

By Jose Quinonez

FOREIGN- TRADE ZONES

FTZs Highlight Growth in US Distribution and Manufacturing

Created in 1934 by President Roosevelt during the Great Depression, the U.S. Foreign-Trade Zone program has built a solid reputation among the federal government's many economic development programs. It has withstood the test of time and benefited thousands of U.S.-based companies through deferral, elimination and reduction of customs duties.

In 1950, the U.S. Foreign-Trade Zone Board, an agency of the Department of Commerce responsible for administering the program, authorized manufacturing and exhibition of products in foreign-trade zones. This decision sparked considerable interest among U.S. manufacturers as an opportunity to import raw materials and assemble products domestically while increasing export opportunities. In 1977, Volkswagen established the first FTZ auto-assembly plant, in Westmoreland County, Pennsylvania. Within two years it was producing 1,000 automobiles and employed more than 5,000 workers. This

operation provided a model for other automobile makers and suppliers to use the FTZ program and retain more U.S. manufacturing jobs. Some of these successful auto facilities include BMW, Ford, Honda, Hyundai Motors, Kia Motors, Mercedes Benz, Nissan, Toyota and, most recently, Tesla Motors in California. In 2014, the phenomenal growth in FTZ manufacturing accounted for more than 12,300 vehicle and vehicle parts makers, and it helped stimulate a recovery in American manufacturing.

The use of FTZs has spread to other industries, such as machinery and equipment, consumer electronics, pharmaceuticals and petrochemicals, becoming committed advocates for the program. Expansion to other industries was spurred, in part, by a change in the U.S. Customs and Border protection regulations in the 1980s allowing domestic value and materials to be excluded from dutiable value. The diversity of zone users is visible across the U.S. economy:

Communications: Cell phones, satellite communication systems, printers and personal computers.

Home Products: Microwave ovens, tableware, toys, watches, cosmetics, fragrances, jewelry, footwear, tableware and sportswear.

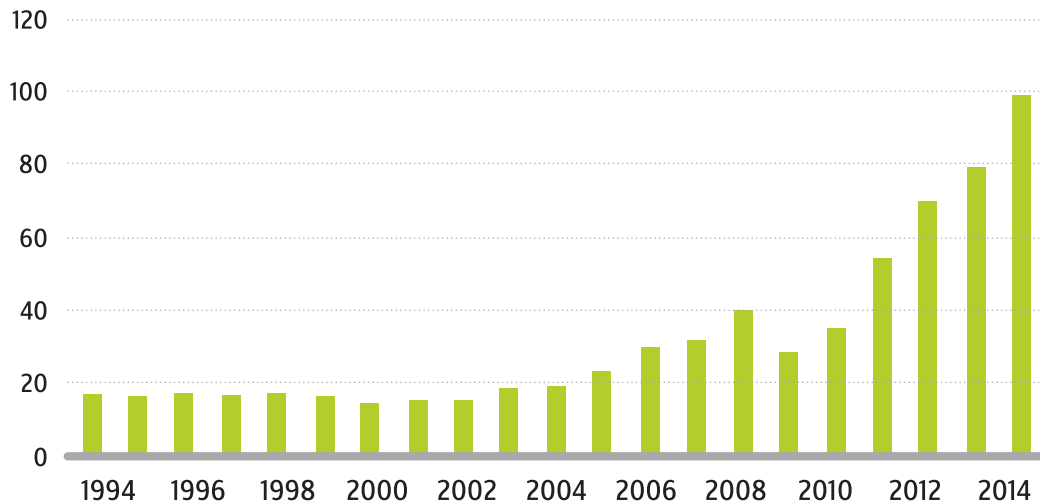
Work Products: Thermostats, power tools, ink cartridges, office equipment, security systems and forklifts.

Transportation: ATVs, automobiles, auto parts, tractors, trucks, ships, space launch vehicles and aircraft.

Energy: Refined petroleum products, solar power panels and wind powered generators.

