FOREIGN TRADE ZONES

NAFTA Renegotiations and the Foreign Trade Zone Program

The National Association of Foreign-Trade Zones and its members strongly support the North American Free Trade Agreement and believe it and other free trade agreements have contributed greatly to making US manufacturing more globally competitive, supporting high-value-added employment in the United States, expanding export markets for US products and services, promoting efficient supply and value chains, and improving standards of living.

But it is axiomatic that any agreement negotiated over 25 years ago ought to be updated. With NAFTA, needed improvements can make the FTZ program even more effective in promoting American jobs and competitiveness and providing American companies and workers new opportunities for growth and prosperity in the 21st century global economy.

Indeed, certain provisions in the NAFTA and the 1993 US NAFTA implementing legislation actually restrain US-based manufacturing firms from taking full advantage of the FTZ program's intended benefits and place them at a competitive disadvantage to manufacturers exporting from Mexico and Canada. These unfair barriers must be removed.

Specifically, Article 303 of the NAFTA and certain Foreign-Trade Zones Act duty-deferral provisions treat US exports from an FTZ to Canada and Mexico initially as imports into the United States – requiring payment of duties before export. NAFTA is one of only two US free trade agreements with this restriction. Both Canada and Mexico have unilaterally eliminated similar restraints on their own exporters. The result is US-based manufacturers are put at a disadvantage to their Mexican and Canadian competitors, and American manufacturing and exports are discouraged.

US zones should be able to manufacture or modify products in the United States and export them to Mexico or Canada with unrestricted US duty elimination benefits. Accordingly, NAFTZ recommends these restrictions be eliminated.

A second problem arises from restrictions in NAFTA rules of origin on US FTZs that put some US-based FTZ manufacturers into unbalanced duty competition with NAFTA imports, thereby undermining the purpose of the FTZ program. By excluding goods produced in a US FTZ from qualifying for NAFTA preferential-duty treatment when entered into US customs territory, the 1993 NAFTA implementing legislation denies US manufacturers similar duty treatment on components used in FTZ-based production to that enjoyed by producers in Mexico and Canada.

This handicap means a US-based FTZ manufacturer making a product (e.g., car radiators) for domestic consumption that meets NAFTA rules of origin must still pay US duty on any non-NAFTA components (e.g., radiator hoses). Meanwhile, a Mexico-based manufacturer making the same product with identical components from the same suppliers can export that product to the United States duty-free. This creates an unintended incentive to relocate production from the United States to Mexico. Correcting this problem does not require renegotiation of any NAFTA provision, but rather can be fixed simply by repealing the restriction in the US NAFTA implementing legislation.

These unwarranted restrictions on FTZs originally stemmed from concerns about potential “platforming” of goods from countries not party to the NAFTA, a concept whereby manufacturers could potentially avoid paying full duties on non-NAFTA content by using a duty-deferral program, like FTZs. However, after 23 years, it is evident that dire predictions about platforming have been overblown. To the extent it may remain a concern, it ought to be addressed through changes to specific rules of origin, rather than by denying US zone manufacturers the ability to use the same rules that benefit their Canadian and Mexican competitors.

A third point arises from a key underlying purpose of the FTZ program – to help US-based manufacturers overcome tariff-inversion situations, arising when the duties a manufacturer must pay on inputs it imports to make a final product in the United States are higher than the duty imposed on an identical final product imported from a foreign country. NAFTZ believes Congress should give clear direction that inverted tariffs arising from NAFTA should be addressed through the FTZ program for qualifying goods manufactured in the United States.

Finally, it is crucial for the FTZ program to retain the existing provision confirming US zones as a constituent part of the NAFTA territory, even though they are considered outside US customs territory.

NAFTZ welcomes renegotiation of the NAFTA as a great opportunity to make the FTZ program even better and more effective for US companies and workers. ■

Erik Autor is president of the National Association of Foreign-Trade Zones in Washington, D.C.

New Initiatives and Improvements at Port Everglades

Port Everglades, one of the nation’s leading container ports handling more than 1 million TEU annually, serves as a gateway to Latin America, the Caribbean, Europe, and Asia. Its enviable location at the crossroads of north-south and east-west trade – and in the heart of South Florida’s consumer-rich population – is strengthened by intermodal connections that reach 70 percent of the US population within four days.

