



FOREIGN

TRADE

ZONES

Lowering the cost of manufacturing and assembly in the US is a key element of the Foreign-Trade Zones program.

Port Tampa Bay

FOREIGN TRADE ZONES



Foreign trade zones strengthen US operations

By Scott S. Taylor

THE MORE THINGS change the more they stay the same. The Foreign-Trade Zones (FTZ) program was enacted in 1934, at a time when tariffs on imported products were high, as a way to increase jobs and facilitate investment in the United States through expanded global trade. Since the beginning of 2018, domestic customs duties have risen on a wide range of imported materials used in US manufacturing

and distribution operations supplying domestic and international markets. Increased customs duties are threatened on a wide range of additional products, including all motor vehicles and parts and European Union- and French-origin products. Year to date, more than \$30 billion in additional Harmonized Tariff Schedule of the United States (HTSUS) Chapter 99 duties have been collected.

FOREIGN TRADE ZONES

Some of the new total customs duty rates are reminiscent of 1934 levels.

The FTZ program is a safe harbor that provides flexibility for companies creating or maintaining jobs and investment in the United States. Foreign trade zone status fosters competition in the global economy by lowering the cost of products imported and exported from the United States. Reforms in the program, such as the Alternative Site Framework (ASF),

significant number of imported items. However, these duties are not assessed on exports by companies utilizing an FTZ established for a US-based facility with American workers. This is particularly relevant for additional duties imposed on aluminum and steel imports under Section 232, where refund of duties paid through duty drawback is not available.

Even for those companies distributing products in the United States from an FTZ,

within 3,200 companies in the United States. The value of shipments into US zones totaled \$669 billion, which is a 9.1 percent (\$59 billion) increase from the previous year's total of \$610 billion. Program use has also increased over the last year, as more companies are structuring zones to mitigate the impact of increased duty rates imposed by the Trump administration. As of August 12, there were 292 zones and 829 subzones approved, an increase of nearly 24 percent over last year for subzones. This year between January 1 and April 23, the FTZ Board authorized 69 new zone facilities under ASF. As of August 12, the number of ASF applications approved for FTZ grantees was 177, marking a 7 percent increase over last year and representing more than 90 percent of all zone projects. It is expected that 2019 annual totals will also reflect an overall increase in zone applications and activity.

The FTZ program continues its original mission, established during its inception in the Great Depression, to support US companies and create jobs and warehouse and manufacturing facility investments in the United States.

Scott S. Taylor is a customs lawyer and partner at Miller & Company PC in Kansas City, Missouri. ■

In these turbulent times, the FTZ program provides management control and flexibility for US operations.

have streamlined the Department of Commerce application process, resulting in significant increased program use by smaller and medium-size US companies located in the United States.

In these turbulent times for US trade, the FTZ program provides a level of management control as well as more flexibility for American-based operations. Many companies that, in the past, imported duty-free or low-duty-rate items had no need to defer or avoid the customs duty payments. Recent HTSUS Chapter 99 duties have added rates of 10 to 25 percent on a

customs duties can be delayed while the product is stored in a zone. Lowering the cost of doing business in the US as much as possible is a fundamental element of remaining competitive with overseas companies. This is a key aspect of the program, which has always been dedicated to supporting American jobs at US-based facilities.

According to the latest US Foreign-Trade Zones Board Annual Report, published in October 2018, more than 450,000 American workers were employed in domestic zones

PORT OF BROWNSVILLE PLAYS PIVOTAL ROLL IN NORTH AMERICAN TRADE

THE PORT OF Brownsville's proximity to Mexico uniquely positions the port to serve as the key transshipment gateway delivering goods and materials to nearby multinational manufacturing centers on both sides of the border. This has led the port to rank among the leading US steel ports, moving more steel into Mexico than any other domestic competitor. In 2018, the port moved 3.2 million short tons of steel across the southern border.

In addition to growing exports of steel, recently implemented Mexican oil reforms are contributing to the uptick of cargo crossing the border. Ultra-low sulfur diesel, premium gasoline, and specialty lubricants make the trip southbound with increasing volumes and frequencies. Fuel imports, like No. 6 fuel, travel northbound by unimpeded rail crossings to the port as well.

