



FTZ Value Proposition And Special CBP Issues

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Las Vegas, NV

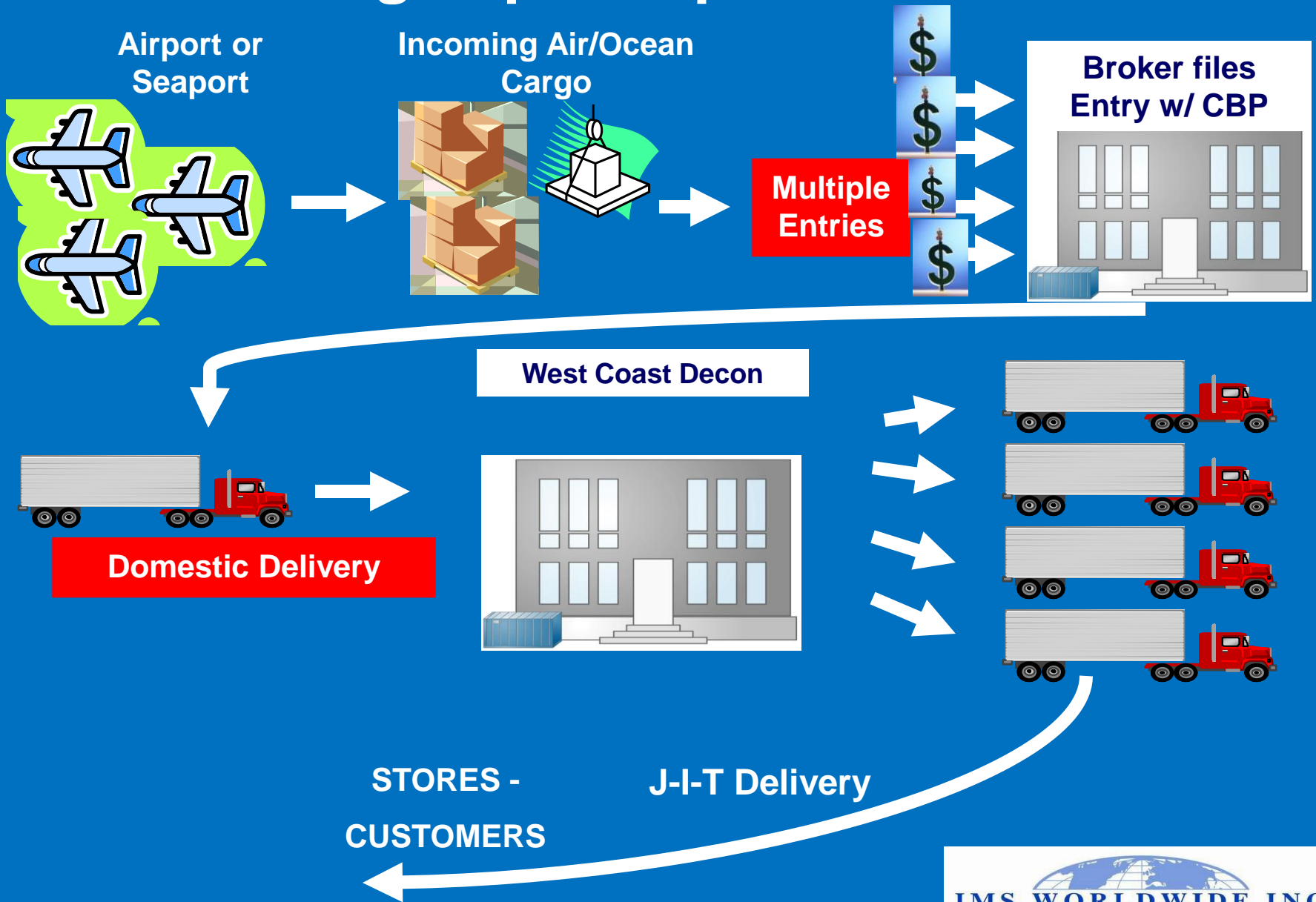
The FTZ “Value Propositions” including Special Cases

- Key Value Proposition #1 in 2014 + is the ability to receive goods faster = Direct Delivery
- Key Value Proposition #2 is the use of Weekly Entry = Lowering MPF the easy way.
- Key Value Proposition #3 is the Inverted Tariff Benefit, lowering COGS for manufacturers.
- Key Special Cases = No Drawback on AD/CVD, but with FTZ, no worry!