Ongoing capital improvements and expansion ensure that Port Everglades can handle future growth in container traffic.

On the waterside, the Port Everglades Navigation Improvements Project received federal authorization for the US Army Corps of Engineers to move forward with deepening and widening the port’s navigation channels as part of the Water Infrastructure Improvements for the Nation, or WIIN, Act. The main features of the project are to deepen the main navigational channels from 42 feet to 48 feet (plus-1 foot required and another plus-1 foot allowable over-depth for a total of 50 feet), and to deepen and widen the entrance channel and parts of the Intracoastal Waterway so that cargo ships can pass safely by docked cruise ships. The project is currently in the pre-construction engineering and design phase.

In addition, the port recently received approval to begin a $437.5 million expansion project to add new berths for larger cargo ships and install crane rail infrastructure for new super-post-Panamax cranes. The Southport Turning Notch Extension will lengthen the existing deep-water turn-around area for cargo ships from approximately 900 feet to 2,400 feet, which will allow for up to five new cargo berths.

Recently Fitch Ratings affirmed the ‘A’ rating on Broward County’s Port Everglades’ outstanding $167 million port facilities senior revenue and refunding bonds, and revised its Rating Outlook from Stable to Positive. Fitch reported: “The Positive Outlook reflects the expectation that the port will continue to demonstrate strong financial performance in terms of coverage and leverage, as well as anticipation that the port will maintain its diverse maritime operations and increasing revenue growth.”

As Port Everglades continues to advance major infrastructure projects, this powerhouse seaport continues to serve as an ideal point of entry for products shipped around the world. ■

PORT EVERGLADES
BROWARD COUNTY, FLORIDA
Florida’s Powerhouse Port℠

Zones in 21st Century and Beyond

With the 83rd year of the US Foreign Trade Zone Program upon us, it is impressive to look back at the history of the program and all of the changes it has seen. The core principles of the FTZ program have remained the same since its inception, all with the primary goal to level the global playing field of trade for US companies. The FTZ program is designed to offer US-based entities the opportunity to manage how and when they must pay their duty, outlined with the regulations governing the establishment and operation of the foreign trade zone. The changes to the activities allowed in FTZ operations, and changes to how an FTZ is established, are all still centered around that core set of principles.

Over the years, the program has expanded to include petrochemical refining, automobile manufacturing, appliance and home goods manufacturing, shipbuilding, and other processing approvals. The distribution usages of the FTZ program have also seen some creative growth with direct-to-consumer distribution within the retail fulfillment industry. Almost every major retailer or consumer goods company uses an FTZ for duty-free storage of seasonal merchandise, as well as merchandise to be exported. Foreign trade zones now include internet sales fulfillment for multiple companies within their standard brick and mortar distribution hubs.

These changes continue to drive creative and modern uses of the FTZ program. Within the distribution operations that are currently active within the program, there are fulfillment centers for LEAN manufacturing lines within the supply chain for many US manufacturers. There are even reverse logistics centers that employ US labor to process international returns for US-based operations. In the sporting goods supply chain, for example, most soccer balls, basketballs, footballs, and volleyballs made overseas can

Minnesota: A Gateway for Global Business

Foreign trade zones are designed to help companies cut costs, create US jobs, and increase their global competitiveness. More than 3,000 US companies save millions of dollars annually on importing, exporting, and manufacturing costs – but many more that could benefit are unaware of this "best-kept secret."

More than 260 foreign trade zones in the United States handle over $660 billion annually in shipments. These zones allow companies to designate physical space as duty-free islands on US soil where they can store foreign or domestic goods, repackage materials, assemble products, and manufacture or re-export goods – all while eliminating or deferring customs duties.

Minnesota is one of the best places for FTZs due to its central US location, outstanding transportation logistics, and programs and services that encourage business growth. It has three zones:

- Seaway Port Authority Zone at the Port of Duluth-Superior.
- International Falls Foreign Trade Zone.
- Greater Metropolitan Area Foreign Trade Zone in the Twin Cities.

