to another foreign country through the United States under a through bill of lading or other documentation for a completed journey. The term is particularly applied to foreign merchandise shipped in-transit through an FTZ.

Inventory Tax Exemption: the exemption from taxation by the State granted to tangible personal property reported as "inventory" which qualifies for such exemption under Section 5709.44 of the Ohio Revised Code.

Inventory Tracking System(s): the system(s) utilized for tracking merchandise in and out of zones. It allows for complete accountability of the merchandise received and shipped including adjustments and can be computerized, manual or a combination. It provides a complete audit trail from receipt to shipment and backwards from shipment to receipt.

JOED: the Northeast Ohio Joint Office of Economic Development, a joint office of economic development established by the Ohio counties of Columbiana, Mahoning, Portage, Stark, Summit and Trumbull.

Lapse Provision: Foreign-Trade Zones Board Regulations Section 400.28(a)(5) that states a grant of authority for a zone or a subzone shall lapse unless the zone project, or subzone facility, is activated, pursuant to 19 CFR Part 146, and in operation not later than five years from the date of the Board order approving the zone.

Manipulation: breaking up, repacking, assembling, distributing, sorting, grading, cleaning, mixing with foreign or domestic merchandise or other processing that does not constitute a manufacture.

Manufacture: (as defined by the Foreign-Trade Zones Board Regulations) activity involving the substantial transformation of a foreign article resulting in a new and different article having a different name, character, and use. The U. S. Customs Service determines what constitutes manufacturing on a case-by-case basis, distinguishing it from other operations such as manipulation, processing, production, and blending. The Foreign-Trade Zones Board definition is much broader and the agency requires that specific prior authorization be obtained for manufacturing operations in the activated zone. [15 CFR 400.2(g)]

Marking: unless excepted by law, every article of foreign origin (or its container), imported into the United States shall be marked in a conspicuous place as legibly, indelibly, and permanently as the nature of the article (or container) will permit in such manner as to indicate to an ultimate purchaser in the United States the English name of the country of origin of the article. Goods leaving a zone for entry into the United States must be properly marked with the applicable country of origin unless excepted under Customs regulations. If an imported article undergoes a substantial transformation while in the foreign-trade zone, that is, such processing that the resultant product is one having a name, character or use differing from that of the article that was admitted into the foreign-trade zone, the final product may no longer be considered to be of foreign origin. Authorization of the use of the legend "Made in USA" is beyond the scope of the U.S. Customs Service; it is within the jurisdiction of the Federal Trade Commission. If no transformation occurs, the requirements of Section 304 of the Tariff Act must be met upon entry of the merchandise into the Customs territory.

Merchandise: merchandise, including goods, wares and chattels of every description, except prohibited articles.

Merchandise, Conditionally Admissible: merchandise which may be imported into the U.S. under certain conditions. Merchandise which is subject to permits or licenses, or which must be reconditioned to bring it into compliance with the laws administered by various Federal agencies.

Merchandise, Mixed Status: foreign merchandise which has been combined with domestic merchandise in the FTZ is sometimes referred to as mixed status merchandise.

Merchandise/Operations, Prohibited: the importation of merchandise which is prohibited by law on grounds of public policy or morals, or any merchandise which is excluded from an FTZ by order of the FTZB. Retail trade is prohibited in activated zone areas.

Merchandise/Operations, Restricted: merchandise which may not be authorized for delivery from Customs custody without a special permit, or a waiver thereof, by an agency of the U.S. Government. Also, the FTZB and Customs have restricted certain operations that are trade sensitive involving steel, textiles, and sugar. The restrictions vary on a case-by-case basis.

Merchandise Processing Fee (MPF): merchandise that is formally entered or released is subject to the payment to Customs of an ad valorem fee of 0.21 percent. The fee shall be due and payable to Customs by the importer of record of the merchandise at the time of presentation of the entry summary and shall be based on the value of the merchandise. Per entry, the ad valorem fee (MPF) shall not exceed \$485 and shall not be less than \$25. This fee is assessed differently for formal and for informal entries or releases. An ad valorem fee and other charges are applicable according to the provisions of 19 CFR § 24.23.

