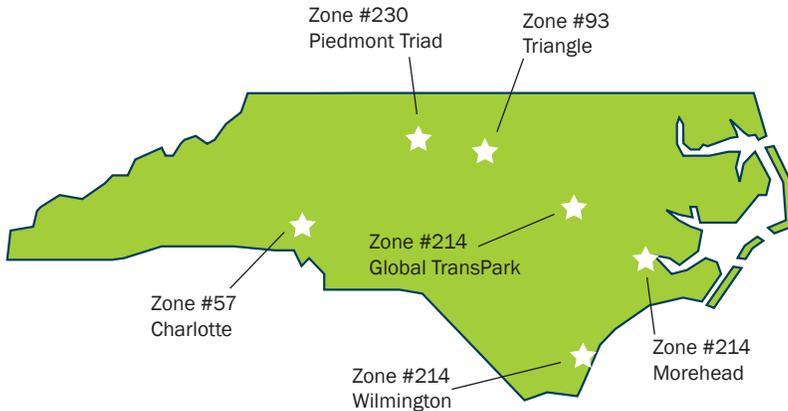


# Foreign Trade Zones

North Carolina currently boasts four general-purpose foreign trade zone grants, and seven active Sub-Zones approved for use by individual companies. In addition, two of the four general-purpose foreign trade zones have recently transitioned to Alternative Site Framework (ASF) so that the needs of the business communities can be met on a more timely basis.



## What is a Foreign Trade Zone?

A Foreign Trade Zone is a designated site licensed by the Foreign-Trade Zones (FTZ) Board at which special customs procedures may be used. These procedures allow domestic activity involving foreign items to take place prior to formal customs entry. Duty-free treatment is accorded to items that are re-exported and duty payment is deferred on items sold in the U.S. market. If the final product is imported into the U.S., customs duty and excise taxes are due only at the time of transfer from the foreign trade zone and formal entry into the U.S. on the product itself or its imported parts, whichever is lower. Spoiled, damaged or waste may be disposed of or re-exported without payment of duty.

General-purpose zones (GPZ) are usually located at ports or industrial parks and available to multiple zone users. Although manufacturing is permitted within general-purpose zones, the most common activity is for warehousing and distribution.

Subzones are special-purpose zones, usually at manufacturing plants. A subzone can be approved if the company is unable to locate facilities into a general-purpose zone. Subzones are approved for use by one company for a specific activity. A site which has been granted zone status may not be used for zone activity until the site has been separately approved for FTZ activation by local U.S. Customs and Border Protection (CBP) officials, and the zone activity remains under the supervision of CBP. FTZ sites and facilities remain within the jurisdiction and laws of local, state and federal governments.

## Where can a Zone be Located?

GPZ sites must be within 60 miles or 90 minutes drive to a U.S. Customs (CBP) port of entry. A subzone site does not have to meet the adjacency requirement; it may qualify to be considered adjacent if the CBP Port Director is willing to concur that proper oversight can be provided.

### Greater Charlotte, Zone #57

**Grantee:** Charlotte Regional Partnership

**Administrator:** Laura Foor

**Website:** [www.charlotteusa.com](http://www.charlotteusa.com)

NASCAR Plaza

550 South Caldwell Street, Suite 760

Charlotte, NC 28202

Phone: 704-347-8942

E-mail: [lfoor@charlotteusa.com](mailto:lfoor@charlotteusa.com)

### The Greater Triangle, Zone #93

**Grantee:** Triangle J Council of Governments

**Administrator:** Renee Boyette

**Website:** [www.tjcog.org](http://www.tjcog.org)

Tel: 919-558-9403, Fax: 919-549-9390

Email: [rboyette@tjcog.org](mailto:rboyette@tjcog.org)

### South Eastern North Carolina (SENC), Zone #214

(Formerly Port of Wilmington,  
Port of Morehead City and  
NC Global TransPark)

**Grantee:** North Carolina

**Department of Transportation**

**Administrator:** V. Lori Fuller

**Website:** [www.ncdot.gov](http://www.ncdot.gov)

NC Department of Transportation

1501 Mail Service Center

Raleigh, NC 27699-1501

Tel: 919-707-2815

Email: [vlfuller1@ncdot.gov](mailto:vlfuller1@ncdot.gov)

