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# Foreign-Trade Zone Compliance

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Summerlin, NV

# FTZs

- Provides opportunity for several benefits, including:
  - Duty deferral
  - Duty reduction (inverted tariff benefit)
  - Duty elimination for export and scrap
  - Direct Delivery
  - Weekly entry processing
- Requires a high degree of compliance

# Compliance for FTZs

- Multi-faceted
  - Security
  - Managing Approved Authorities
  - Transportation Providers/Truckers
  - Daily Processes
  - Inventory Control
  - Recordkeeping
  - Periodic and Annual Reporting

# Security Considerations

- Access control
  - Employees identification
  - Management and identification of
    - Contractors
    - Vendors
    - Visitors/Guests
  - Systems access (ability to access/alter FTZ records and transactions)

# Security Considerations

- Physical Security (best practices)
  - Secure access points
  - Security Cameras
  - Motion Detection
  - Guard/Security Services

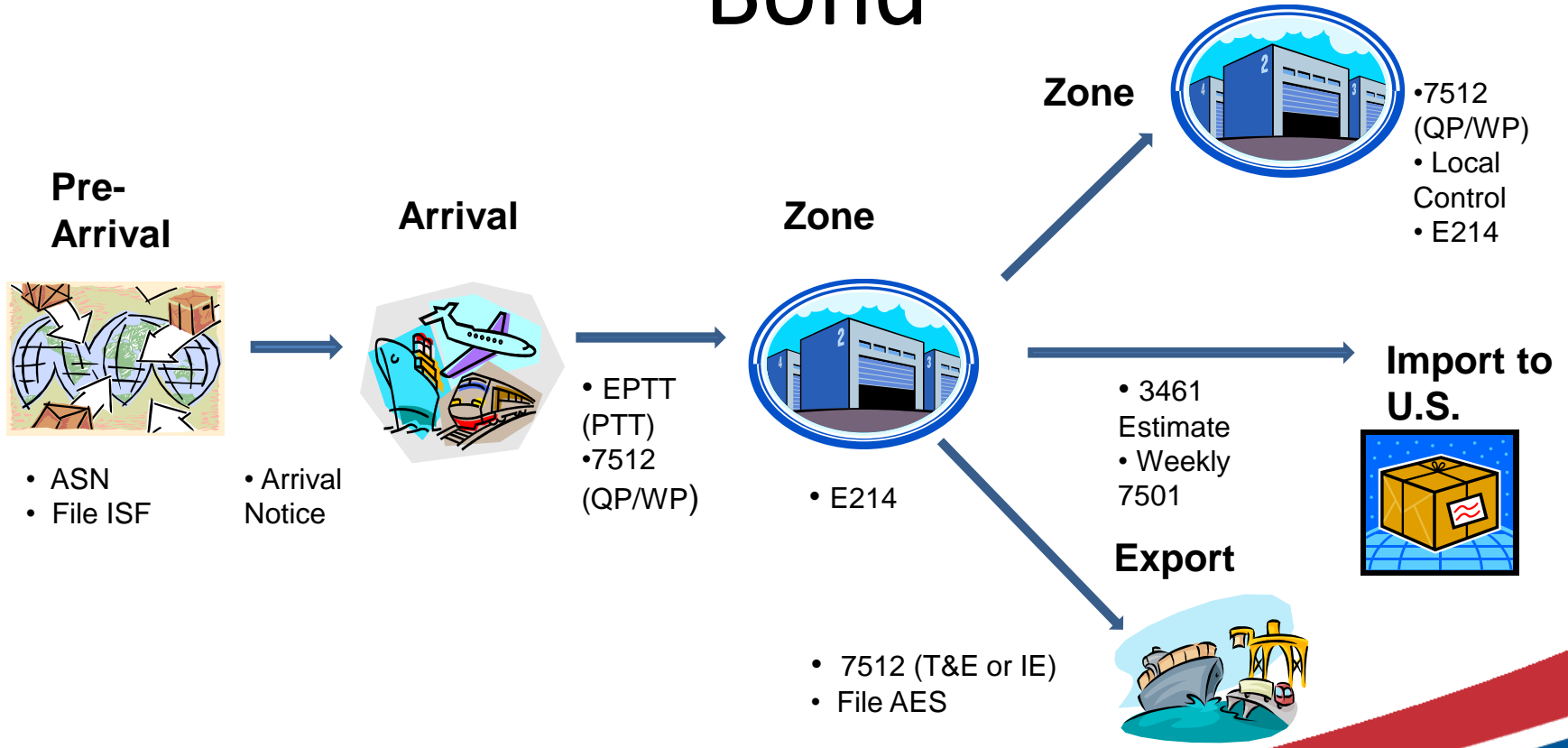
# Managing Authorities or Restrictions

- Internal procedures set up to monitor:
  - Activity related to approved production authority to ensure that activity is within scope
  - Appropriate handling of restrictions (i.e. limitation on quantity, Export Only)
  - Restrictions requiring designation of a particular zone status for certain classes of merchandise

# PGA activity

- Know the filing, timing and data requirements for the various agencies:
  - FDA, FSIS, USDA, FWS, EPA, ATF, Department of State etc.

# FTZ Movement of Goods and In Bond





# Transportation Providers/Truckers

- Electronic Capabilities
- Bonded requirements
- In-Bond Processing
- Electronic Permits to Transfer
- Blanket Permits

# Managing Timeframes

- Timely admission of goods to the zone
  - Direct Delivery vs. non-direct delivery
  - 15 days from arrival
  - Understanding the arrival clock
  - Timely reporting of any discrepancies
  - Timely tendering of in-bond/cartage documents for direct delivery
  - Timely admission concurrence

# Daily Activities

- Removal of goods from the zone
  - Approval of weekly 3461 estimate prior to the start of the zone week
