



Get In The Zone!

FOREIGN TRADE ZONE #122



PORT CORPUS CHRISTI

HOW CAN YOU BENEFIT FROM THE ZONE?



You can do everything you need to do in the zone.

- Manufacture
- Assemble
- Repackage
- Relabel

- Display
- Store
- Test
- Repair

- Process
- Manipulate
- Salvage
- Destroy

Defer Duties

Customs duties are paid only when and if goods and products are transferred into U.S. Customs territory. The savings allow you 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. And generally, duties are also eliminated for material scrapped, destroyed or consumed in the zone.

Improve Profits

There are many other advantages to doing business in the zone. Almost any business that imports and/or exports goods and products can benefit. Port Corpus Christi invites you to learn more and to take advantage of Foreign Trade Zone #122.

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.

A Foreign Trade Zone is an area within the United States in or near a U.S. Customs port of entry, where foreign and domestic merchandise is considered to be outside the country, or at least outside of U.S. Customs territory. There are two types of zones—general purpose and subzone. General purpose zones are usually located at ports or industrial parks. Although manufacturing is permitted within general purpose zones, they are most commonly used for warehouse and distribution activity. General purpose zones must be located within 60 miles or 90 minutes of a U.S. Customs port of entry. Subzones are special purpose zones, typically located at manufacturing plants. A subzone provides zone status for a facility outside of a general purpose zone and when a general purpose zone cannot accommodate the proposed activity. Although a zone is legally outside Customs territory of the United States, other federal laws are applied to products and operations within a zone.

There are a variety of benefits and advantages for businesses operating within the zone.

Defer, Reduce, or Eliminate 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. Generally, duties are also eliminated for items scrapped, wasted, destroyed, or consumed in a zone.

Eliminate Inventory Tax /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.

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.

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.

Established in 1985, Foreign Trade Zone #122 was the first continental zone with refinery subzones and, at almost 25,000 acres, is one of the largest zones in the United States today. Port Corpus Christi is the Grantee for the zone and supports three active general purpose zones and 14 subzones—six of which are dedicated to refineries. The general purpose zone features multi-purpose facilities perfect for handling a variety of goods and products.



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 Inclusion

Port Corpus Christi has activated the Corpus Christi Ship Channel 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 and enhance navigation safety.

Close Access to Highways and Railways

The Joe Fulton Trade Corridor provides a direct route to NAFTA arteries I-37 and I-35. 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 monthly meetings 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.

We can help you through the application process for admission to the zone. If you are interested in obtaining more information, please contact:

Foreign-Trade Zone #122

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OTHER FOREIGN-TRADE ZONE RELATED LINKS:

www.trade.gov/ftz Foreign Trade Zones Board

www.naftz.org National Association of Foreign Trade Zones

FOREIGN TRADE ZONE #122 ACTIVE SITES

General Purpose Zone

Port Corpus Christi

Gavilon Fertilizer

Ray West Warehouses, Inc.

Subzones

Baker Hughes Drilling Fluids

Bay Ltd.

BTB Refining, LLC

CITGO Refining & Chemical Company, L.P.

Diamond Shamrock Refining Company, L.P.

Equistar Chemicals

Flint Hills Resources, L.P.

Gulf Marine Fabricators

Halliburton Energy Services, Inc.

International Resistive Company of Texas

Kiewit Offshore Services Ltd.

Sherwin Alumina, L.P.

TOR Minerals International, Inc.

Valero Refining—Texas, L.P.



PORTS 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 activities 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.