The Port of Duluth-Superior is the farthest-inland freshwater seaport in North America and one of the continent's leading bulk cargo ports. It connects the heartland of the United States and Canada to the world.

Minnesota has more than 4,500 miles of track serviced by 22 railroad companies, including four Class I railroads. The International Falls FTZ, on the US-Canadian border adjacent to Fort Frances, Canada, has access to the busiest rail port of entry in North America.

Meanwhile, the highly ranked Minneapolis-St. Paul International Airport serves more than 37 million passengers a year. The MSP air cargo facility, served by 14 airlines, moved nearly 200,000 metric tons of cargo in 2015.

Minnesota's most active zone is the GMAFTZ in the Twin Cities, managed by the Minnesota Department of Employment and Economic Development in partnership with other local entities. DEED, in turn, oversees programs and services that encourage economic activity, including foreign trade. The agency will work with companies to conduct a cost-benefit analysis of establishing an FTZ site and explore other advantages of being in the program. ■

John Shoffner, a DEED business development manager, administers the GMAFTZ. For more information, visit mn.gov/deed/ftz or contact John at john.shoffner@state.mn.us or +1 651 259 7445.

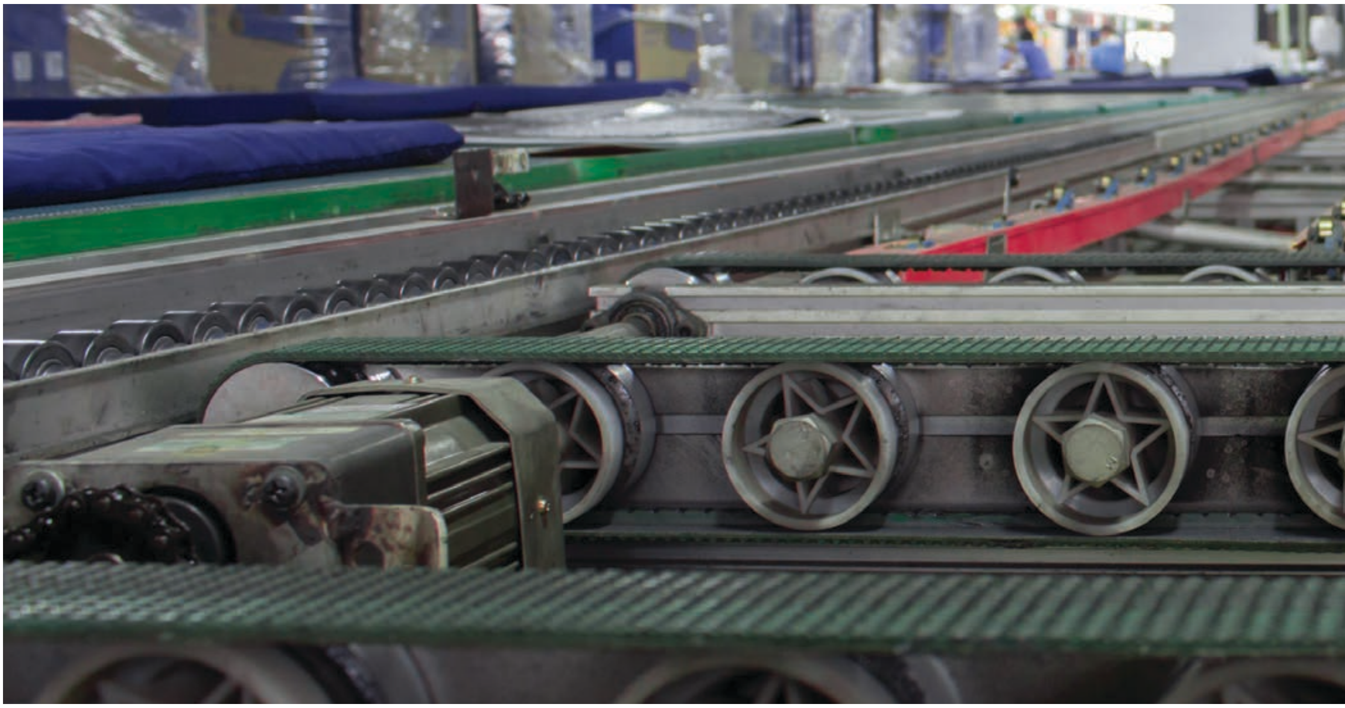
EMPLOYMENT AND ECONOMIC DEVELOPMENT

be imported deflated. In current FTZ operations, you will find US workers inside the zone inflating and packaging those balls for retail distribution.