These increases firmly entrench the port's foreign trade zone as a consistent leader among its peers. In the latest report to Congress, FTZ No. 62 ranked second for the value of exported goods out of 293 foreign trade zones in the United States, reaching \$3.6 billion for the reporting period. This is the third time in and as many years that the port's FTZ has ranked No. 2.

For the fiscal period ending Dec. 31, 2018, the port set new bars of success with 11.3 million short tons of total cargo and more than \$24 million in total operating revenue.

According to a Martin Associates' report, cargo activity at the port's marine terminals and rig repair operations support \$3 billion in total Texas economic results, creating more than 51,000 jobs. Of those, 8,500 local and regional direct, indirect, and induced jobs are generated at the port by marine cargo vessel activity and ship and rig repair. Those jobs infuse more than \$2.6 billion into the regional economy annually. These impacts distinguish the port as the region's leading economic driver. ■

PORT OF
BROWNSVILLE
the port that works

the port that *works*



PORT OF 
BROWNSVILLE

1000 Foust Rd., Brownsville, TX 78521 • (956) 831-4592 • 1-800-378-5395 • portofbrownsville.com

FOREIGN TRADE ZONES



FTZ stakeholders are actively working to address the issue of illicit trade.

Shutterstock.com

Foreign trade zones and compliance challenges in the world of e-commerce

By Erik Autor

THE RAPID GROWTH of e-commerce and resulting explosion of small-package delivery is focusing increasing attention on enforcement and compliance challenges facing US Customs and Border Protection (CBP) and the trade community to reduce the risk of this channel becoming a serious conduit for illicit trade.

These concerns were discussed at this year's CBP conference on the 21st Century Customs Framework in Washington and its Trade Symposium in Chicago. In Washington, CBP officials noted that the agency had interdicted approximately \$9 billion in illicit trade, much of it moving through the postal system. This trade includes products that

violate national health and safety laws, intellectual property rights, environmental laws and international agreements, as well as trade and customs rules.

As the advocate for the US Foreign-Trade Zones program, the National Association of Foreign-Trade Zones (NAFTZ) is keenly aware of the illicit goods trade problem. NAFTZ and zone stakeholders foster a strong culture of compliance, which is essential to maintaining the program's credibility and viability. The foreign trade zone (FTZ) community works closely with CBP and other agencies to address any compliance issues that may arise. A solid compliance record in the FTZ program, as well

as its CBP recognition as a Customs-Trade Partnership Against Terrorism (C-TPAT) best practice, attests to the positive impact these efforts have had.

However, we also recognize that more work is needed. Therefore, NAFTZ is proactively addressing this issue in three specific ways. First, NAFTZ has been an active participant in an ongoing international effort to address the problem of illicit trade in free zones of certain foreign countries. This has been led by the Organization for Economic Cooperation and Development (OECD) in collaboration with the World Customs Organization (WCO) and the World Free Zones Organization (WFZO), the

FOREIGN TRADE ZONES

new, private, international umbrella association for the global zones system.

Over the past two years, NAFTAZ has participated in several meetings with OECD officials, assisting in the development of the OECD guidelines and code of conduct to counter illicit trade. In particular, we have explained how enforcement and compliance are effectively addressed in the United States FTZ program and can serve as a good example for zone programs in other countries combatting this issue. The NAFTAZ also actively engages with the WCO, which participates in the OECD meetings and publishes the Illicit World Trade Report.

Upon the NAFTAZ's recommendation, the OECD and WCO are collaborating closely with the WFZO on the illicit-trade problem. A key WFZO project has been establishment of the Izdihar ("Prosperity") Index, an assessment and certification system of best practices under the WFZO Free Zones of the Future program. One element of this program is the Safe Zone initiative, which establishes a set of compliance best-practice standards that could help reduce the incidence of foreign free zones being used as conduits for

illicit trade. This collaboration has resulted in WFZO endorsement of the OECD guidelines and code of conduct and establishment of regular consultations among the OECD, WCO, WFZO, and NAFTAZ in the OECD illicit-trade work program.

