



# Foreign Trade Zone (FTZ) #126 Overview – City of Sparks

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- What is a Foreign Trade Zone (FTZ)
- Benefits of zone use
- Types of Activity
- Overview of FTZ 126 – Northern Nevada
  - General Information and stats
  - Oversight & Structure
  - Service Area & Users
  - Who are potential users?
  - Cost considerations & process to become a user
- Questions



# What is a Foreign Trade Zone

- An FTZ is a site designated by the (FTZ) Board at which special customs procedures may be used.
  - Est. 1934 “New Deal” Legislation
  - Logical Extension of historical/global free zones
- Program designed to provide incentive to US Companies to perform some economic activity within the USA
- Procedures allow domestic activity involving foreign items to take place prior to formal customs entry.



- Inverted Tariff
  - Allows US based operations to mfg or assemble products in the US with US labor as if products were produced overseas
  - Treats finished goods at equal tariff rate to those produced overseas)
- Export
  - No duty on re-exported goods
- Duty Deferral/Cash flow
  - Goods are not dutiable until exported from the FTZ
- Logistical Benefits
  - Quality Control (Waste/Scrap/ Defect) management
  - Exhibition
  - Direct Delivery
  - Merchandise Processing Fee Savings

- How many FTZs exist
  - General Purpose Zones: 265 (approx)
  - Subzones: 500 (approx)
- Primary Commodities handled
  - Nationally
    - Petroleum, Automotive, Electronics, Consumer Goods, Pharmaceuticals
- FTZ 126:
  - Consumer Electronics, Ink & Chemicals, Guns & Accessories, Books/Media & Reading Devices, Aerospace

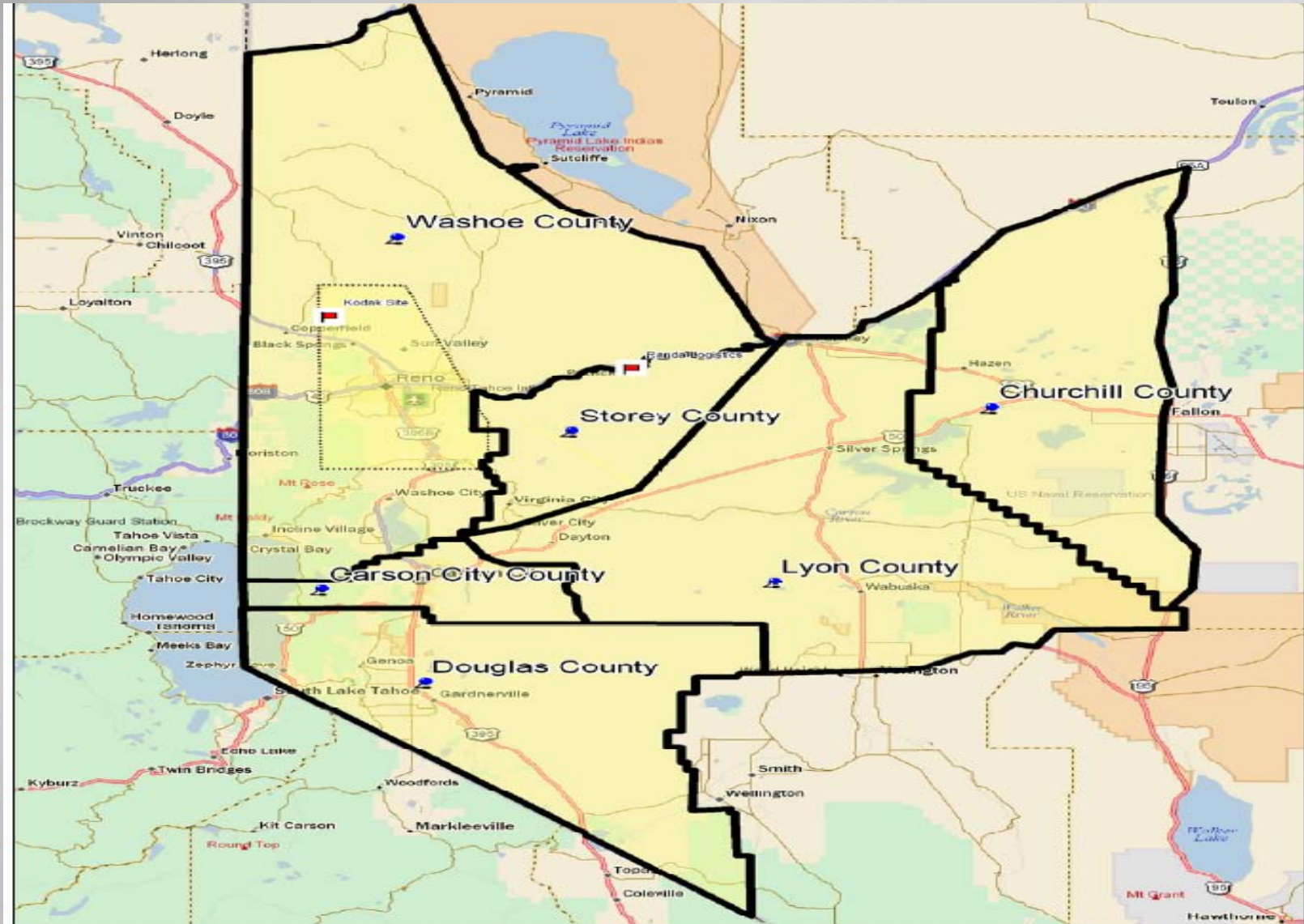
- FTZ Board
  - Washington DC
- US Customs & Border Protection
  - Reno Airport
- Grantee
  - EDAWN
- Master Operator / Administrator
  - LEGACY