The approval of production authority for companies has moved beyond just the normal, traditional heavy manufacturing goods. Production authority can range from simple elements such as packaging and kitting multiple product lines in the same United States location, to taking advantage of FTZ production authority approval and savings. In recent years, we have seen companies move into the FTZ program within the retail sporting goods, high-tech communications, and industrial manufacturing sectors. Specifically, some approvals in recent years include production authority for components for aftermarket automotive use, as well as the production of household storage items. These operations, and the financial investment and employment opportunities they bring to our communities, are a main reason that the FTZ program was created in the 1930s.

As the global and US economies continue to change, the FTZ program continues to be the main tool to raise our competitiveness here in the United States against foreign competition in the rest of the world. As US companies and domestic subsidiaries of global companies continue to fight for their share of the world's market, the US employees working for these entities need the tools that provide competitiveness on the pressures of the global marketplace. Investigating the FTZ program can often yield some insight as to how US facilities can gain a competitive advantage.

The program offers significant benefits to the wide range of companies that are involved in the global economy, and the potential uses of the FTZ are as wide and varied as the activities in which these companies are involved. Imports are a vital part of the global supply chain for many companies, including the importation of components used in manufacturing or the importation of finished goods for use in our economy. The economic advantages for US entities within the FTZ program are job creation and investment in the very communities we live and work in, and the need to grow our opportunities for the American workforce is even greater now than it has been in many years. Those Americans seeking opportunities



in supply chain management, manufacturing, data management, and other high-tech sectors are — and will be — significantly impacted by the competitive nature of the global economy, and the FTZ program offers their future employers a more level playing field in the era of globalization we find ourselves today.

The many creative ideas for FTZ operations continue to foster new zone projects around the country. Whether you are a standard manufacturer making cars or refrigerators, or you are in the high-tech arena working with solar technology or microchips, the FTZ program has a potential impact. When considering the global nature of the modern supply chain and its impact on the movement of your merchandise, your plans probably should include a review of the FTZ program. ■

Trey Boring is senior vice president at IMS Worldwide, Inc. and chair of the National Association of Foreign-Trade Zones.


BYD

Time is Money — Alternative Site Framework

The Great Recession of 2008 initiated a period of internal reflection amongst US businesses, including those involved in international trade. As global consumer buying power decreased and global demand for US made products declined, US based international traders began identifying strategies to bring stability to their operations, reduce their costs, and strengthen their competitive positions. As a result, many considered the US Foreign-Trade Zones Program, with its logistical advantages and cost-saving benefits, along with the newly enacted Alternative Site Framework application process, a viable solution.

Since its inception in 1934, the FTZ program has been continuously modified to create a more robust program that satisfies the purpose of its creation — to expedite and encourage foreign commerce. For example, in 1980, the United States Department of Treasury declared the dutiable value of products manufactured in FTZs would not be assessed against US value-added operations, such as domestically sourced inputs, labor, and profit. This change in FTZ policy incentivized US-based companies to increase manufacturing in the zones.

The title to this discussion, Time is Money, is extremely relevant; it points to another program modification to make the FTZ program more robust and responsive.

The establishment of any new business venture requires an incubation period. For FTZs, a new operation must be approved by the federal government before it can realize the competitive benefits of the program. Prior to 2009, the incubation period to receive authority to operate an FTZ could have lasted one year or more. However, as a result of the Great Recession and the ongoing effort to improve the FTZ program, in 2009 the US FTZ Board modified the application process and introduced the ASF, a new expedited application process. The ASF introduction shortened the application process to a minimum of 30 days.