Second, and related to our collaboration with the OECD and WCO, the NAFTAZ is also working with the bipartisan and bicameral group of US Congress members who sit on the Commission on Security and Cooperation in Europe (CSCE, aka the "Helsinki Commission") in their drafting of legislation to address the problem of illicit trade. This legislation proposes establishment of a system to identify zones in other countries that are high risk for facilitating illicit trade, evaluate the compliance of global free zones against a defined set of international standards, and promote multilateral clean-trade programs. NAFTAZ has recommended the legislation incorporate the WFZO Safe Zone certification system in its proposed risk-identification and compliance-evaluation framework.

The third element of NAFTAZ's engagement on the illicit trade issue has

been participation in the 321 Coalition and its efforts to amend US law to expand de minimis entry eligibility under Section 301 of the Tariff Act of 1930 from just imports to also include goods withdrawn from a US zone for domestic consumption and to exclude e-commerce from the definition of retail trade outlined in the Foreign-Trade Zone Act. One important point in support of this initiative is that funneling at least a portion of this trade from other countries through the US zones' enforcement and compliance system could help reduce the risk of counterfeit and illicit goods finding their way into the US market.

NAFTZ and its members in the FTZ stakeholder community take compliance very seriously. At a time when rapid and significant changes in technology, such as e-commerce, are creating new enforcement and compliance challenges, we welcome any opportunity to be part of the solution to the illicit-trade problem.

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

EXPANDING GLOBAL ACCESS TO FLORIDA'S LARGEST, FASTEST-GROWING MARKET

NEW ASIA-DIRECT CONTAINER shipping services, on-dock intermodal rail capability, and a new on-dock cold storage facility are among the many exciting new developments at Port Tampa Bay.

A huge consumer market, Florida is the third-most-populous state, home to more than 21 million residents and welcoming more than 126 million visitors per year. Perfectly situated at both the population and geographical center of the state, the Tampa/Orlando Interstate 4 Corridor region is, not surprisingly, home to the largest concentration of distribution centers in Florida. From Port Tampa Bay, this huge market can be served with three or four roundtrip truck deliveries per day, as well as same-day roundtrip coverage of the entire Florida peninsula.

Port Tampa Bay and terminal operator partner Ports America recently added two new post-Panamax cranes to complement the existing three gantry cranes and heavy-lift mobile harbor crane already in place.

The latest phase of terminal expansion will see capacity doubled from 40 to 80 acres this year and then doubled again to 160 acres in the next few years, as well as extending berth length from 3,000 to 4,000 feet, and the addition of more gantry cranes and yard equipment. Last year saw the completion of an additional 17,500 linear feet of rail, giving the port on-dock intermodal capability, and a new on-dock 135,000-square-foot refrigerated warehouse was opened by new port tenant Port Logistics Refrigerated Services. A dedicated truck ramp leading directly from the port to the interstate also provides a fast, efficient, option for delivery to customers.

In January, Cosco Shipping added Port Tampa Bay to its Gulf of Mexico Express (GME) service offering fast direct service from China. In June, CMA CGM added Tampa to its Pacific Express 3 (PEX 3) service from Singapore, Hong Kong, Shekou, Ningbo, Shanghai, and Busan. Zim, MSC and Maersk have also launched a new Asia-Gulf service that will include a Port Tampa Bay call, with the first vessel arriving in September. Trans-Gulf Shipping operates a weekly service between Tuxpan, Mexico, and Tampa; and Seatrade's Seacat Line serves Moin, Costa Rica. ■



**PORT
TAMPA BAY™**

REROUTE YOUR THINKING™

FOREIGN TRADE ZONES



The NAFTAZ has spent hundreds of hours this year working with US government bodies to protect the program amid a volatile trade climate.

Shutterstock.com

2019: The FTZ year in review

By Eva Tomlinson

WITHOUT QUESTION, THE past year has been an extraordinarily challenging period for global trade and the US Foreign-Trade Zone (FTZ) program. We have never before experienced such volatility in trade policy directly impacting all aspects of import and export transactions, including those conducted through US zones.