## How our zone is setup

- *Alternative Site Framework (ASF)* - An optional approach to designation and management of zone sites allowing greater flexibility and responsiveness to serve single-operator/user locations.
- Activation Limit: 2000 acres



# Service Area





# Users

## Active Users

- Audiovox via Bender Warehouse
- Barnes & Noble
- Legacy Sports
- Schlosser Forge (Viking)
- US Ordinance
- Taiyo America

## De-activated Users

- Kodak
- Michelin

## Potential Activations

- Randa Accessories
- Urban Outfitters

## Who are potential users?

- High *Volume* importers & distributors
- High *Value* Importers or Importers with *high duty liability*
- Manufacturers importing component parts for assembly
- Manufacturers doing foreign assembly of goods for import to the USA
- Companies engaged in *import & re-export* of merchandise



## The basic question...

- What is your total import duty & fees liability?
  - Represents the maximum potential savings
  - Offset against administration & compliance costs

*Note: Use FTZ savings calculator*

- Application & Activation
  - Inventory Management & Operating Manual
  - Facility Security & Personnel Background Checks
  - Above are internal costs or consulting costs
  - Est: \$25k min + (Dist.) or \$50k min + (Mfg.)
- Annual Operating Fee
  - \$5000 Distribution or \$7500 Manufacturing activity
- Internal Maintenance & Oversight
  - Internal Training & Staff: Est. Min \$10,000/annually +

## How do companies hear about the FTZ?

- Many potential users are aware of the FTZ program
- New companies looking at the region will hear about the zone thru EDOs or other sources
- Periodic Seminars
- Presentations to local/regional groups
- EDAWN website  
<http://www.edawn.org/images/uploads/docs/FTZ.pdf>

## How do companies participate?

- Determine potential cost savings
  - Recommend a min of \$50k/annual savings
- Assess annual operating costs
- Apply for user approval
- Setup
  - Operating Manual, Background Checks, Facility Security
  - User agreement
- Activation
- Timeline
  - Distribution: 30 days + Setup
  - Processing/Manufacturing: 12+ months + setup
  - Subzone (designated zone area): 3-5 months + setup



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# Questions?

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