The movement to a more expeditious application process has proven to be a win for the entire FTZ industry. Since 2009, more than 80 percent of the FTZ

programs throughout the country have adopted the ASF. This has allowed FTZ applying companies to get their zone operation up and running in an expedited manner. Here are a few examples:

Atlanta's FTZ program, which emanates from Hartsfield-Jackson International Airport and covers a 60-county region, has experienced significant positive results since its ASF was implemented in 2010. Third party logistics providers have found the ASF beneficial because it allows them to respond quickly to customers' needs. Additionally, production facilities are increasingly using the ASF to integrate zone procedures into their supply chain and compete more effectively in their industries.

In Tampa Bay, the entire metropolitan area –a five county area – operates under the ASF. This has allowed companies in industries as diverse as food and beverage, energy, manufacturing, and warehousing and distribution to set up FTZ operations quickly and realize the logistical and compliance benefits that the program provides. One example is Port Tampa Bay, which is currently in the process of converting its 134,000-square-foot new cold storage facility into an FTZ.

In Columbus, Ohio, the FTZ program has operated under the ASF since 2010 and covers a 25-county area. Its FTZ has a strong presence of distribution centers for companies involved in textiles, footwear, pharmaceutical, electronics, and even snowboards. Since the implementation of the ASF in Columbus, 10 new FTZ sites have been added, growing the value of goods admitted into the zone to $8.87 billion, an increase of 744 percent.

In Glendale, Arizona, a consumer products manufacturer originally obtained its FTZ designation in 1991. In 2017, the company utilized the ASF to expedite the addition of a newly constructed 1 million-square-foot distribution building to its existing campus. The company also decided to add 300 jobs to bring their total number of employees to 750 at this location. Meanwhile, in Phoenix a major aerospace manufacturer recently utilized the ASF to obtain zone designation on five existing sites with approximately 7,000 employees, enabling enhanced global business operations in its air transport, business and general aviation, and defense and space sectors.

The evidence is clear, the Foreign-Trade Zone Program has proven to be an asset for both individual businesses, by increasing competitiveness, and local communities, by creating more jobs. Plus, the introduction of the ASF has allowed companies to quickly tap into the FTZ pipeline and strengthen their competitive positions.

With more than 200 communities across the country with an FTZ program, your company can also become more competitive. For a competitive advantage visit the National Association of Foreign-Trade Zones' website, www.naftz.org.

Angie Atwood is FTZ administrator at Columbus Regional Airport Authority and director of the National Association of Foreign-Trade Zones.

Julie Brown is president and CEO at Georgia FTZ Inc.

Torrey Chambliss is manager, FTZ & cargo business development at Port Tampa Bay and director of the National Association of Foreign-Trade Zones.

Denise Yanez is program manager/FTZ administrator at City of Phoenix.

US FTZ Manufacturing: A History of Adaptation Should Inform Our Future

Over the course of modern history, many economic realities have incentivized companies to manufacture abroad instead of within the United States. Luckily, for decades foreign trade zones have played a critical role in helping US-based manufacturers compete against foreign-based production. The FTZ program has been one of America's most important tools to encourage and grow US-based manufacturing.

The US Foreign-Trade Zones Act (19 U.S.C. 81a-81u) originally prohibited manufacturing activities in FTZs. Manufacturing in FTZs was not permitted until June 1950, when Congress passed the Boggs Amendment. Then, in 1952, the US Foreign-Trade Zones Board began authorizing "subzones," which allowed companies located away from seaport areas to take advantage of FTZ benefits including manufacturing. By adapting the program to allow inland FTZ manufacturing, the federal government introduced critical relief from the disincentive to domestic manufacturing created by "inverted" or "irrational" tariffs. Inverted tariff relief addresses situations where imported

Most Efficient Port Ready for Biggest Ships

As the most productive container port in the United States, the Helen Delich Bentley Port of Baltimore continues to experience significant growth and eclipse cargo records.

Recently Baltimore set new marks for TEUs and total general cargo in a fiscal year. This surpassed the previous records for both categories that were established only last year. Baltimore has also had repeated records months in 2017 for both containers and total cargo tons. This follows a record-setting 2016 in which the Baltimore's public marine terminals surpassed 10 million tons of general cargo for the first time and handled a record number of containers.