The National Association of Foreign-Trade Zones (NAFTZ) has been actively engaged in addressing these many challenges on behalf of the FTZ program and stakeholders. During my tenure as NAFTAZ chair, the association has focused its efforts on protecting and enhancing the FTZ program and working to provide a

“safe haven” for US-based FTZ production and distribution operations as we respond and adapt to fundamental changes in the global trade environment.

This activity is in keeping with the historic role of the NAFTAZ since its founding in 1973 as the chief advocate for the FTZ program

PORT EVERGLADES EXPANDS WITH NEW CRANES AND CHANNEL IMPROVEMENTS

PORT EVERGLADES, A national leader in container ports handling more than 1 million TEU annually, serves as a gateway to Latin America, the Caribbean, and Europe. Its enviable location 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.

Port Everglades is the nation’s leading gateway for trade with Latin America, handling approximately 15 percent of all Latin American trade in the US and 37 percent of Florida’s total trade in the region. Much of that trade is in the perishable market where Port Everglades is Florida’s leading refrigerated cargo seaport, and sixth in the US.

Ongoing capital improvements and expansion ensure that Port Everglades is ready to handle future growth in container, cruise, and petroleum traffic. Currently, more than \$1 billion infrastructure improvements are planned for the next 10 years.

New cargo berths and super-post-Pana-

max gantry cranes are in store for the Port Everglades Southport Container Complex. The \$471 million expansion, the largest infrastructure project in the port’s history, will allow for up to five new cargo berths by lengthening the existing Southport Turning Notch from 900 feet to 2,400 feet. The project is expected to be completed and operational by 2022.

Part of this effort includes installing crane rail infrastructure for new super-post-Panamax gantry cranes. Port Everglades has ordered three super-post-Panamax container-handling gantry cranes at \$13.8 million each, and has an option to purchase three additional cranes within five years.

To further enhance ship traffic at Port Everglades, the US Army Corps of Engineers is moving forward with a progressive plan to deepen the port’s navigation channels from 42 feet to 48-50 feet and widen narrower sections of the channel for safe vessel passage. The project is currently in the preconstruction engineering and design phase, having received Congressional authorization in December 2016.

As Port Everglades continues to advance major infrastructure projects, all aimed at improving productivity, this South Florida powerhouse seaport will continue to serve as an ideal point of entry for products shipped around the world. ■





FROM SHIP TO MARKET WITH SAVINGS, SPEED AND EFFICIENCY

No borders. No delays. No limits. At Port Everglades, Florida's first Foreign-Trade Zone provides a cost-effective and efficient way to warehouse and export your products. The world is your marketplace, and Port Everglades gets you there. Visit porteverglades.net or call 800-421-0188 or 954-468-0214.

- Duty-free storage
- Lower tariffs
- Computerized inventory control
- 24/7 controlled access
- Rail connections throughout the U.S.
- Direct highway access



FOREIGN TRADE ZONES

and the principal driver of many key reforms and improvements to the program's underlying statute – the Foreign-Trade Zones Act - and its governing regulations. These include the creation of direct delivery, weekly entry, simplification of the filing process for admitting goods into a zone, and many other essential elements that have made the program what it is today.

– creation and enhancement of business operations, jobs, and investment in the US over other countries.

A major part our interaction with the administration has been on the significant number of new, unilateral tariff increases on a widening array of imported products under various current and pending trade actions (Sections 201, 232, 301, the International

program's unique rules on import, admission, and export of goods into and out of a zone. This has obliged NAFTAZ to undertake concerted efforts to propose and advance new strategies, some of which have not been considered by the administration simply because the FTZ program is outside normal import-export management.

Similar challenges have emerged as a result of eliminating Generalized System of Preferences (GSP) status for India and Turkey merchandise, Section 232 tariffs from Canada and Mexico on steel, and potential increases in tariffs on imports from Mexico, the European Union, and France.