In 1986, the FTZ program underwent various regulatory changes that established an audit-inspection system eliminating the need for on-site U.S. Customs and Border Protection officers and enhancing the ability of zones to self-manage while maintaining direct operational accountability to Customs. Two years earlier, the National Association of Foreign-Trade Zones successfully pushed

FIG. 1 FOREIGN-TRADE ZONES: EXPORTS (1994 - 2014)



* Export figures are based on material inputs and do not include value added. Source: 2014 Annual Report of the Foreign-Trade Zones Board to the Congress of the United States.

to amend the Foreign-Trade Zone Act to exempt zone operations from state and local ad valorem tangible personal property tax. This increased U.S. industry interest in keeping jobs at home during period of intense competition with foreign trading partners. In 2000, NAFTAZ helped streamline U.S. customs regulations and introduced the Weekly Entry process, allowing shipments leaving the zone for entry into the U.S. market to be reported under one weekly consolidated customs entry. In 2003, Customs agreed to make the Weekly Export process permanent, which also streamlined exports from FTZs and provided added benefit for American exporters.

Since the 1980s, U.S. trade agreements have resulted in major changes in global supply chains and important benefits to the domestic economy. However, some of these agreements had negative impacts on certain industries, including some U.S. manufacturers facing import competition from producers in countries with free trade agreements with the United States. In many cases, the FTZ program can help offset these negative effects. As its key advocate, NAFTAZ informs and drives initiatives to counter negative effects of trade agreements and federal regulations

adversely impacting U.S. manufacturers and distributors, and raises awareness among congressional leaders of the program's importance.

Last year, NAFTAZ developed legislative proposals streamlining customs regulations to allow FTZ operators and users to expand their zone activities while improving data reporting to federal agencies. These initiatives include:

- Securing pilots for extension of direct delivery privileges for non-owner operators;
- Revising the FTZ Board regulations to simplify production authority for existing companies and prospective companies seeking to qualify a project for FTZ use; and
- Eliminating the use of the blanket Customs and Border Protection Form 216 form for manipulation, exhibition or destruction of merchandise, since such activity is approved by FTZ Board order.

As Fig. 1 shows, the FTZ program grew exponentially in the 10 years since 1994, more than doubling the value of exports from less than \$20 billion in 2009 to more than \$99 billion in 2014. The 2014 Annual Report of the Foreign-Trade Zones Board to the Congress of

the United States reported 179 active zones and 311 active manufacturing-production operations. Total merchandise received in U.S. zones was \$798 billion, and foreign goods received made up \$288 billion or 12.1 percent of all foreign goods imported. The largest FTZ industries include oil refining, automotive, electronics, pharmaceutical and machinery/equipment. In the most recent reporting year, the program had 2,700 companies and more than 420,000 U.S. residents employed in FTZs.

As zone regulations become more fluid and standardized, the program will continue to attract domestic manufacturers and distributors and remain an important economic development tool. Although new trade agreements may be negotiated and regulations evolve, the FTZ program will continue to serve an important niche for many U.S. industries seeking benefits and savings for their bottom line, jobs for Americans and investment in our communities. ■

Jose Quinonez is foreign-trade zone manager at City of El Paso/El Paso International Airport and chair of the National Association of Foreign-Trade Zones.

**By Torrey Chambliss
and Robert Jacob**

Florida: A Tale of Two Coasts With One Mission

Florida is a pioneer in international trade – more specifically, the global movement of merchandise.

As the “Gateway to Latin America and the Caribbean,” Florida mainly focuses on north-south trade, yet has a global logistical infrastructure that rivals any state in the country, because it includes 15 deep-water seaports and 19 commercial airports providing access to many of the major global markets.

Well positioned within Florida’s global logistical infrastructure is the state’s foreign-trade zone network that includes 20 FTZ projects consisting of a combination of seaport-, airport-, and community-based zones.

The first generation of Florida foreign-trade zones began on its east coast in 1976, with the authorization of a project at Port Everglades. Immediately

following Port Everglades, other major transportation centers throughout the state received authorization, including:

- Miami (airport) – 1977
- Orlando (airport) – 1978
- Jacksonville (seaport) – 1980
- Tampa (seaport) – 1982

Since 1976, the Florida FTZ network has continually expanded and evolved to better serve the needs of the state’s diverse and expanding trade community. Hence, more than \$10 billion in imported merchandise passed through Florida FTZs in 2014, according to that year’s Annual Report of the Foreign-Trade Zone Board to the Congress of the United States.

One evolutionary example of Florida’s network is occurring on its west coast, in Tampa Bay. Initially, the Tampa FTZ project

took a county-based outlook, focusing primarily on the city of Tampa and the immediate surrounding areas. Today, the administration of the project operates under the umbrella of Port Tampa Bay. This has allowed it to adopt a regional platform that covers the entire Tampa Bay-Orlando “mega-region” – similar to Port Tampa Bay’s primary market – and leverage the strengths of the port in order to increase the amount of cargo as well as number of zone operators participating in the FTZ program.

