



FOREIGN TRADE ZONE #122



PORT **CORPUS CHRISTI**

WHAT IS A FOREIGN TRADE ZONE?

Foreign trade zones are secure areas under supervision of U.S. Customs and Border Protection (CBP) that are considered outside the customs territory of the United States at which special CBP procedures may be used. The Foreign Trade Zone Program was created by the United States 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 and domestic merchandise may be moved into zones for storage, exhibition, assembly, manufacturing, and processing without payment of duties, quota and other import restrictions until the decision is made to enter the goods into the U.S. market. This helps offset customs advantages available to overseas producers who compete with domestic industry. FTZs are a fiscal tool which can defer or reduce duty payments, streamline supply chain costs and improve a company's competitive position in domestic and foreign markets. Foreign trade zones must be located within 60 miles or 90 minutes of a U.S. Customs port of entry.

HOW CAN YOU BENEFIT FROM THE ZONE?

Defer Duties

Customs duties are paid only when and if merchandise is transferred into U.S. Customs territory and are not paid if the items are exported to a country outside the United States. This allows companies the ability to keep critical funds accessible for operating needs. There's no limit on the length of time items can remain in the zone.

Reduce Duties

With zone status, you may be allowed to pay lower duties on goods and products assembled or manufactured within the zone. If the duty rate on a finished product is lower than the rate on the components, you pay the lower rate.

Eliminate Duties

Customs duties are eliminated on merchandise exported from the zone. No duties are paid on labor, overhead, or profit attributed to production operations in the zone. Duty is not paid on in-bond, zone-to-zone transfer of goods and products. Generally, duties are also eliminated for material scrapped, destroyed or consumed in the zone.

Minimize Security Costs

Customs security requirements and federal criminal sanctions are deterrents against theft. This may result in lower insurance costs and fewer incidents of loss for cargo imported into a zone.

Eliminate Inventory/Ad Valorem Tax

Since goods in a zone are considered to be in international commerce, materials and merchandise imported from outside the United States and held in a zone, as well as that produced in the United States for export, are not subject to state or local ad valorem taxes.

Eliminate Drawbacks

In some cases, duties previously paid on exported goods and products may be refunded through a process called drawback. The drawback law has become increasingly complex and expensive to administer and the need for drawbacks may be eliminated by using the zone.

Avoid Quotas

United States quota restrictions don't apply to items admitted to the zone, though quotas will apply when the items enter into U.S. Commerce. Restricted merchandise may be stored in the zone so that when a particular quota opens, the relevant items may then be immediately shipped into U.S. Customs territory.

Simplify Inventory Controls and Record Keeping

Many companies find their inventory control systems operate more efficiently in the zone, which increases their competitiveness. Zone users also find that meeting their governmental reporting responsibilities makes them eligible for special Customs procedures, such as direct delivery and weekly entry which expedite product movement, facilitating just-in-time inventory procedures.

What activities can be done in a Zone?

- Manufacture* • Repackage • Display • Test • Process • Salvage
- Assemble • Relabel • Store • Repair • Manipulate • Destroy

* Must receive special approval from the FTZ Board for manufacturing.

Established in 1985, Foreign Trade-Zone #122 was the first continental zone with refinery subzones. On July 16, 2013, Port Corpus Christi received approval to reorganize under the Alternative Site Framework (ASF). This new program provides greater flexibility and expedites access to the benefits of the FTZ program by using simpler and less time-consuming procedures to bring FTZ designation to locations where a company has decided to pursue an FTZ. Under the alternative site framework, FTZ #122 now includes six counties within its service area—Aransas, Bee, Jim Wells, Kleberg, Nueces and San Patricio.

Specific Advantages of Foreign Trade Zone #122 at Port Corpus Christi.

C-TPAT Membership

Port Corpus Christi is an official member of the *Customs-Trade Partnership Against Terrorism* (C-TPAT) program. C-TPAT provides the framework for trading communities to develop procedures to protect global commerce against terrorism. Participating importers enjoy preferential processing by Customs.