The NAFTAZ has invested considerable time and resources working with the White House, USTR, and CBP to structure a system to ensure proper and effective management of duties resulting from these trade actions for FTZs. This work includes preparation of a proposed technical amendment to the Foreign-Trade Zones Act, an effort that has spanned close to a year of detailed study to identify and understand the specific issues involved in management of these duties for FTZ merchandise.

On other trade policy issues, the United States-Mexico Canada Agreement (USMCA)

Funneling trade through FTZ compliance systems helps reduce counterfeit goods movement into the US market.

Building on this foundation, this year we have worked with the White House, the Office of the US Trade Representative (USTR), the US Department of Commerce, the US Treasury, the US Foreign-Trade Zones Board, US Customs and Border Protection (CBP), and many partner government agencies (PGAs) to ensure that the program is recognized and structured in a way that will allow it to continue its primary mission

Economic Emergency Executive Powers Act) and their unique impact on the FTZ program and stakeholders.

Assessed under Chapter 99 of the Harmonized Tariff Schedule of the United States (HTSUS), these trade actions have resulted in increased, decreased, or eliminated duties through product exclusions in ways that posed particular difficulties for FTZs because of the

FTZ NO. 84 CONTINUES TO EXPAND

THE FOREIGN TRADE Zone of Harris County, Texas, FTZ No. 84, is growing rapidly. It is co-administered by Port Houston and the federal FTZ board. FTZ No. 84 is comprised of various manufacturing sites and storage facilities.

A total of 11 companies joined Foreign Trade Zone No. 84 in 2018, increasing the number of participants in the zone. The estimated 200 firms using the FTZ employ more than 17,000 people.

As the Houston region and its population is growing rapidly, the zone has seen a significant increase in authorizations as more large importers and exporters take advantage of the financial benefits of using FTZ No. 84.

A foreign trade zone is a designated area where foreign and domestic merchandise is considered by the United States government as outside US Customs territory. That means merchandise can be brought into an FTZ without a formal customs entrée and without import quotas and other import restrictions.

Port Houston's container volume was the focus of an in-house study of Foreign

Trade Zone No. 84 that was performed in 2017. Results of that study showed that zone users accounted for at least 11 percent of Port Houston's import 20-foot-equivalent units (TEU) and 6.5 percent of all TEU.

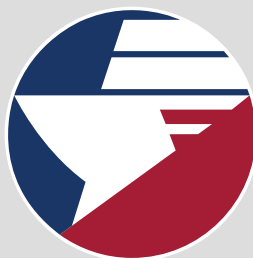
Container volume overall at Port Houston continues to break records, up 12 percent for the year compared to last year. Port Houston facilities have handled nearly 1.5 million TEU through the first half of 2019.

Port Houston handles nearly 70 percent of all containers that move through the US Gulf of Mexico, and volume is growing rapidly due to surging demand for

imports and a robust export base driven by petrochemical and resin markets.

Strong demand has attracted new services and has resulted in upgrades of existing services at Port Houston. Earlier this month, the 2M Alliance (comprised of Maersk and MSC, the world's first and second-largest ocean carriers) announced a new trans-Pacific all-water service to call Houston starting in mid-September, with Houston as its first port of call.

The greater Port of Houston is the nation's largest port for foreign waterborne tonnage and is a national economic engine. ■



PORT HOUSTONSM
THE INTERNATIONAL PORT OF TEXAS



THINK OF IT AS A FOREIGN TRADE COMFORT ZONE

Relax, Port Houston manages Foreign Trade Zone #84.

With all-water access and the immediate availability we stand ready to manage everything from storage to distribution and production. FTZ #84 contains 9 magnet sites, 58 current users and 13 traditional subzones. In 2018, more than \$8 billion worth of cargo moved through zone #84 and a total of 11 new FTZ sites were added. *Contact us to learn how FTZ#84 can help your business.*



PORT HOUSTON™
THE INTERNATIONAL PORT OF TEXAS

PortHouston.com • 713-670-2400

FOREIGN TRADE ZONES



Trade policy negotiations have direct impact on FTZ use and process for importing and exporting.