As a result, global companies with locations in the Tampa Bay-Orlando “mega-region,” such as Swisscosmet Corp. and Ritchie Bros. Auctioneers, which utilize Port Tampa Bay for their shipments, have realized the customs and logistical benefits provided by the FTZ program.

A second example of the zone network expansion is visible on Florida’s southeast coast. While most of the state’s FTZs focus on finished merchandise destined for the U.S. marketplace or raw materials for regional manufacturing, the same cannot be said for South Florida zones, such as FTZ No. 25 at Port Everglades.

The Port That Works

The Port of Brownsville is the only deep-water seaport directly on the United States/Mexico border. Opened in 1936, at the southernmost tip of Texas and connected to the Gulf of Mexico by a 17-mile-long ship channel, the Port of Brownsville also is the largest land-owning public port authority in the nation with approximately 40,000 acres.

As a bulk and breakbulk commodity port, the Port of Brownsville has developed a versatile marine terminal operation for both liquid and dry bulk cargoes. Petroleum products, gasoline, diesel, heavy naphtha, steel bulk materials, ores, scrap, sand, windmill components and limestone are some of the many commodities moving through the port.

The port offers excellent services to facilitate the international movement of goods between Mexico and the United

States and to the rest of the global marketplace. Recognized as the worldwide premier U.S. port for ship recycling, the Port of Brownsville is home to the largest U.S. fabricator of offshore drilling platforms. Other services found here include terminal handling of bulk cargoes for liquids, breakbulk, heavy lift and project cargo, steel fabrication, storage, crane services, and towing and tug services, among others.

The port’s infrastructure includes 13 cargo docks, five liquid cargo docks, 635,000 square feet of covered storage facilities, and more than 3 million square feet of open storage. Additionally, the Port of Brownsville will soon begin construction on another liquid cargo dock. Its inter-modal transportation system is geared to move cargo by rail, vessel, barge, truck and pipeline. The newly constructed general cargo dock includes a new mobile harbor crane with a lift capacity of 125 tons.

Since 2012, Foreign Trade Zone No.

62, operated by the Port of Brownsville, has been ranked one of the top three FTZs nationwide for exports valued at more than \$3 billion annually.

The Brownsville & Rio Grande International Railway – a component unit of the port – has provided port customers efficient and reliable railroad service since 1984. BRG interconnects with Union Pacific and Burlington Northern Santa Fe railroads for northbound cargo and with Kansas City Southern de Mexico for southbound cargo.

For more information about the Port of Brownsville, visit www.portofbrownsville.com or call 956 831 4592. ■

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The Port of Brownsville is the point where more steel crosses the border into Mexico than any other U.S. port. More to the point, it's the largest land-owning port in the nation with 40,000 acres ripe for development. The U.S. LNG industry gets the point, too. Three LNG exporters are in the permitting process to build billions of dollars of infrastructure at the Port of Brownsville. Also pointing in the right direction is new legislation benefiting wind energy equipment providers and new unencumbered crude oil exports. The point is, the Port of Brownsville serves a growing consumption zone of more than 10 million people within a three-hour drive on *both* sides of the border with a cost-saving heavy haul corridor and efficient rail. It's the most important international cargo transfer point on the Gulf of Mexico. The port that *works* – the Port of Brownsville. Get the point?

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The port that works



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Port Everglades and other South Florida FTZs deconsolidate, customize, pick and pack orders for specific downstream markets such as Latin America and the Caribbean, some of which require special quantities, labeling or technical customization. Shipping lines from Latin America then call at South Florida ports to load these shipments for targeted delivery to the ever-growing Latin American and Caribbean marketplace. In this manner, South Florida foreign-trade zones act as a catalyst to logistically enhance seaport-airport utilization, fill ships and facilitate international trade utilizing local, regional and national infrastructure.

From a national perspective, FTZs are renowned for their cost-saving benefits, such as the deferral, reduction or elimination of U.S. customs duties.

However, Florida businesses have learned that on many occasions, time and market access are more valuable than money. Accordingly, the Florida network has become intertwined with the transportation infrastructure of seaports, airports, pipeline, rail and road. This fusion has formed a logistical network able to facilitate the efficient movement of FTZ merchandise to other parts of Florida and beyond.

