



INTERNATIONAL
TRADE
ADMINISTRATION

Foreign-Trade Zones Board

Updates and Changes

Liz Whiteman
October 23, 2008



INTERNATIONAL
TRADE
ADMINISTRATION

Where We Are Now

- FTZ Act passed in 1934
 - Zones envisioned as facilities at seaports
 - Subzones created in 1952
- 1980
 - About 60 general-purpose zones
 - 11 subzones
 - Less than \$3 billion in merchandise received in zones
- Today
 - 255 general-purpose zones
 - Over 500 subzones
 - (2006) \$491 billion in merchandise received



Where We Are Now

- Since 1934
 - Program has evolved slowly
 - Cumulative effects of small changes throughout the years
 - Current zone structure not well suited to current conditions
- Now
 - Zones used at multiple locations throughout the country
 - Application process can be long
 - Difficult to predict where zone services will be needed



INTERNATIONAL
TRADE
ADMINISTRATION

Where We Are Now

- FTZ Staff is taking a look at the program as a whole
 - Where can we improve?
 - Small changes – enhancing website, guidelines
 - Increasing transparency, information available
 - Significant updates – Alternative Site Management Plan
 - How can we better serve the needs of communities and zone users?



Current Site Structure

- Grantee applies to the Foreign-Trade Zones Board for sites
- Application process – 10 months
- FTZ activity limited to specific Board approved sites

- Minor boundary modifications (30 day processing) possible, but limited and require a grantee to swap like acreage



Current Site Structure

- Problems
 - Must predict where zone services will be needed
 - Created an abundance of zone sites where there is no activity
 - A company with an immediate need for zone services may not be able to use existing sites
 - Tracking problems with swapped acreage from minor boundary modifications



INTERNATIONAL
TRADE
ADMINISTRATION

Alternative Site Management Plan (Proposed)

- Alternative plan will be optional
- Return focus of zone project to providing space for actual zone users
- Enhance flexibility for Grantee and zone users
- Address CBP resource concerns regarding numerous sites



INTERNATIONAL
TRADE
ADMINISTRATION

Alternative Site Management Plan (Proposed)

- Magnet sites
 - Industrial Parks/Airports/Seaports
 - Core sites
- Service Area
 - Defined by Grantee, approved by FTZ Board
 - Area in which a Grantee can apply for sites
 - Must meet adjacency requirements (60 miles/90 min. driving time)
- Usage Driven Sites
 - Approved through minor process (30 days)
 - To provide quick access to zone for actual use



INTERNATIONAL
TRADE
ADMINISTRATION

Alternative Site Management Plan (Proposed)

- **Acreage Limit**
 - 2,000 acres within service area
 - Based on current standard activation limit
- **Floating acreage**
 - Can apply for limited zone space within a larger area
 - Zone activity can occur up to acreage limit anywhere within the larger boundary
 - Example: 100 acres within a 500 acre industrial park. This would count as 100 acres of the 2,000 acre limit



Alternative Site Management Plan (Proposed)

Sample Zone Project

- Magnet Site 1 – 100 acres within a 500 acre industrial park
- Magnet Site 2 – 400 acres within a 2,500 acre airport complex
- Magnet Site 3 – 50 acres within a 300 acre industrial park

- Usage-Driven Site 1 – 10 acres
- Usage-Driven Site 2 – 20 acres

- Total Acreages Used: 580 acres
- Acreage Available: 1,420 acres



Alternative Site Management Plan (Proposed)

Sunset Limits

- All sites (magnet and usage driven) subject to sunset limits
- Magnet Sites
 - Minimum 5 year sunset
 - Must be activated with CBP
- Usage Driven Sites
 - 5 year sunset
 - Must have FTZ activity
- Ongoing Recycling
 - Use of the site pushes back the sunset limit another 5 years



Alternative Site Management Plan (Proposed)

Status

- Description/ *Federal Register* notice available on our website
- Comment period on revised proposal open until October 31
- Review comments, assess need for further changes
- Hope to have final version rolled out soon



Other Possible Improvements

- Annual Report
 - Reevaluate report format
 - Simplify where possible
 - E-filing
 - Hope to create a system to allow operators to electronically provide info to grantee. Grantee would confirm, add narrative. System would compile and submit.
 - Built in checks (avoid phone calls from FTZ staff)
 - Allow us to prepare our report to Congress sooner



Other Possible Improvements

- Additional information on case status on website
- Make site information available
- Manufacturing Reviews:
 - New T/IM form and guidelines – Coming Soon!
 - (T/IM = 75 day processing for certain manufacturing requests)
 - Sourcing Change Notifications
 - Guidelines coming soon



Other Improvements

- Internal Processes
 - More efficient (speedier) application processing
 - Increased consistency

- Applications/Guidelines
 - Clarifying questions, information needed
 - Possible revision to reorg/expansion guidelines
 - State enabling legislation – links available on website
 - What else can we do?

- Minor Boundary Modifications
 - Zones 1-80: Claudia Hausler
 - Zones 81 and up: Christopher Kemp



INTERNATIONAL
TRADE
ADMINISTRATION

For more information

Liz Whiteman

202-482-0473

Elizabeth_Whiteman@ita.doc.gov

FTZ staff main line: 202-482-2862

Website: www.trade.gov/ftz