Averaging 71 container moves per hour per berth, the Port of Baltimore was the nation's most efficient container port by The Journal of Commerce. It also named Baltimore the fourth-fastest-growing port in North America.

One of the nation's most diverse seaports, the Port of Baltimore handles more autos and light trucks and farm and construction machinery than any other port.

Baltimore's geographic advantage of being further inland than any other East Coast port means a quicker and less costly delivery of cargo to and from the Midwest. Within a 24-hour period, cargo from the Port of Baltimore can reach two-thirds of the American population. The Port of Baltimore is also located within one of the nation's largest consumer markets.

Baltimore's public marine terminals are located right off Interstate 95, the main street of the US East Coast. Two Class I railroads, CSX and Norfolk Southern, directly access the port.

The Port of Baltimore has an industry-renowned quality program for different commodities. Labor, manufacturers, shippers, port personnel, and other key players in the supply chains meet monthly to discuss best practices.

With a 50-foot-deep container berth and neo-Panamax cranes, Baltimore is one of only a few East Coast ports with the necessary infrastructure in place today to handle some of the largest container ships in the world.

One of Maryland's largest economic generators, the Port of Baltimore generates about 13,600 direct jobs, while nearly 130,000 jobs in Maryland are linked to port activities. With an outstanding location, large consumer market, excellent highway and rail access, the ability to handle some of the largest ships, and a renowned quality program, the Port of Baltimore is well positioned for continued success into the future. ■

PORT OF BALTIMORE
1706
Helen Delich Bentley

parts for use in US-based manufacturing maintain higher customs duty rates than the finished products into which they will be incorporated. From a cost of goods sold perspective, irrational tariffs sometimes incentivize the importation of the foreign-made finished product to avoid higher customs duties on the parts. While some inverted tariffs were established on purpose, others were created unintentionally through tariff reduction negotiations under the General Agreements on Tariffs and Trade. FTZ manufacturing was born out of the need to solve this problem.

In 1970, some 20 years after manufacturing became part of the FTZ program, there were still only approximately 10 subzones approved in the United States and approximately $100 million in merchandise received in all FTZs. But just 17 years later, in 1987, hundreds of zones were approved and over $40 billion in merchandise value was received at FTZs, including $8.8 billion foreign value. Why the significantly increased use of FTZs over that 17-year period? The answer is yet another critical adaptation to the program. In the early 1980s, certain regulatory changes saw US-based FTZ manufacturing increase dramatically. Specifically, the exclusion of US value added from the customs dutiable value of finished products made in FTZs provided a strong incentive for companies to manufacture under FTZ procedures as a remedy to irrational tariffs.

In 1987, 36 out of 101 subzones (approximately one-third) were US auto manufacturing plants, which represented approximately 80 percent of the entire US auto manufacturing industry. By 1997, the industry sectors that accounted for most FTZ manufacturing activity were automobiles, office equipment, machinery, computers, telecommunications, and other electronic products, pharmaceuticals, and oil refining. By 2007, and yet again in 2015, the largest FTZ manufacturing activities involved oil refining, automotive parts, pharmaceuticals, and electronic product sectors. In its 77th Annual Report to Congress published in September 2016, the FTZ Board reported FTZ production operations received more than $431 billion in merchandise value, which represented 65 percent of all FTZ activities. Interestingly, over the course of that nearly 30-year period, between 60-75 percent of shipments received at manufacturing FTZs involved domestic status merchandise. This statistic underscores the longstanding reality that US FTZ manufacturing activities combine foreign inputs with significant domestic inputs, thereby supporting ancillary US manufacturing.

The implementation of NAFTA in 1994 again changed the FTZ manufacturing landscape significantly.