Operations at Port Tampa Bay and Port Everglades are perfect examples of the FTZ program providing a significant value-added benefit to Florida companies and those shipping through Florida. For instance, both ports receive refined jet fuel as an FTZ commodity from U.S. and foreign-based oil refineries. This jet fuel is then transported to airports in their respective regions. Tampa International

and Orlando International airports are serviced by Port Tampa Bay zones, while Fort Lauderdale-Hollywood International, Miami International and West Palm Beach International airports receive their fuel from Port Everglades zones. This logistical and operational strategy allows for the elimination of U.S. customs duties on the jet fuel used on international flights as well as the deferral of those duties used on domestic flights until airport delivery.

Whether destined for a U.S. consumer, U.S. manufacturer, Latin American or Caribbean country, or beyond, foreign goods are expedited through Florida foreign-trade zones to arrive quickly at the right place, at the right time, in the right quantity, and ready for the market.

For the Florida FTZ network, it's all about providing a company with that key value-add market advantage that helps it meet and exceed its organizational goals. ■

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Port Everglades to Build a New Logistics Distribution Center

Port Everglades is relocating its current on-port Foreign-Trade Zone facility to a new, state-of-the-art regional logistics distribution center that will be built on a prime 16.7-acre site adjacent to the port's containerized cargo terminals.

The new location, directly west of the current site, is ideally situated within the port with direct access to the interstate highway system and Florida East Coast Railway's 43-acre intermodal container transfer facility. The facility will augment the port's aggressive expansion plan to double the amount of goods moving into South Florida's demanding consumer market.

"Current capital projects include adding new berths and cargo terminals

to increase our container volumes, so this is the ideal time to rebuild the FTZ with modern facilities in an area that is centralized to the main cargo," said Port Everglades CEO and Port Director Steven Cernak.

Located at the center of global trade and one of the world's largest consumer regions, Port Everglades is one of Florida's leading seaports for containerized cargo.

Expansion efforts are already underway to add more cargo berths, and to deepen and widen the port's navigation channels to handle increasingly larger cargo ships that

are already coming into Port Everglades from Europe and South America.

Beyond its prime location for air, rail, highway and sea transport, the Port Everglades Logistics Center will cement the port's current status as a one-stop shop for cargo. The port is close to a final agreement with a private entity to develop the 330,000-square-foot space with value-added services to support global supply chains. ■





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top three ports in the world.



By Trey W. Boring

The Resurgence of FTZ Manufacturing

When the Foreign-Trade Zone program rolled out in earnest during the 1970s and 1980s, it was due to foreign transplant manufacturing and assembly plants that recognized the huge advantage of assembling in the United States and using the program. Led by the inverted tariff benefit, pharmaceutical firms, foreign auto assembly, typewriters and appliance manufacturers all got into the FTZ industry. The inverted tariff concept can be best explained as: “The Foreign-Trade Zone Act (as amended) allows an importer to choose the duty rate that attaches to either imported parts, components or raw materials, or to the value of those imported parts as their portion of the finished product that has a lower duty rate.” That actually sounds complicated, but the following example will make the inverted tariff benefit clear.

A U.S. importer/manufacture brings in pump components that have a duty rate

ranging from 1 percent to 3.7 percent. The importer/manufacture combines those components with domestic labor and other parts to manufacture finished pumps. If they were to import fully finished pumps from overseas into the United States, they would pay a 0 percent duty rate on those finished pumps.

Therefore, because the parts are imported and assembled into a pump in a U.S. foreign-trade zone, the duty on the raw materials and components is “suspended” and not paid until the finished, assembled pump is ready for sale. At this point, the duty is calculated on the imported components and parts at the finished product rate of 0 percent. The importer, located in the United States, uses domestic labor and components to assemble a finished pump. The overhead, taxes and investment in the U.S. are being done domestically because the pump manufacturer is not being penalized against the foreign-assembled pump maker that gets a 0 percent duty rate. Pumps are

manufactured in the United States and can compete with the imported pumps.

Use of the program has leveled the playing field for American manufacturers and foreign manufacturers that come to the United States to invest and utilize American labor.

This trend has led to the resurgence of U.S. manufacturing within foreign-trade zones. During the past 15 years, the rate of growth in U.S. manufacturing had been slowing. FTZ growth during the same time period had been in warehouse/distribution centers holding finished imported goods, as well as e-commerce fulfillment centers. However, the foreign-trade zone and other factors in the U.S. have changed all of that.