Merchandise/Quota Control: foreign merchandise subject to U.S. Government import quota controls may be placed in the FTZ pending approval for transfer to Customs territory, re-export to a foreign destination, manipulation, or other authorized purposes.

NEOTEC: the Northeast Ohio Trade and Economic Consortium, an Ohio nonprofit corporation, as agent for the Northeast Ohio Joint Office of Economic Development, the Grantee.

Nonprivileged Foreign Status (NPF): a category for merchandise which (1) does not have privileged foreign or zone restricted status or (2) waste recovered from any manipulation or manufacture of privileged foreign merchandise or (3) domestic merchandise taken into an FTZ whose identity has been lost. Articles composed of nonprivileged merchandise are classified and appraised in their condition at the time of transfer to the Customs territory for consumption.

Operations Manual: the operations manual adopted by an Operator pursuant to its Operator Agreement.

Operator: a corporation, partnership, or person that operates a general-purpose zone or subzone under the terms of an agreement with the Grantee or Administrator, with concurrence of the Customs Port Director. A Grantee may act as its own Operator. Multiple operators may exist within the same general-purpose zone.

Operator Agreement: a General Zone Operator Agreement, an Operator/User Operator Agreement, a Warehouse Operator Agreement or a Subzone Operator Agreement.

Operator's Bond: all Operators must submit to Customs a bond to assure compliance with Customs regulations. The bond is submitted on Customs Form (CF) 301. The bond provisions are set forth at 19 C.F.R. 113.73, Customs Regulations. A failure to comply with the regulations may be deemed a "default" by Customs and result in the assessment of liquidated damages under the bond.

Operator/User: the Operator and User of an Activated Area under an Operator/User Zone Operator Agreement.

Operator/User Operator Agreement: a Zone Operator Agreement (General Purpose Zone Operator/User) entered into between NEOTEC and an Operator/User for the Activated Area described therein.

Owner: the owner of the Merchandise that is being admitted to, stored in, transferred from or otherwise availing of the benefits of the Zone.

Person of Record: the person, firm, or corporation in whose name the Application to Admit Merchandise into the FTZ (CF 214) is made, recognized by the Grantee, Operator and Customs as having the legal right to make the application. Evidence of this right of the applicant is the same as would be required to establish the right to apply for release of the merchandise from Customs custody at the end of its transit through the U.S. Customs territory. Such evidence usually consists of an original bill of lading in the name of the applicant, an original bill of lading endorsed to the applicant, a carrier's certificate, or a copy of Power of Attorney when parties other than the owner are conducting business, such as, a Customhouse broker, company or corporate official, etc.

Port Director: the Port Director of U.S. Customs and Border Protection.

Port of Entry: a place designated by the U.S. Government at which a Customs officer is assigned with authority to accept entries of merchandise, collect duties, and enforce the various provisions of the Customs laws.

Privileged Foreign Status (PF): foreign merchandise for which an application (CF 214) has been made. Under PF status, merchandise is classified and appraised in its condition at the time that the status is elected. PF status must be elected prior to manipulation or manufacture that would effect a change in tariff classification. PF status cannot be abandoned and remains applicable to the merchandise even if changed in form by manipulation or manufacture, except in the case of recoverable waste, as long as the merchandise remains within the purview of the Act. PF merchandise may be exported or withdrawn for supplies, equipment, or repair material of vessels or aircraft without the payment of taxes and duties in accordance with CFR 146.67 and 146.69.

Processing: (when referring to zone activity) any activity involving a change in condition of merchandise, other than manufacturing, which results in a change in the Customs classification of an article or its eligibility for entry for consumption. Similar to manufacturing, prior approval from the FTZB is required for processing of merchandise under zone procedures.

Quantity: the numerical count of the units composing a shipment of merchandise (except bulk merchandise), which must be measured by weight, size or gallonage.

Rates and Charges: the Fee Schedule attached to this Schedule establishing the rates and charges for Zone No. 181, as from time to time amended by NEOTEC.

Reactivation: a resumption of the activated status of an entire area that was previously deactivated without any change in the Operator or the area boundaries. If the boundaries are different, the action is an alteration. If the Operator is different, it is a new activation.

