

## ***What is a Foreign-Trade Zone?***

*A brief overview of the foreign-trade zone program and how it may benefit your company*

### **General Purpose Zone Program:**

A General Purpose Foreign-Trade Zone (FTZ) site is established to accommodate a number of firms, and is typically defined as an industrial or commercial park. Public warehouse operations also operate as General Purpose Foreign-Trade Zones. Operations in a General Purpose FTZ include repair, storage, manipulation, repackaging, and destruction of damaged goods. Manufacturing can also take place with approval from the Foreign-Trade Zones Board.

### **Is a Foreign-Trade Zone Right for Your Company?**

Do you have high volume or high value of imported products? Are you currently using other Customs tariff-reduction programs such as Duty Drawback, Bonded Warehouse, or Temporary Importation Bonds? Are you importing components for final assembly or packaging into a finished product? Do you have a high volume of scrap? If so, the U.S. Foreign-Trade Zone Program might be a way to reduce paperwork, improve cash flow, increase flexibility and save time.

**Benefits of being in the zone** include deferral, reduction or elimination of duties, direct delivery and weekly entry. In addition, inventory stored in an FTZ is not subject to import quotas.

### **What is Activation?**

Once within the boundaries of a Foreign-Trade Zone, a company will go through a process called "Activation." A company can take advantage of the benefits listed above by filing a request to U.S. Customs and Border Protection to operate under FTZ procedures, and after meeting U.S. Customs procedures for security and inventory control.

**FTZ Administration:**

Besides daily operations under FTZ procedures for admitting merchandise into the zone, activated FTZ companies are responsible for filing an FTZ Annual Report with the grantee organization. The annual report details the movement of goods and other zone activity for a given report period. Companies are responsible for filing a USCBP Blanket 216 form on an annual basis. This one-page form is the formal request to U.S. Customs and Border Protection to operate under FTZ procedures. Companies must also notify U.S. Customs on an annual basis that an inventory reconciliation has taken place.

**Cost/Benefit Analysis:**

NEOTEC, administrator of Foreign-Trade Zone 181, will conduct a free, confidential cost/benefit analysis based on a questionnaire the company provides with information on the current movement of goods. This process usually takes a week once the information is received. At that time, the company has all the information needed to make a decision on whether or not the Foreign-Trade Zone program is right for the company.

**Typical Zone Users:**

- Most Automotive Assembly Plants and OEM Suppliers
- Oil Refineries
- Distribution Companies
- 3PL Public Warehouse Operations
- Textiles
- Pharmaceutical Companies
- Instruments, Electronics / Computer Manufacturers

**How to obtain Foreign-Trade Zone Status:**

Status can be obtained by locating in one of the 35 General Purpose Foreign-Trade Zone 181 locations in Northeast Ohio. If relocation is not feasible, then your company might qualify for Special Purpose FTZ Subzone status, where the zone status is brought to your facility.