Exactly the port
The Port of Brownsville moves more steel into Mexico than any other U.S. port. It's the largest land-owning port in the nation with 40,000 acres. And it has full congressional authorization to deepen its channel to 52 feet. Its FTZ ranks second nationally in value of exported goods, and its railroad continues impressive growth trends. Those assets and achievements continue to attract industrial development that other ports cannot – like three active LNG projects – all in Federal Energy Regulatory Commission review. Because of the steady South Texas breeze, it's understandable why the wind energy sector selected the port for its base of operations. And with Mexican petroleum reforms a reality in 2017, more and more of our shippers are experiencing measurable success. In fact, the Port of Brownsville is in easy reach of a growing consumption zone of more than 10 million on both sides of the border, benefiting our customers with unparalleled rail and heavy haul logistics solutions. It's the most important cargo transfer point on the Gulf of Mexico. The port that works – the Port of Brownsville.
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The port that works

In 1994, 37 automobile assembly plants operated under FTZ procedures. Today, only a handful of automobile assembly plants continue to operate FTZs, while instead, a significant number of auto parts manufacturing plants use zones to remedy inverted tariffs. However, despite NAFTA, many other manufacturing industries have found their home in the FTZ program: cosmetics, fragrances, tools, appliances, printers, silicones, locomotives, just to name a few.

In 2012, another adaptation of the FTZ program — this time by way of regulatory revisions — simplified and expedited the process for zone users to obtain production authority. This positive regulatory reform has no doubt improved the ability of most companies to obtain production approval more quickly and efficiently.

So where does the FTZ industry go from here? How do we keep the program sharply relevant for and responsive to US-based manufacturing needs? Can it be a linchpin in the reshoring efforts that are a priority of the current administration?

Perhaps now is the time for yet another adaptation. Here are a few ideas:

- Modify NAFTA to eliminate burdensome restrictions on US FTZ manufacturers.
- Identify and implement new benefits in line with those now available through TFTEA (drawback simplification).
- Further revise the US FTZ Board regulations and policies to make production authority and compliance more flexible and reduce barriers for certain industries (e.g., textiles and apparel).

NAFTZ is focused on these and other ways to enhance the utility of the FTZ program for US manufacturers. We hope you'll join us in our efforts. ■

Rebecca Williams is managing director at Rockefeller Group Foreign Trade Zone Services and vice chair of the National Association of Foreign-Trade Zones.

A New Supply Chain Solution Serving Florida' Largest Market

Port Tampa Bay, Florida's largest cargo tonnage port and one of the most diverse ports in the United States, offers the lowest cost solution to serve Florida's largest and fastest-growing consumer market, the Tampa-Orlando Interstate 4 Corridor. Port Tampa Bay also manages Foreign Trade Zone No. 79 serving the I-4 Corridor region.

Port Tampa Bay handles a wide mix of containerized; breakbulk; roll-on, roll-off; liquid and dry bulk cargoes for the huge and expanding local I-4 Corridor consumer market, which has a population of 9 million people, welcomes more than 62 million tourist visitors per year, and is home to the largest concentration of distribution centers in Florida.

Due to the diversity of its multiple lines of business, many of the cargoes that Port Tampa Bay handles flow through the Tampa Bay FTZ project. For example, Port Tampa Bay is the energy gateway for the Tampa-Orlando region, including much of the jet fuel consumed at the Tampa International and Orlando International Airports that moves through the Tampa Bay FTZ. Port Tampa Bay is also Florida's largest port for handling steel cargo, which has seen significant growth driven by the strong local construction and building market, with steel products frequently moving through the FTZ. Together with terminal operator partner Ports America and new tenant Port Logistics Refrigerated Services, Port Tampa Bay has a multiphased build-out plan to expand its warehousing, transloading and distribution facilities for containerized cargo, including food and beverage products, all under the FTZ umbrella.

PORT TAMPA BAY™

The reach of Port Tampa Bay's FTZ project extends well beyond the port's gates and includes sites throughout the Tampa-Orlando I-4 Corridor region. Port Tampa Bay's FTZ project operates under the Alternative Site Framework, which allows for an expedited application process for companies looking to set-up new FTZ operation in the region.

The geographical reach of all of Port Tampa Bay's services opens the doors of collaboration with companies in the Tampa-Orlando regional market. This includes companies looking to streamline their processes and minimize their costs associated with qualified importing, exporting, manufacturing, and distribution activities under the FTZ framework.