Port Houston

HOUSTON-AREA FTZ EMBRACES EXPANSION MODE

DIXIE CULLEN INTERESTS Inc. is in the position to provide our customers with a unique combination of services, whether you are handling machinery, steel, equipment, or end products – from just one machine to complete projects. Currently we have more than 500,000 square feet of industrial storage space under heavy-lift overhead cranes in Houston, Texas, in close proximity to Port Houston.

Our customers enjoy a menu of services that include standard inside storage, climate-controlled storage, outside secured storage, transloading, and export packing, and containerizing. All of these services are also offered within our foreign trade zone (FTZ) should they be needed.

Our employees are experienced machinery movers and can easily handle any type of machinery that you may need to put into temporary or long-term storage. We offer a fleet of heavy duty forklifts, 100-ton overhead cranes, and mobile cranes up to 200 tons. To date, the heaviest piece we have had our facilities is 525,000 pounds.

Climate-controlled storage is one of our fastest-growing areas; we are seeing

a large increase in the types of equipment that our customers need protected from humidity and excessive heat.

Our FTZ houses machinery, stainless steel, aluminum, and other products stored temporarily or long term for our customers. We are even able to cover transloading in our FTZ from container to truck and vice versa. We are one of the few FTZs offering both heavy-lift and climate-controlled storage services.

Value-added services include adding equipment to increase temperature/heat, monitoring humidity, visual inspection

upon arrival, monitoring nitrogen blankets, working with your service techs on their monthly and quarterly inspections, and other services.

We are currently in expansion mode, adding another 300,000 square feet of heavy-lift services to continue to service our customers' needs. The process has already begun to make this facility also a foreign trade zone. We invite you to contact us for more information about our services and facilities. If you're in Houston, it would be our pleasure to provide a grand tour. ■



DIXIE CULLEN

FOREIGN TRADE ZONES

will have an important impact on the program and, as such, has also been a NAFTAZ priority issue. Besides working for an assurance that key language defining NAFTA territory includes US foreign trade zones, we continue to work for elimination of unwarranted restrictions on exports from US zones to Canada and Mexico, which impacts only US FTZ activities, but not similar activities in Canada and Mexico. We also advocate for allowing US zone manufacturers to benefit from the USMCA rules of origin for US sales. This would place domestic FTZs on equal footing with similar activity in Canada and Mexico.

Another NAFTAZ legislative initiative would ensure balanced tariff treatment between distribution operations in US zones and those in foreign countries. The association has been working with a coalition advocating for amendments to the FTZ Act and Section 321 to allow for duty-free shipments of de minimis merchandise (valued under \$800) from warehouses in US zones into the domestic market as is currently allowed for imports from other countries. This change became

particularly urgent following two recent CBP headquarters rulings holding that US zones are ineligible for Section 321 transactions, creating incentives to move e-commerce distribution operations out of the United States.

NAFTZ also continues to engage actively on regulatory issues. The association established a group to work with CBP to finalize a complete rewrite of Part 146 – the CBP regulations governing FTZs. As the first update to these regulations since 1986, there is much to be changed to reflect the evolution of global commerce, technology, and the zones program over the past 33 years.

While the Foreign-Trade Zone Board regulations under Part 400 were updated in 2012, a list of additional matters requiring further work was identified at that time. We believe we now have alignment with the FTZ Board to proceed with the necessary update to these regulations as well.

Years ago, NAFTAZ prioritized elimination of paper 214 forms used for admission of goods into a zone and creation of the simplified electronic E214. This year, we moved forward

on E214 Phase 2 and the most important aspects of the interface with Participating Government Agencies (PGAs), ensuring that PGA merchandise can be effectively managed in the FTZ environment. In related work this year, the NAFTAZ has been deeply engaged in the entire revision of the CBP In-Bond System as well as other aspects of CBP in-bond management that directly relate to FTZs.

Finally, we were surprised by the unexpected release of a draft document proposed by CBP that would have radically changed the facility design requirements for all US foreign trade zones but indicated a lack of full appreciation about important aspects of the FTZ program. With considerable effort, NAFTAZ was successful in securing changes to this proposal that would otherwise have imposed burdensome and unworkable requirements on zone operators.