Ship Channel Activation/Depth

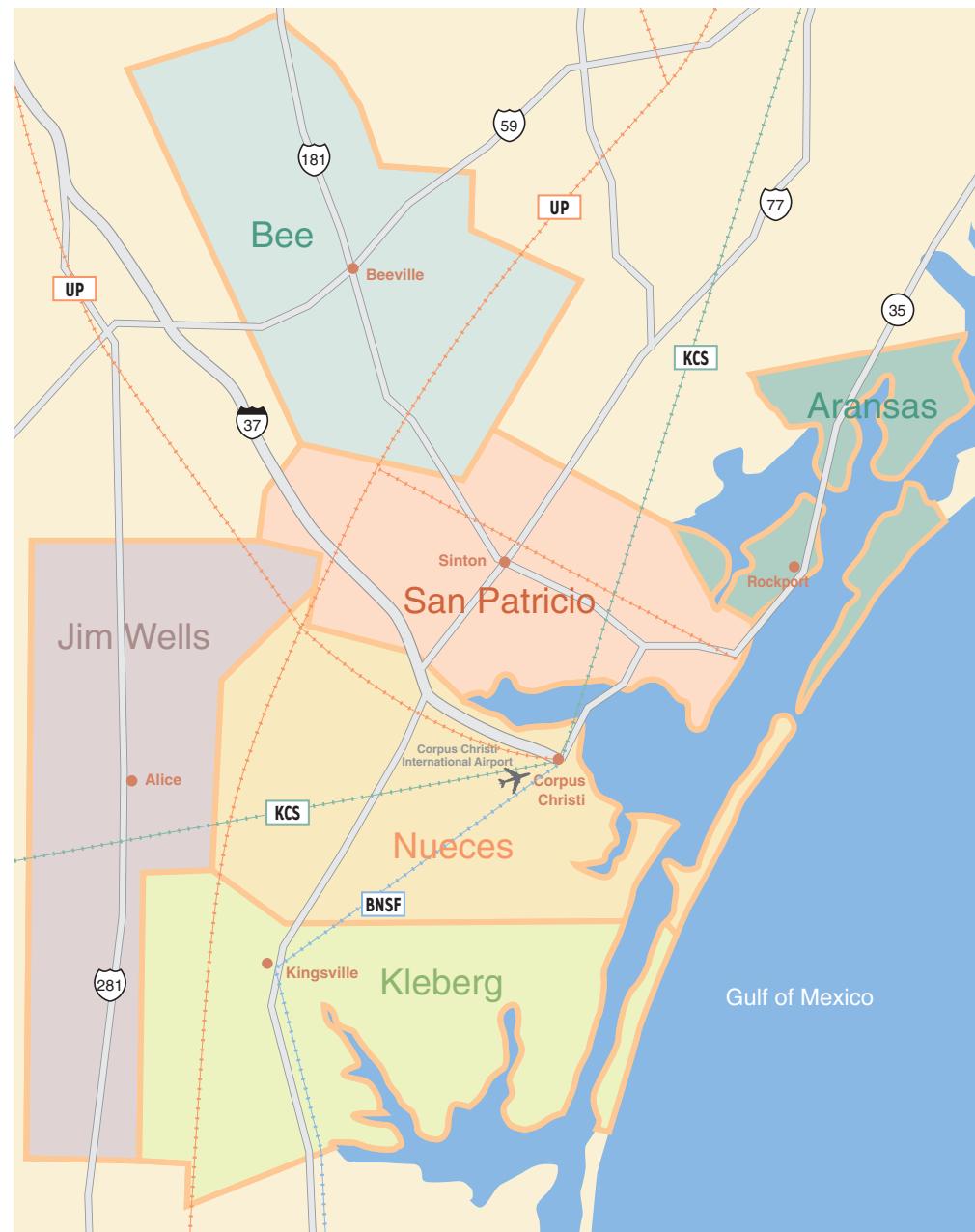
Port Corpus Christi has activated the Corpus Christi Ship Channel with customs for refinery subzones to allow overflow storage in barges or vessels. The Port is also deepening the ship channel from 45 feet to 52 feet to accommodate larger vessels.

Close Access to Highways and Railways

The Joe Fulton Trade Corridor provides a direct route to NAFTA arteries I-37 and I-35 and other major roadways. Rail service is provided by BNSF Railway, Kansas City Southern Railway and Union Pacific Railroad. Three shipside tracks facilitate direct transfers between vessels and railcars. Covered tracks at the Dock 9 warehouse accommodate weather-sensitive cargo.

Systematic Operator Support

The Port's Foreign trade zone Manager and the Customs Port Director conduct regularly scheduled meetings with FTZ to discuss problems and issues, develop resolutions, and provide updates. When necessary, special meetings are held for operators and other parties involved in import and export.





Port Corpus Christi

Port Corpus Christi is committed to the conservation of our environment and the development of responsible, effective global transportation.



OTHER FOREIGN-TRADE ZONE RELATED LINKS:

www.trade.gov/ftz Foreign Trade Zones Board

www.naftz.org National Association of Foreign Trade Zones



POR TS DELIVER PROSPERITY

For centuries, seaports have served as a vital economic lifeline by bringing goods and services to people around the world. Today, approximately 99% of all overseas goods come into the United States by ships, and seaports continue to be the critical access to the global marketplace. Seaports generate trillions of dollars of economic activity throughout the Western Hemisphere, support employment for millions of people, and import and export more than 4.5 billion tons of different kinds of cargo. To meet the future demands of growth, the American Association of Port Authorities and its members are committed to keeping seaports navigable, secure and sustainable.



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