

Foreign **46** Greater Cincinnati Trade Zones **47** Northern Kentucky

WHAT IS AN FTZ?

A Foreign Trade Zone (FTZ) is a restricted-access site within the US that is legally considered outside of Customs territory for the purpose of tariffs or duties. Goods can be imported to the site duty-free and without formal customs entry.

WHY FTZ?

The purpose of the FTZ program, since its inception in 1934, is to expedite and encourage foreign commerce within the United States. FTZ No. 46 and No. 47 is a business operations focused federal program designed to help regional businesses compete in the global marketplace through the elimination, deferral or reduction of customs duties on imported and exported/re-exported merchandise.

WHO IS ELIGIBLE?

LOCATION

There are two Foreign Trade Zones within the Greater Cincinnati / Northern Kentucky area. Companies operating within the geographic area of either zone are potential candidates for FTZ benefits.

TOP INDUSTRIES

Top industries taking advantage of FTZ benefits include: oil/petroleum, consumer electronics, machinery/equipment, chemicals, plastics/rubber, vehicle parts, pharmaceuticals, petrochemicals, and consumer products.

WOULD IT BENEFIT MY COMPANY?

Key questions to determine if you are a potential beneficiary of the FTZ program:

- Do you import?
- Do you manufacture or distribute?
- Is your volume of import in excess of \$3.0 M annually?

GREATER CINCINNATI FOREIGN TRADE ZONE, INC.

Est. 1979



FTZ 46 - SOUTHWEST OHIO

Brown, Butler, Clermont, Hamilton, and Warren Counties

\$11.4 B

ANNUAL FTZ VOLUME

FTZ USER EMPLOYMENT OF **18,810**

FTZ 47 - NORTHERN KENTUCKY

Boone, Campbell, and Kenton Counties

\$10.2 B

ANNUAL FTZ VOLUME

FTZ USER EMPLOYMENT OF **1,099**

FOREIGN TRADE ZONES 46 & 47

WHAT ACTIVITIES ARE PERMITTED IN AN FTZ?

| | |
|---------------|--------------|
| Assembly | Relabeling |
| Manufacturing | Storage |
| Salvaging | Processing |
| Repackaging | Destruction |
| Mixing | Manipulation |
| Testing | Sampling |

WHAT ARE THE BENEFITS?

SUPPLY CHAIN

Companies can benefit from supply chain savings through direct delivery and weekly customs entries.

Direct Delivery for point of unloading to facilities, speeding Customs and Border Patrol (CBP) release.

Weekly Entry can reduce Merchandise Processing Fees (MPF) through the consolidation of all CBP entries to one per week with a maximum MPF payment per entry of \$485. Brokerage Fees are also reduced with the filing of a single entry per week.

ZONE-TO-ZONE TRANSFERS

Transferring merchandise from one FTZ to another defers duty until the product is removed from the final zone for entry into the US Customs and Border Protection territory.

DUTY DEFERRAL / ELIMINATION / REDUCTION

Duty is deferred until a product leaves an FTZ which can provide cash flow benefits by delaying payment until a company is closer to generation of sales revenue.

Duty can be eliminated in cases where merchandise is exported directly from the zone or scrapped having never entered US customs.

Duty Reduction or Inverted Tariff may apply when the duty rates of individual components are higher than the duty rate of a finished product or kit.

WHAT IS THE PROCESS TO BE DESIGNATED AN FTZ?

The application process for FTZ activation is supported locally by the Grantee and through Customs and Border Protection.

TIME LINE

Warehouse and Distribution - 3-4 Months

Manufacturing and Production - May require additional approval for their manufacturing process with the Federal Foreign Trade Zone Board

PROCESS OVERVIEW

APPLICATION PHASE

- Make application to the Federal FTZ Board

IMPLEMENTATION PHASE

- Execute Operations Agreement with the local FTZ Grantee (GCFTZ, Inc.)
- Complete required security protocols with Customs and Border Protection
- Complete inventory record-keeping manual

ACTIVATION PHASE

- Site security walk-through with CBP

APPROVAL PHASE

- CBP issues activation

FOR MORE INFORMATION CONTACT:

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