



FOREIGN TRADE ZONE 41

A RESOURCE FOR GLOBAL TRADE



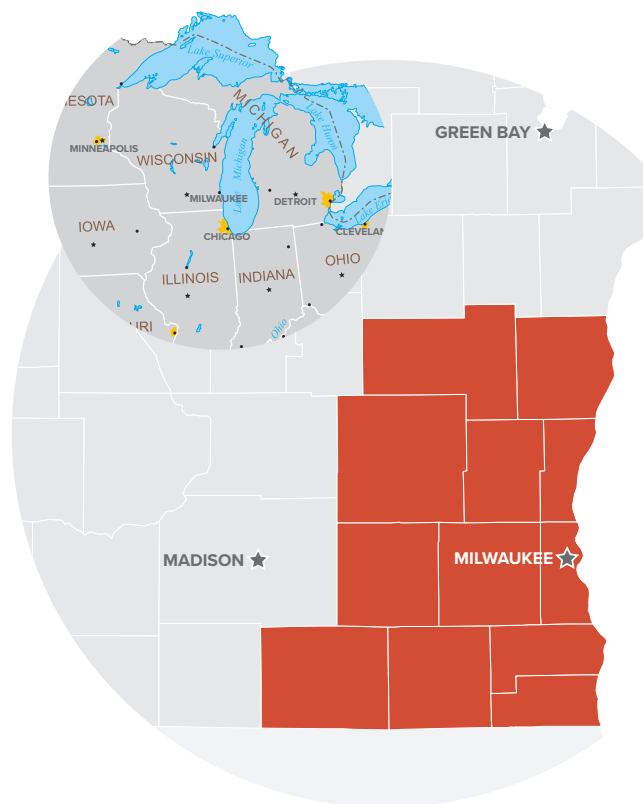


WHAT IS AN FTZ?

A Foreign Trade Zone (FTZ) is an area within the United States, in or near a U.S. Customs port of entry, where foreign and domestic merchandise is considered to be outside the country, or at least, outside of U.S. Customs territory. Certain types of merchandise can be imported into a Zone without going through formal Customs entry procedures or paying import duties. Customs duties and excise taxes are due only at the time of transfer from the FTZ for U.S. consumption. If the merchandise is re-exported and never enters U.S. commerce, then no duties or taxes are paid on those items.



The FTZ program was created by the U.S. government to facilitate international trade and increase the global competitiveness of U.S. based companies. The program, which has existed since the 1930s, continues to thrive and change to better meet the needs of American companies in the global economy.



FOREIGN TRADE ZONE 41

Port Milwaukee, as Grantee for Foreign Trade Zone 41, is approved for the program format known as an Alternative Site Framework (ASF). The ASF expedites applications for businesses in counties within a 60 mile radius or 90 minute drive from the Customs port of entry for Foreign Trade Zone Board ("FTZB") approval. Counties in FTZ 41 include: Milwaukee, Racine, Kenosha, Walworth, Rock, Jefferson, Waukesha, Ozaukee, Washington, Dodge, Fond du Lac, and Sheboygan.





CAN THE FTZ BENEFIT YOUR BUSINESS?

TAKE A FEASIBILITY STUDY

To determine whether the FTZ program will benefit your company, evaluate the savings and costs by completing a feasibility study. Factors include:

- Considering whether to relocate or centralize your distribution center to a new location
- Evaluating ways to reduce or eliminate import duties, customs fees and clearance processes
- Seeking a more efficient supply chain
- Planning to export the imported products at a later time
- Achieving a cost-benefit on weekly entry for merchandize processing fees, broker fees, direct delivery, etc.
- Dealing with product-specific limitations such as regulations, custom laws, trade agreements, etc.

ADVANTAGES OF AN FTZ

If merchandise is imported and any of the below activities are performed, an FTZ designation provides the following benefits:

- Improve supply chain efficiencies
- Minimize number of customs entries and merchandise processing fees
- Eliminate duty on exports and scrapped materials
- Reduce or eliminate drawback process
- Reduce duty obligation (e.g. inverted tariff relief) for manufacturing zones
- Increase import/export compliance
- Lower costs (e.g. taxes, fees, administrative costs, fines, etc.)
- Achieve a return on investment in approximately 6 to 9 months from start of project (e.g. application, consulting fees, FTZ systems, activation, etc.)
- Realize significant duty deferral on average inventory in the first year; capital cost each year thereafter

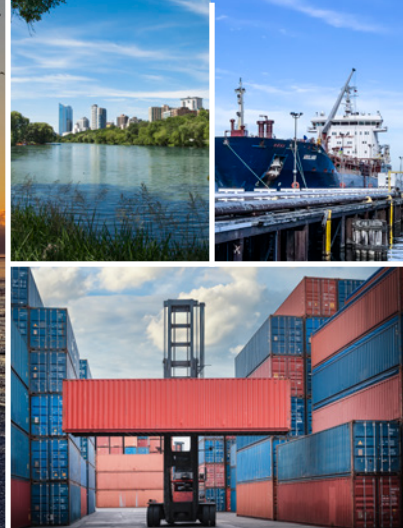
PERMITTED ACTIVITIES WITHIN ZONE BOUNDARIES

Foreign Trade Zones are the most versatile tools used to control costs on imported goods. Unlike a bonded warehouse, both domestic and foreign merchandise can be stored or manipulated within an FTZ. The savings can be realized immediately upon import and there is no time limit on how long merchandise can be stored within the FTZ.

• Cleaned	• Stored	• Assembled	• Labeled
• Produced*	• Exhibited	• Distributed	• Tested
• Processed*	• Broken up	• Sorted	• Sampled
• Manipulated*	• Repacked	• Graded	• Title transferred
• Destroyed	• Displayed	• Re-exported	
• Mixed with foreign and domestic merchandise			

*requires additional production authority





APPLICATION PROCESS

STEP 1: ESTABLISHING IF A ZONE IS RIGHT FOR YOU

Port Milwaukee is the w Grantee for businesses located in Southeastern Wisconsin and can assist in beginning the application process. Contact port@milwaukee.gov for details.

STEP 2: ACTIVATING AN FTZ

Once the application has been approved and before operations can begin, the user/operator must activate with the local U.S. Customs and Border Protection (CBP) office. Activation takes place locally under the supervision of the CBP Port Director and involves a review of zone procedures, inventory control, record keeping systems and security. Once the FTZ is activated, users may begin admitting merchandise under zone status.

POTENTIAL COSTS ASSOCIATED WITH THE FTZ PROGRAM

- FTZ Board Fees
- Application Fee
- Zone Grantee Annual Fees
- Consultant Costs
- FTZ Operator's Bond Costs
- Operational Costs (e.g. inventory control, recordkeeping needs and technology, physical security)

It may be beneficial to hire an FTZ consultant to assist with a more comprehensive analysis while evaluating potential participation in an FTZ program. Find the feasibility study and a list of consultants at the Port Milwaukee website, www.portmilwaukee.com.

FOR MORE INFORMATION ABOUT FOREIGN TRADE ZONE 41 PLEASE CONTACT US.

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