Companies as varied as Ritchie Bros. Auctioneers, the largest heavy construction equipment auctioneer in the world, Givaudan Flavors Corporation, a global manufacturer of flavors, fragrances, and cosmetic ingredients, and Tampa Ship, an industry-leading shipbuilding and construction firm, are examples of the diversity of companies that benefit from the Port Tampa Bay FTZ.

Please visit the following websites for additional information about the Tampa Bay FTZ (www.TampaFTZ.com) or Port Tampa Bay (www.PortTB.com). ■

Rapid Growth Defines Port Houston's FTZ No. 84

More than 100 business representatives learned the benefits, costs, best practices, and processes of operating businesses in a foreign trade zone at Port Houston's Foreign Trade Zone conference August 24.

Port Houston manages FTZ No. 84, one of the largest and most active zones in the United States. The zone includes many privately owned and port-owned sites located throughout the Houston region and Harris County, Texas. The zone also includes sites in Fort Bend and Brazos counties.

FTZ No. 84 users are taking advantage of large savings allowing them to better compete in the global market.

As the Houston region's population continues to grow, FTZ No. 84 has seen a huge increase in authorizations as more large importers and exporters learn the financial perks to utilizing the program. Currently, FTZ No. 84 contains nine magnet sites, 26 general-purpose zones, and 13 traditional subzones. In 2016, more than $6 billion worth of cargo moved through FTZ No. 84 and a total of 13 new FTZ sites were added.

Foreign trade zones were originally designed as an economic development tool to promote capital investments and trade, as well as manage imports. The primary benefits typically come in the form of import duty and tariff savings. In Houston, some of the largest companies in the world use the program, including ExxonMobil, Intel, Dell, General Electric, and BMW.

Texas is the top state for FTZ activity in merchandise received and exports. A total value of $660 billion was received into active FTZs in 2015.

FTZs allow for distribution, storage, repackaging, testing and inspection, assembly, repair, and manufacturing. No duty is paid if merchandise is exported directly from the zone. Public benefits of the program include expediting international commerce, encouraging export activity, and creating employment opportunities.

"FTZs help encourage activity and value-added at US facilities," Camille Evans, senior analyst at the US Foreign-Trade Zones Board, told attendees at the Houston conference. ■

PORT HOUSTON℠
THE INTERNATIONAL PORT OF TEXAS

Synergies Beyond State Lines

The Port of Virginia sees beyond state lines. The port sees opportunity. Its recent foreign trade zone extension into northeastern North Carolina helps business save on duties, reduces paperwork, and increases their ability to compete globally. The expansion of FTZ No. 20 is just one of the many ways the Port of Virginia is building on its momentum and positioning the Port of Virginia as the East Coast global gateway of choice.

STIHL Inc., a producer of gasoline-powered handheld outdoor power equipment, has its largest manufacturing operation within its international group headquartered in Virginia Beach, just minutes from the port. STIHL's location also places it within Foreign Trade Zone No. 20, and companies in the FTZ can benefit by using special procedures that can reduce, eliminate, or delay duties.

"Our proximity to the Port of Virginia is a strategic and competitive advantage," said Bjoern Fischer, president of STIHL Inc., which is located in Virginia Beach. "Not only is the majority of the equipment sold in the US market manufactured here, but our exports make up a large portion of our revenues."

Other port users are "clustering" to create synergies and capitalize on FTZ, the growth and momentum. One example is the region's coffee roasting, packaging, and handling industry. That industry is burgeoning as a result of the port's selection to be a delivery point, or exchange port, for the coffee futures contract. The designation allows owners of exchange-graded coffee imports to Virginia and stored in local, exchange-licensed warehouses to be delivered against the coffee "C" futures contract.

During fiscal year 2017, the port welcomed new businesses such as Peet's Coffee & Tea and Lidl, and also continued work with several long standing partners like Valley Proteins Inc. and Riverside Logistics.

As a major gateway to global trade, the Port of Virginia has proved itself a significant asset for existing businesses as well as international firms seeking strategic, advantageous expansion, relocation or investment opportunities. ■

THE PORT OF VIRGINIA®