Re-exports or Reshipments: merchandise from one foreign country initially destined to the United States that, after being unladen, stored and/or manipulated or manufactured in this country, is transported under a new bill of lading or other new documentation to another foreign country. The term is particularly applied to re-exports or reshipments through an FTZ.

Resident Representative: the role of the Port Director of Customs as the on-site representative of the FTZB in its dealings with any FTZ within the Port Director's scope of jurisdiction.

Retail Sale: the sale of goods directly to ultimate consumers, usually in small quantities. Retail trade is prohibited in activated zone areas. Sales or other activity involving domestic, duty-paid and duty-free goods may be conducted within an activated zone project under permits issued by the Grantee and approved by the FTZB. No permits are necessary for sales involving domestic, duty-paid or duty-free food and non-alcoholic beverage products sold within the zone or subzone for consumption on the premises by persons working therein.

Schedule: this Schedule of Rules, Regulations, Rates and Charges for Foreign-Trade Zone No. 181, including all Attachments hereto, adopted by the Grantee and as from time to time modified or amended or repealed and replaced, which has been submitted to the Board and to Customs.

Specific Identification: the method for physical inventory control in an FTZ as opposed to record identity; controlled by exact unit of merchandise, by model and number.

State: State of Ohio.

Storage: the holding of merchandise in or upon the premises within the FTZ.

Subzone: a special-purpose single-user ancillary zone site to Zone No. 181 authorized by the Board under the FTZ Act upon application of the Grantee for operations by individual Persons that cannot be accommodated within the existing area of the General Purpose Zone.

Subzone Operator: the Operator of a Subzone under a Subzone Operator Agreement, which Subzone Operator may, but does not need to be, the Subzone User.

Subzone Operator Agreement: the Subzone Operator Agreement entered into between NEOTEC and a Subzone Operator for the Subzone described therein.

Time of Admission: merchandise is admitted to a zone upon the Port Director's signature of an application for admission, i.e., the filing of the CF214. [FTZ Manual, Section 6.4]

Time of Entry: merchandise is entered into the Customs territory of the United States when the appropriate Customs officer authorizes the release of the merchandise or any part of the merchandise covered by the entry documentation. [19 CFR § 141.68(a)]

Total Zone Value: the total zone value shall be that price actually paid or payable to the zone seller in the transaction that caused the merchandise to be transferred from the zone. Where there is no price paid or payable, the total zone value shall be the cost of all materials and zone processing costs related to the merchandise transferred from the zone. [19 CFR §146.65(b)(1)]

Transfer: to withdraw merchandise in zone status from an FTZ for consumption, transportation, exportation, warehousing, cartage or lighterage, vessel supplies and equipment, admission to another FTZ, and like purposes.

Transferee: a person or entity to which right is transferred. As applied to FTZ, it refers to a transfer of the right to make entry and remove merchandise from an FTZ.

Transportation and Exportation (T&E): an indirect exportation. A transfer to the Customs territory for transportation to and exportation from a different port by a bonded carrier. [FTZ Manual, Section 9.12(d)]

Transshipment Merchandise: foreign merchandise that enters and leaves the United States through the same port, being transferred from one vessel to another directly or by way of an FTZ or Customs bonded warehouse. The term is particularly applied to such merchandise transferred through an FTZ.

Unique Identifier Number (UIN): a material UIN will be the product identification number for a specific material. "Unique identifier" means the numbers, letters, or combination of numbers and letters that identify merchandise admitted to a zone with zone status. [19 CFR § 146.1(b)(2)] The UIN will be used in the FTZ accounting system and for inventory purposes. The relief of merchandise from a UIN layer in the FTZ accounting system is what triggers duty payment for companies operating in an FTZ.

Unit of Quantity: the customary groupings of a commodity as a unit to indicate the medium or method of measure. The unit of quantity in FTZ records will be consistent with those annotated in the Harmonized Tariff Schedule of the United States.

United States: the United States, District of Columbia and Puerto Rico. The term "United States" includes all territories and possessions of the United States, except the U.S. Virgin Islands, Guam, American Samoa, Wake Island, Midway Islands, and Johnston Atoll.

User: a person or firm using an FTZ for storage, handling, or processing of merchandise. An Operator may also be a User.