As a result of these multiple challenges, the NAFTAZ conducted more meetings and submitted more detailed letters, comments, and testimony to the White House, USTR, the Secretaries of Commerce and the Treasury, the



DIXIE CULLEN

INDUSTRIAL STORAGE

Heavy Lift Capacity

Foreign Trade Zone

Port of Houston Proximity



Humidity Controlled Area



Inventory Management Transloading



Export Packing & Containerizing



Material Distribution



ISPM Certified



Fenced, Monitored, Secure

Call Today!
(713) 747-1101

sales@dixiecullen.com
dixiecullen.com

FOREIGN TRADE ZONES



Shutterstock.com

Foreign-Trade Zones Board, CBP, and members of Congress than at any other period in recent history. In support of these advocacy efforts, earlier this year, the NAFTAZ released the results of an FTZ Economic Impact Study funded by NAFTAZ members demonstrating the dynamic growth of the FTZ program and its positive economic impact on local communities.

Concerns about the many issues on trade policy are clearly driving attendance at the 2019 NAFTAZ Annual Conference, scheduled for September 8-11 in Chicago, which is on track to hit the highest attendance number in the association's history. It is clear that zone stakeholders are anxious to understand all aspects of how FTZs can be used and managed effectively in the face of the many challenges facing the industry. All this makes it a complicated but exciting time to be an advocate for the FTZ program.

Eva Tomlinson is vice president of FTZ strategy at UPS Trade Management Services in Indianapolis, Indiana, and chair of the National Association of Foreign-Trade Zones. ■

EXPANSION, INVESTMENT PLANNED AT PORT FREEPORT

LOCATED IN BRAZORIA County, Port Freeport is a deep-water port on the Texas Gulf Coast only 3 miles from the open waters of the Gulf of Mexico, with the shortest deep-water channel transit on the Texas Gulf Coast. In 2018, Port Freeport ranked No. 19 among US ports in international cargo tonnage handled; and No. 5 in the state of Texas by the same measure. Port Freeport offers an abundance of acreage for development with more than 500 acres that are environmentally mitigated and shovel ready.

During the past five years, Brazoria County has experienced unprecedented growth with more than \$30 billion in new industry investment. Port Freeport has continued to grow as well and is taking strategic initiatives to maintain that growth to provide the surrounding community with jobs and positive economic benefits. One of these initiatives includes a deepening and widening project to increase the harbor channel depth from 46 feet to 56 feet to increase navigational safety and efficiency, and to accommodate larger vessels. Port Freeport already receives Neo-Panamax roll-on, roll-off vessels.

As part of its trade and economic development services, Port Freeport serves as the

grantee and as an operator of US Foreign Trade Zone No. 149, which encompasses Brazoria and Fort Bend counties, allowing entities to defer or in some cases even eliminate customs duties on imported goods.

Port Freeport offers customers first class, state-of-the-art infrastructure. An original equipment manufacturer (OEM) storage and processing terminal was established in 2015. The processing terminal includes more than 60 acres of open storage and warehousing for vehicle processing.

Future expansion plans include a multi-modal industrial park with key site characteristics including:

- 100 acres allocated for OEM vehicle storage and processing.
- 80 acres allocated for warehouse development.
- Manifest and unit-train service.

- Port Freeport has recently completed a new rail line, to be served by Union Pacific, connecting the Horizon Terminal Services facility as well as the multimodal industrial park.

Port Freeport will also be expanding Velasco Terminal, which currently has an 800-foot berth, 26 paved acres, and two post-Panamax gantry cranes, by adding 1,600 feet of new berth. Construction on the first 1,050-foot section of berth is scheduled to commence in 2019 and be completed in early 2022. Construction of the remaining 550-foot section of berth will start in 2023. Along with the new berths, the port will be adding two to three post-Panamax gantry cranes per berth. ■

Visit www.portfreeport.com or call us today at 800-362-5743





OUR LAND IS YOUR LAND.

FOREIGN TRADE ZONE #149.

Save money on duties and have more control over your inventory.
Just 3 miles to deep water and 60 miles from Houston.



www.portfreeport.com/ftz

1-800-362-5743