The country has seen growth in basic, durable manufacturing in the last five years, with an influx of foreign direct investment and U.S. investment in new plants. More than \$150 billion of this new investment won't come online until 2020. Exports from the Gulf Coast and East Coast are expected to increase by more than 800,000 twenty-

FTZ No. 149 Offers Vast, Diverse Benefits

Under the leadership of Phyllis Saathoff, former chair of the National Association of Foreign-Trade Zones, Port Freeport offers vast benefits to prominent companies from throughout the world through its FTZ No. 149.

Indeed, the foreign-trade zone expertise at Port Freeport – on the Texas Gulf Coast south of Houston – is incomparable, as Saathoff, the port's executive director and CEO, is the only seaport official to ever serve as chairperson or president of NAFTAZ.

All told, FTZ No. 149 users saved more than \$1.6 million in U.S. customs duties in 2015 while employing 2,600 people in active zone sites.

Fortune 100 firms Phillips 66 Co. and The Dow Chemical Co. are among those benefiting from Port Freeport's FTZ, which has included all of Brazoria and Fort Bend counties in its service area since 2012 approval of its alternative site framework.

For nearly 30 years, American Rice Inc. has taken advantage of the FTZ with its on-port rice mill, while relative newcomers include Luxembourg-based Tenaris, bringing steel pipe into its 12-acre site, and Houston-based Geokinetics, the first general-purpose zone operator in Fort Bend County, moving oilfield and subsea exploration equipment.



Reactor Service International handles catalysts used in refining and petrochemical processes on a duty-deferred basis at its warehouse in FTZ No. 149, while The Netherlands-based DSM Nutritional Products uses Port Freeport's zone for an entirely different kind of chemicals – bring-

ing in compounds that are processed in the zone and shipped out as vitamin-related health products without having to pay customs duties.

A recent 40-acre expansion of the active port is allowing Mammoet USA South to further extend FTZ benefits to movers of project cargo, including oversized industrial units for \$25 billion in regional petrochemical plant expansions.

With weekly container service by Mediterranean Shipping Co., utilizing two post-Panamax, ship-to-shore cranes and highly skilled labor, as well as roll-on, roll-off services of Höegh Autoliners, also under long-term contract, plus advancement of efforts to deepen the port channel to as many as 55 feet from its present 45 feet, Port Freeport is positioned to provide FTZ users with productive global links for years to come. ■


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foot equivalent units from 2017 to 2022. Increases in trucking, rail and shipping capacity, as well as FTZ use are also expected. The United States has not seen this level of increase in basic manufacturing in more than 30 years.

Use of FTZs is for small and medium-size manufacturers as well the Fortune 500. In the past few years, the FTZ world has added medium-size companies including high tech, consumer goods and heavy equipment.

The inverted tariff benefit is one of the longest standing virtues of the program. It fell out of favor from 2000 to 2012, but it is making a strong comeback now, and that is expected to continue in future decades. As plans for additional manufacturing capacity are being considered for the U.S., the Foreign-Trade Zone program is a key facet to many of these operations. The development of additional manufacturing capacity opens up new FTZ operations within this trend. Zones are providing a catalyst for development in manufacturing and opening up growth in the program in this area again. We could be seeing manufacturing as a prime area of FTZ usage again. ■

Trey W. Boring is senior vice president of IMS Worldwide in Webster, Texas, and vice chair of the National Association of Foreign-Trade Zones.

By Rebecca Williams

Living in Interesting Times: ACE, PGAs and FTZs

If you are a foreign-trade zone operator, user, customs broker or service provider, you know firsthand the significant impact of the Automated Commercial Environment on the FTZ industry, especially as it relates to the reporting requirements of partner government agencies or PGAs. The past 12 months have indeed been interesting times. On behalf of its members and the entire FTZ industry, the National Association of Foreign-Trade Zones has spent an extraordinary amount of time engaging with the PGAs as well as Customs and Border Protection, to educate them about the unique aspects of FTZ operations and ensure that the voice of the industry is heard. Since

November 2015, NAFTAZ has sent eight letters to customs headquarters, 17 letters to various PGAs, and participated in or led dozens of meetings, conference calls and webinars in order to sort through the substantial complexities associated with integrating FTZs into ACE and utilizing the international trade data system or ITDS. From these agencies, NAFTAZ has received nine substantive written responses, which it has shared with its members.