User Agreement: a User Agreement entered into between NEOTEC and a User.

Vessel/Aircraft Supply: the supply of goods or equipment free of duties and taxes under Section 309 of the Tariff Act, to eligible vessels or aircraft for use while actually engaged in foreign trade, or in transit to Alaska, Hawaii, Puerto Rico, or any U.S. possession.

Warehouse: a covered and enclosed structure, affording weather protection, used primarily for short- or long-term storage of merchandise, and often containing business offices.

Warehouse Operator: the Operator of a public warehouse under a Warehouse Operator Agreement.

Warehouse Operator Agreement: a Zone Operator Agreement (Public Warehouse Operator) entered into between NEOTEC and a Warehouse Operator for the Activated Areas described therein.

Warehouse User: the user of an Activated Area located in a public warehouse operated by a Warehouse Operator.

Waste and Scrap: that which must be measured (in addition to by-products) to account for the difference between input and output to and from a zone. Waste can be recovered and attributed to Non-privileged status under certain circumstances. [FTZ Manual, Section 5.5(a)(2)]

Weekly Entry Summary: the entry document, executed on CF7501, of the actual entries into the Customs territory of the U.S. The CF7501 will identify the actual quantity, value, and HTS for the product entered. "Entry Summary" means any other documentation necessary to enable Customs to assess duties and collect statistics

on imported merchandise, and determine whether other requirements of law or regulation are met. [19 CFR § 141.0a(b)]

Weekly Export Entry: the statement of merchandise exported under an approved weekly permit. The statement shall be filed with Customs by the close of business on the second working day of the week following the week designated on the permit and will list each CF7512 by its unique I.T. number. The statement will also provide a reconciliation of the quantities on the weekly permit with the manifested quantities on the individual CF7512s submitted to Customs, as well as an explanation of any discrepancy. 19 CFR § 146.68(c)

Weight: the gross weight of the merchandise including container, except as noted to the contrary.

Zone or Zone No. 181: the General Purpose Zone and all Subzones existing pursuant to the Grant for Foreign-Trade Zone No. 181.

Zone Administrator Agreement: a Zone Administrator Agreement entered into between NEOTEC and a Delegate Member.

Zone Admission Number: a unique and sequential number assigned for numbering shipments admitted to an FTZ under Section 146.32(a) of the U.S. Customs regulations.

Zone Lot Number: a collection of merchandise maintained under an inventory control method based on specific identification of merchandise admitted to an FTZ by receipt shipment and lot number.

Zone Project: all of the Zone and Subzone Sites under a single Grantee.

Zone Restricted Status (ZR): foreign or domestic merchandise taken into the FTZ, under the rules and regulations of the controlling federal agency, for the sole purpose of exportation or destruction (except destruction of distilled spirits, wines, and fermented malt liquors), or storage pending exportation or destruction.

Merchandise taken into an FTZ for the sole purpose of exportation, destruction (except destruction of distilled spirits, wines, and fermented malt liquors), or storage will be given zone-restricted status on proper application. That status may be requested at any time the merchandise is located in an FTZ, but cannot be abandoned once granted. Merchandise in zone-restricted status may not be removed to the Customs territory for domestic consumption except where the FTZB determines the return to be in the public interest.

Zone Site: the physical location of a Zone or Subzone.

Zone Status: the legal status of merchandise that has been admitted to an FTZ, thereby becoming subject to the provisions of the FTZ Act. Zone status distinguishes between merchandise which has already cleared Customs or is a product of the United States (domestic status) and merchandise which was imported and has not yet cleared Customs (nonprivileged and privileged foreign status), or is being held in a zone pending exportation or destruction (zone restricted status). The choice of which type of zone status is applicable to merchandise is, to a large extent, at the option of the applicant for admission or the owner of merchandise in the FTZ. However, in some cases, the type of status is dictated by law because of the definition of the status in the U.S. Customs regulations, the operation of other laws in conjunction with the FTZ Act, or special condition in the FTZ grant.

Zone-to-Zone Transfer: merchandise transferred from one zone in a port to another zone in that same port or to a zone within a different port. Each type of transfer requires different forms and procedures as specified in 19 CFR § 146.66.