  - Monitoring of the 3461 estimate
    - All HTS numbers to be shipped are included
    - Quantities and values are sufficient for each HTS
    - Manufacturer ID and Country of Origin

# Daily Activities - continued

- Considerations for goods subject to FDA or PGA requirements
- Timely physical removal of goods from the zone after entry
- Timely filing of the 7501 based on the first day of the zone week

# Daily Activities- continued

- Management of outbound bonded movements
  - Approval of QP in-bond prior to movement
  - Approval of weekly 7512 prior to start of week if using weekly 7512 procedures
    - Monitoring weekly permit for sufficiency
  - Proof of export

# Recordkeeping

- General information:
  - Approvals from the FTZ Board
    - Subzone/Usage driven site approvals including modifications
    - Production authority
    - Scope determinations

# Recordkeeping - continued

- Activation approval and supporting documents
  - Maps
  - Key Employee Lists
  - Procedures Manual
  - FTZ Operators Bond
  - CBPF 216
  - Discretionary Procedures/Approvals
  - Grantee/Operator Agreement

# Recordkeeping - continued

- Supporting documents for admissions - examples
  - Invoices
  - Packing list
  - In-bond documentation
  - Bill of lading
  - PGA information
  - Manifest Discrepancy Report



# Recordkeeping - continued

- Inventory Control
  - Cycle count reports
  - Annual inventory results
  - Documentation of changes
- Scrap/Destruction documentation (if approved by CBP)

# Recordkeeping - continued

- Withdrawal recordkeeping
- Power of attorney
  - Admission
  - In-bond

# Reporting Requirements

- Quarterly payment of HMF
- Annual reconciliation (19 CFR 146.25)
- System review (19.146.26)
- Annual report to FTZ Board

# Zone Operations

- FTZs provide a flexible operating environment with a high degree of autonomy... but also requires a high degree of compliance
- Oversight by CBP will include at **least** an annual spot check

# Zone Operations - continued

- Training and education is critical to the long term success of the zone operation
- Compliance should be part of the culture of zone operations

# Questions

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