The current ACE options allow PGAs to attach their message sets either at the time of cargo release (Customs and Border Protection Form 3461) or entry summary (CBP Form 7501). For many agencies, such as the U.S. Department of Agriculture Animal and Plant Health Inspection Service/Lacey Act; Fish and Wildlife Services; Environmental Protection Agency (certain commodities/programs); Tax and Tariff Bureau; Bureau of Alcohol, Tobacco, Firearms and Explosives; and the Drug Enforcement Administration, import laws and regulations provide jurisdiction at the time of "arrival" or "importation" and not "entry." Consequently, these PGAs should attach ACE message sets to the FTZ admission instead of the FTZ Type 06 entry.

Admission functionality is not slated for transition into ACE until early 2017,

Rapid Growth Has Expanded FTZ No. 84 to More Than 30 Sites

Foreign Trade Zone No. 84 has primarily served the greater Houston area to include the counties of Harris, Ft. Bend and Brazos. It is one of the largest and most active zones in the United States and is rapidly growing. In the past 12 months FTZ No. 84 has expanded, adding 11 single user sites and three subzones. This rapid growth has enlarged the Houston FTZ to more than 30 different sites handling virtually any commodity from steel to liquid bulk to automobiles and machinery. The expansion of FTZ No. 84 is expected to continue as more manufacturers and international trade companies seek to relocate to areas within the "Texas Triangle."

Last year, FTZ No. 84 increased

employment from 14,000 to over 15,000 direct full time jobs, the most of any foreign-trade zone in the United States. FTZ No. 84 users are taking advantage of large savings allowing them to better compete in the global market.

Businesses find FTZ designations advantageous for several reasons.

Duty Deferral/Reduction — Duties in a foreign-trade zone can be deferred or reduced based on how merchandise is handled and moved through the zone.

Duty Elimination — No custom duties are paid on merchandise exported directly from an FTZ. Duty is eliminated on foreign merchandise admitted to a zone but then later exported

abroad from the FTZ (with some exceptions). Also, duties are also eliminated on goods destroyed in an FTZ.

Tax Exemptions — Goods in a zone are considered to be international commerce. As a result, in states where applicable, tangible personal property (inventory) held in a zone is exempt from state and local ad valorem taxes.

Other benefits can include elimination of drawback, improved customs compliance, lower security and insurance costs, no constraints on storage, and improved inventory control. ■



Port of Houston Authority



The Houston Foreign Trade Zone produces **\$18.2 billion** of domestic and foreign value

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User Benefits

- No quota restriction
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- Houston's connectivity to domestic and world markets
- Vast ocean, highway, rail and air connections
- Immediate FTZ availability for warehouse storage, distribution, bulk liquid storage, production and manufacturing
- Privately owned and port owned sites throughout the region of Houston, Texas



Public Benefits

- Local and regional economic development
- Creation of 17,369 jobs
- International trade growth



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which means that the PGAs that should attach their message sets to FTZ admission cannot do so until early next year. Some PGAs have indicated that they will not wait for message sets to become available in 2017; instead, they will continue to require mandatory filing of their data at the time of arrival in the United States through paper or in their own electronic system, and also require filing the message set in ACE on the Type 06 cargo release or entry summary. When the zone admission functionality becomes available in ACE, these agencies would then switch the point-of-data collection to FTZ admission. NAFTAZ recently met with senior customs officials to prioritize transition of the FTZ admission functionality into ACE before the end of 2016. Customs indicates that it is not feasible.

President Obama's executive order of Feb. 19, 2014, Streamlining the Export/Import Process for America's Businesses, stated the following:

"In particular, we must increase efforts to complete the development of efficient and cost-effective trade processing infrastructure, such as the

ITDS, to modernize and simplify the way that executive departments and agencies interact with traders. We must also improve the broader trade environment through the development of innovative policies and operational processes that promote effective application of regulatory controls, collaborative arrangements with stakeholders, and a reduction of unnecessary procedural requirements that add costs to agencies as well as industry, and undermine our nation's economic competitiveness."

NAFTZ is continuing its work with PGAs that will receive data at the time of Type 06 entry. This involves education around the unique aspects of the FTZ program, such as Weekly Entry, Unique Identifier Number/First In-First Out (UIN/FIFO) reporting methodology and inventory adjustments, to ensure that they are factored into the agencies' expectations and reporting requirements. Requiring message sets to be transmitted at the time of Type 06 FTZ entry when they should be transmitted at the time of zone admission – simply to meet a deadline – does not meet the directives of the executive order. NAFTAZ remains keenly focused on this issue and will ramp

up its efforts to secure written confirmation from certain PGAs that mandatory filing of message sets will not commence until FTZ admission is transitioned into ACE.

