



NORTHWEST IOWA DEVELOPMENT

Beyond Expectations.

Foreign Trade Zone #288 Seminar

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We Live in a Global Economy and the Growth in that Economy is Over There

- In 1998 it was confirmed that over 50% of all Consumer Goods and Industrial Inputs consumed in the US had some foreign content.
- 2013 Value of US Imports was 2.74 Trillion
- 2013 Value of US Exports was 2.27 Trillion
- 2013 US Growth Rate was 154th among countries of the world.

The US Foreign Trade Zone Program is an important part of and tool for participating effectively in that Global Economy

- 2013 Value of product transiting US FTZ Program - \$732 Billion
- 2013 Value of product exported from US FTZ Program - \$70 Billion (10% of FTZ 'GDP')
- Firms using the US FTZ Program – 3,200
- Persons employed in US FTZ's – 370,000
- Number of Zone Grants in US – 288
- Most recently approved Zone Grant – FTZ #288
- If all Zones were equal FTZ 288 would transit 2.5 Billion by the end of 2015

How FTZ's Work and their Benefits

- How it works – meets and bounds out side the US for all import regulatory and tax purposes.
- Deferral of Costs (storage)
 - Advalorem Taxes
 - Duties
 - HMF
 - MPF
 - Anti Dumping Surcharges
 - Inventory Tax, Use Tax, Sales Tax
- Reduction or elimination of Costs (manipulation)
 - Manufacturing (inverted tariff/sub assemblies/final goods)
 - Exporting
 - Lowering value/scrap
 - Size and timing of entries
 - Customs House Brokerage

FTZ BENEFITS (CONT.)

- Management of risks inherent in Int. Trade
 - Informed Compliance
 - Flow of goods through US borders
 - Import permissibility
 - Anti-dumping actions and other trade barriers
 - Changes in geopolitical circumstances
- New Business Opportunities
 - Sourcing, Manufacturing & Exporting to maximize cost competitiveness of inputs and profits on outputs
 - Warehousing for other divisions
 - Warehousing for your suppliers and third parties
 - Contract Manufacturing

FTZ COSTS – 2014

• Develop a definitive benefit/cost analysis	\$ Free
• Develop and execute a Zone Site Application	\$ Free
• Application Fee to Grantee	\$ 3,500.00
• Application Fee to FTZB in DC	\$ 0.00
• Develop and submit Zone Operations Manual	\$ 5,000.00
• Execute Zone User Agreement	\$ 1,000.00
• Modify Inventory system for Zone reporting	<u>\$ 0.00</u>
	\$ 9,500.00

Year 1 Savings to be determined

ESTIMATED BENEFITS

- Duty Deferral Parts \$
 - Duty Deferral Finished Goods \$
 - Elimination of Duty on Exports \$
 - Duty Avoidance on Scrap \$
 - Reduction in CHB Fees \$
 - Reduction in MPF/HMF Fees \$
 - Duty Reduction Inverted Tariff \$
-
- \$

FTZ COSTS Year 2 ongoing

• Annual Grantee User Fee	\$ 6,000
• FTZ Bond (\$100,000)	\$ 1,000
• Management (Internal)	\$ 30,000
• Consultant Annual Review	<u>\$ 5,000</u>
	\$ 42,000

Year 2 and on going Savings \$

NEXT STEPS

- Beat up, refine & get comfortable with the numbers
- Determine if you want to move forward
- Determine if you want to make the 'application' on your own or use a consultant
- Obtain Concurrence of Grantee & CBP
- Develop & Submit Site Application
- Develop & Submit Manufacturing Application
- Prepare for activating and using the Zone
- Celebrate Application Approval
- Activate, use the Zone and save some money



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