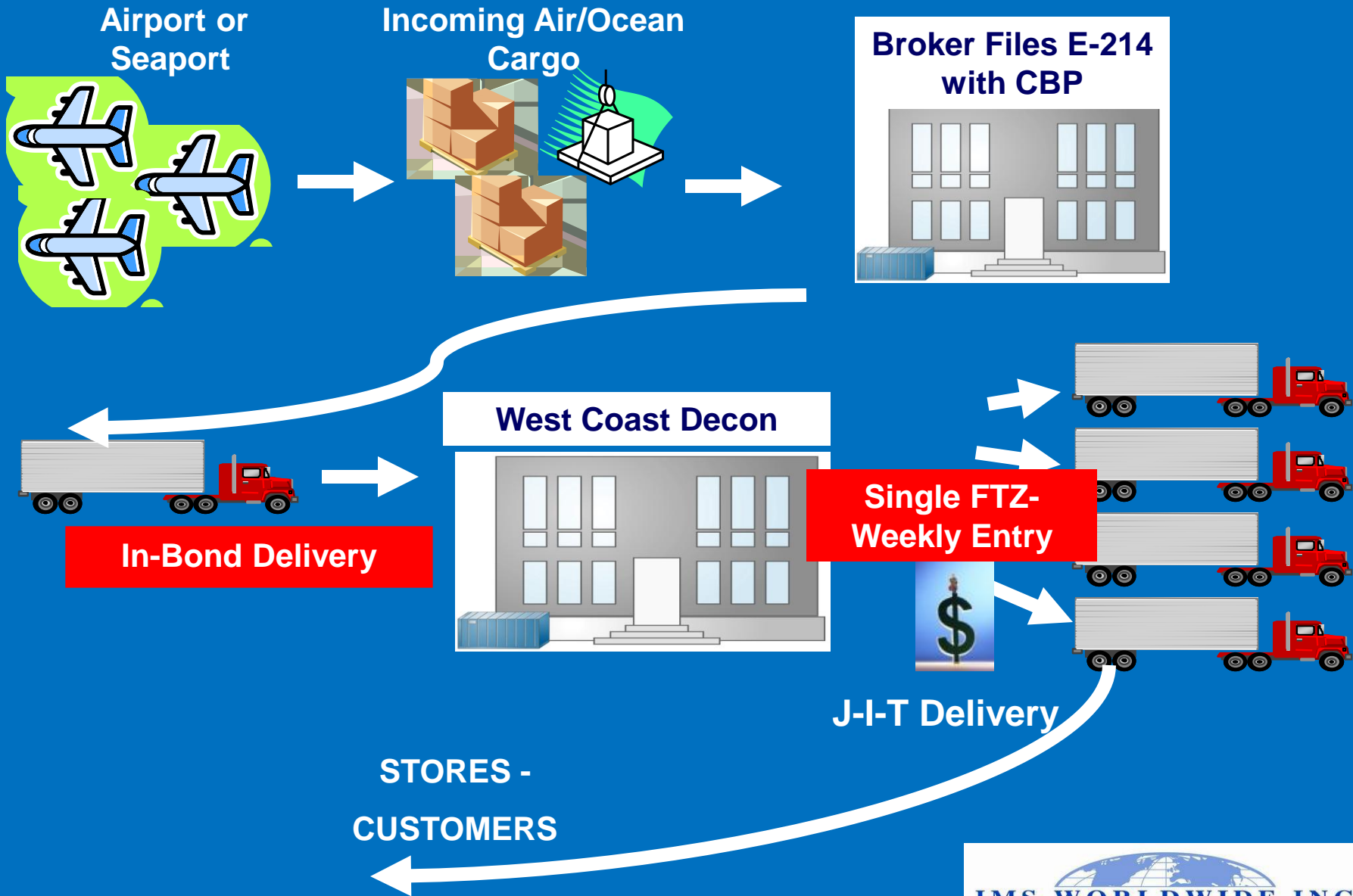
DIRECT DELIVERY

- **DIRECT DELIVERY:** This Zone procedure allows for 1-2 days improvement in the inbound supply chain time!
 - Black and Decker
 - Skechers
 - Huffy, all get 1 day faster Container Delivery!!
- **CONSOLIDATES TIME AND FORMS:** This procedure allows for 1 Form per day, not a form per BL. MUCH FASTER-EASIER

Existing Import Operations - CA



FTZ Import Process - CA - The MPF Savings



An FTZ Allows Me to Alter Duty Rates!

- If my parts (imported) carry ANY duty at all:
 - AND– my finished product -- which I manufacture or assemble can be imported by a competitor directly---at 0% Duty--- **I CAN GET THE SAME BENEFIT!**
 - Whether it's crude oil, TVs, satellite dishes, solar panels, refrigerators, **WHATEVER!!**
 - **Some Restrictions Apply!!**

Example

Pick and Pack 3PL Operation

- Circuit City Import DC (could be LG, Panasonic, Pioneer, Denon, etc, etc)
- Speakers in from Korea, DVD Players in from China.
- 3PL, FTZ operation packs speaker set into the DVD set to make Home Theater Master Carton
- Savings on \$10 Million in import Speakers.

Benefit to the Client Pick and Pack Customer

Assumptions

<i>Annual Value of Goods</i>	<i>\$250,000,000.00</i>
<i>Average Duty Rate-Components</i>	<i>4.90%</i>
<i>Containers per Year</i>	<i>5000</i>
<i>Containers per Entry</i>	<i>7</i>