Here's a snapshot of where things stand related to foreign-trade zones and filing for the Automated Commercial Environment:

Customs and Border Protection: As of July 23, 2016, ACE became the sole electronic data interchange system for many customs entry types including Type 06 FTZ.

National Highway Traffic Safety Administration: Mandatory filing as of May 28, 2016. NHTSA is taking its data in ACE on the cargo release transaction for regular Type 06 FTZ entries and on the entry summary transaction for weekly "W" Type 06 FTZ entries. NAFTAZ continues to engage with NHTSA to resolve specific data collection issues.

Food and Drug Administration: Mandatory filing as of June 15, 2016. FDA is taking its data in ACE on the cargo release transaction for both regular and weekly "W" Type 06 FTZ entries. FDA recently created a Foreign-Trade Zone/Weekly Entry Filing section on its website. All FTZ

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Catalyst of Commerce

The Port of Virginia is greater than the sum of its parts. Our four largest marine terminals are located along one of the deepest natural harbors in America, have zero height restrictions and are just 18 miles to open ocean. Richmond Marine Terminal and Inland Port extend our reach over 200 miles into the state and expedite the movement of cargo into and out of our terminals. Service by two Class I railroads, and our strategic location in the middle of the East Coast positions us well to serve the nation's heartland. Individually, these components are impressive. But put them together, and they allow us to serve our role as a Catalyst for Commerce.

When the first 10,000-plus-TEU ship arrived at The Port of Virginia in July, it brought more than cargo. It helped us usher in a new era – one we've been

preparing for over the past 2.5 years. We've invested heavily in our infrastructure, equipment, technology and people. We are now moving more cargo than ever before – and doing it more swiftly, safely and sustainably.

We've improved our gates so our motor carriers can get on and off our terminals faster. Our network of specialized terminals and services enable us to quickly move all manner of goods through our gates – connecting to a transportation network in the midst of a more-than-\$4 billion upgrade. Millions of square feet of new warehouse space, recent coffee exchange certification and pending foreign-trade zone expansion into North Carolina make us one of the most business-friendly environments in the nation. And we have projects underway

that will add capacity to handle 1 million more containers annually – a 40 percent increase in our total capacity.

We're gaining momentum. As we continue to expand our capacity, refine our operations and become more efficient and effective; as we continue to improve our road, rail and waterway networks; as we provide the necessary spaces for businesses to come and grow with us, we will continue to attract the attention of businesses from across the world. ■



FTZ Advantages and Close Proximity to New York, Philadelphia

Mercer County boasts a vibrant business community and robust economy. From our retail destinations to warehouse and manufacturing facilities, Mercer County is open for business. It is an exciting time to consider New Jersey's Capital County, which features one of the most stable economies in the nation and a strong consumer base that you can't find anywhere else in America. Our highly skilled and educated workforce is one of the county's strongest assets. Visitors and businesses alike enjoy our proximity to the New York and Philadelphia metropolitan areas. Our transportation infrastructure rivals that of any successful market – Mercer County has three major train stations along the NJ Transit Northeast Corridor Line; easy access to the New Jersey Turnpike and many major expressways; and an extensive bus system.

An additional business incentive is Mercer County's unique status as a foreign-trade zone service area. For almost 20 years, Mercer County has offered FTZ benefits to its designated county businesses. Foreign-trade zones are a tool that Mercer County businesses can use to increase their international competitiveness and provide users with the opportunity to lower costs and boost profits. FTZ business incentives include duty deferrals, reductions, or even elimination for products that move in and out of Mercer-based business facilities. Other FTZ incentives include:

Logistical Benefits – Mercer FTZ companies may have access to streamlined customs procedures, for example "Weekly Entry" or "Direct Delivery." In the case of Mercer, this arrangement would be created with U.S. Customs and

Border Protection in Philadelphia.

Overall Cash Flow Benefits – There is an overall cash flow benefit to the FTZ business that can reduce, eliminate or defer its duty payments.

Best of all, companies that decide to take advantage of the Mercer County FTZ can do so anywhere within Mercer County. These FTZ advantages, along with our unique location and infrastructure, are just some of the reasons why Mercer County is a great place to do business! ■



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operators, users and customs brokers should review the information.