<i>Entries per Year</i>	<i>714</i>

Benefit to the Client

	Non-FTZ	FTZ
Duty	\$7,500,000.00	\$7,500,000.00
MPF	\$552,000.00	\$25,220.00
Xtra cost - Speakers 4.9%	\$490,000.00	\$0.00
Broker Entry/214 Fees	\$71,428.57	\$71,428.57
Broker Weekly Entry Fees	\$0.00	\$ 35,700.00
FTZ Admin Fees	\$0.00	\$ 61,500.00
Total Costs	<u>\$8,613,428.57</u>	<u>\$7,693,848.57</u>
Client Net FTZ Savings	\$0.00	<u>\$919,580.00</u>

Returns w No Fines/Penalties

- US returns handled easily in an FTZ, and keep their domestic duty-paid status.
- Foreign Returns/Repairs handled as “still outside the US” so no duty, no paperwork, no drawback, no TIB, etc.
- Able to “sort-out” country of origin, MID, all types of potential CBP nastiness, without FINES!!
- NO MORE RECONCILIATION!!

FIX CPSC, FDA, LACEY ACT

- Inside an FTZ, I have the time, place and ability to “fix” import issues without penalty!
- This is especially HUGE now, as sometimes, the Feds don’t really know how they are going to regulate such issues.
- Able to “sort-out” labeling, source, genus, family, and other “eligibility issues” within the FTZ environment, with no Penalty or admissibility issues.

This Ain't your Mama's FTZ Anymore!

- MPF went up 60% 2012
- 35% of Top 100 Importers Using FTZs Now!
- Why are you waiting?
- Brokers actually make MORE FEES WITH FTZ!
- Free FTZ Cost Benefit Analysis
- www.imsww.com