APHIS Lacey: If your FTZ imports are regulated by APHIS for Lacey Declaration purposes, APHIS extended the May 28 deadline for mandatory filing of Lacey Declaration information in ACE until Nov. 28. APHIS currently intends to take Lacey Declaration data in ACE on the cargo release transaction for regular Type 06 FTZ entries and on the entry summary transaction for weekly “W” Type 06 FTZ entries. However, it is critically important to understand that APHIS has confirmed that FTZ filers may not use UIN/FIFO inventory control and reporting methodology to report Lacey Declaration data to APHIS; FTZ filers must use a direct identification reporting methodology. As a result, NAFTAZ has asked APHIS to require Lacey Declaration data on the FTZ admission instead of the FTZ entry.

All Other PGAs: If your FTZ imports are

regulated by any other PGA, the date of mandatory filing of agency data in ACE is still to be determined. Some agencies are waiting until existing pilot programs are completed to set a mandatory filing date. Others are waiting until proposed rulemaking has been issued and the trade has had an opportunity to comment on it. Some PGAs have indicated that they anticipate mandatory filing to commence in the November 2016 timeframe, while others have indicated that mandatory filing likely won't commence for years. Each agency has said at which entry transaction point they currently intend to take their PGA data. The following list is a summary by PGA per CSMS #16-000431 (“Guidance on Partner Government Agency Entry Type Codes”):

Consumer Product Safety Commission and National Marine Fisheries Service

PGA data submitted on the cargo release transaction for regular Type

06 FTZ entries and on the entry summary transaction for weekly “W” Type 06 FTZ entries. CPSC anticipates requiring mandatory filing in the 2018/2019 timeframe.

Agricultural Marketing Services, Food Safety and Inspection Service, Office of Marine Conservation, ATF, APHIS Core, DEA, EPA, FWS, and TTB:

PGA data submitted on the cargo release transaction for both regular and weekly “W” Type 06 FTZ entries. This means PGA data will be submitted on weekly estimates.

If you aren't already a member of NAFTAZ, now is the time to join us as we work hard to preserve and shape the future of the Foreign-Trade Zones program in the face of the long-awaited ACE automation. ■

Rebecca Williams is managing director of Rockefeller Group Foreign Trade Zone Services, a division of Rockefeller Group Development Corp., and treasurer of the National Association of Foreign-Trade Zones.

Expanding Global Access for Florida's Largest and Fastest-Growing Market

New container shipping services, expanded truck and rail connectivity, new post-Panamax cranes and plans for new on-dock cold storage are several of the latest developments at Port Tampa Bay.

Located on Florida's Gulf Coast in the geographic center of the state, Port Tampa Bay is the largest port in the state, both in terms of cargo tonnage and geographical size, and is one of the most diverse ports in the United States handling a wide mix of containerized; breakbulk; roll-on, roll-off; liquid and dry bulk cargoes. The port is also the primary gateway for the Tampa Bay-Orlando Interstate 4 Corridor region, the largest and fastest-growing consumer market in the state, with more than 8 million residents and welcoming over 60 million annual tourists and home to the largest concentration of distribution centers in Florida.

Port Tampa Bay has embarked on an aggressive strategy to expand its infrastructure and services to meet the growing demands of its huge local market. On July 22, Port Tampa Bay and terminal operator Ports America commissioned two new post-Panamax gantry cranes, complementing its three existing gantries. Together, they have a multiphased build-out plan to quadruple the size of the container terminal from the current 40 acres with 3,000-linear-foot berth to more than 160 acres and an additional 1,000 feet of deep-water berth. Linear Peninsular recently launched a new weekly container service to Tampa from the Mexican ports of Altamira and Progreso, complementing existing global container services by Zim Integrated Shipping Services, MSC, Seatrade and Atlantic Ro-Ro Carriers. Together with new tenant

partner Port Logistics, Port Tampa Bay will soon break ground on a 130,000-square-foot, on-dock refrigerated warehouse, expected to begin operations in fall 2017.

Port Tampa Bay's expansion strategy also included bringing in house the administration of the Tampa Bay FTZ project, which covers a 60-mile radius or 90-minute drive time from the port, encompassing the entire I-4 Corridor region. FTZ No. 79 assists companies in Tampa Bay and along the I-4 Corridor by streamlining the process and minimizing the costs associated with qualified importing, exporting, manufacturing and distribution activities. ■



PORT TAMPA BAY.



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