### The Piedmont Triad, Zone #230

**Grantee:** Piedmont Triad Partnership

**Administrator:** Penny Whiteheart

**Website:** [www.piedmonttriadnc.com](http://www.piedmonttriadnc.com)

416-M Gallimore Dairy Road

Greensboro, NC 27409

Tel: 336-668-4556, 800-669-4556

Email: [pwhiteheart@ptpnc.com](mailto:pwhiteheart@ptpnc.com)

# 21 Ways to Benefit with the FTZ Program

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- 1. DUTY DEFERRAL** - Customs duties are paid only when imported merchandise is shipped into US Customs territory. Merchandise may be held in inventory in the FTZ without Customs duty, indefinitely.
- 2. EXPORTS** - Customs duties are not paid on merchandise exported from the FTZ.
- 3. DEFECTS, DAMAGE, OBSOLESCENCE, WASTE, SCRAP** - Customs duties are significantly reduced or eliminated on merchandise subject to defect, damage, obsolescence, waste and scrap in the FTZ.
- 4. NONDUTIABILITY OF LABOR, OVERHEAD AND PROFIT** - Customs duties are not owed on labor, overhead and profit attributed to production operations in the FTZ.
- 5. INVERTED CUSTOMS DUTY SAVINGS** - FTZ users may elect to pay the duty rate applicable to component materials or merchandise produced from component materials - whichever is lower.
- 6. INTERNATIONAL RETURNS** - Merchandise exported and subsequently returned to the FTZ is not subject to Customs duties upon return. It can be repaired and reexported without duty.
- 7. SPARE PARTS** - Unneeded spare parts may either be returned to the foreign vendor free of duty or destroyed, avoiding Customs duties.
- 8. US QUOTAS** - Most merchandise may be held in the FTZ, even if it's subject to US quotas. When the quota opens, the product may be immediately shipped into the US Customs territory.
- 9. SIMPLIFIED IMPORT/EXPORT PROCEDURES** - Delays in Customs clearances and duty drawback procedures are eliminated. Delivery times are reduced by direct shipments to the FTZ.
- 10. QUALITY CONTROL** - The FTZ may be used for quality control inspections to ensure that only products that meet specifications are imported. Substandard goods can be destroyed before duty is paid.
- 11. CARGO INSURANCE** - Some FTZ users have negotiated up to 40% reduction in cargo insurance rates because imported merchandise is shipped directly to the FTZ, thus avoiding potential pilferage at deep water ports and major international airports.
- 12. SECURITY** - The FTZ is subject to Customs supervision and security procedures, saving you, the FTZ users, expenses for security and insurance.
- 13. INVENTORY CONTROL** - FTZ operations require careful accounting on receipt, processing and shipment of merchandise. Firms find that the increased accountability cuts down on problems with inaccurate receiving and shipping as well as waste and scrap.
- 14. CONSUMED MERCHANDISE** - Merchandise consumed in processing in the FTZ is generally not subject to Customs duties.
- 15. INVENTORY TAXES** - By federal statute, tangible personal property imported from outside the US, and tangible personal property produced in the US held in a zone for export are not subject to state and local ad valorem taxes. Most state and county tax authorities exempt all merchandise in the FTZ from inventory tax.
- 16. EXHIBITION** - Merchandise may be held for exhibition without Customs duty payments. Many companies use FTZ's as display areas for merchandise and machinery.
- 17. REDUCED INSURANCE COSTS** - The insurable value of merchandise held in the FTZ need not include the Customs duty payable on products. Therefore, insurance costs should be less.
- 18. COUNTRY OF ORIGIN MARKING AND LABELING** - No country-of-origin labels are required on merchandise admitted to the FTZ, saving a complicated procedure and up-front expense. If needed, the labels can be applied in the FTZ.
- 19. ZONE-TO-ZONE TRANSFER** - An increasing number of firms are transferring merchandise from one zone to another. If the transfer is in-bond, customs duty is not owed until the product is finally shipped into the US.
- 20. TRANSFER OF TITLE** - Title to merchandise may be transferred in the FTZ, as long as there is no "retail" sale. The global supplier can own it until it is shipped just-in-time to local manufacturers.
- 21. ACCOUNTING SYSTEMS** - The specific identification of merchandise is unnecessary in the FTZ.

Source: National Association of Foreign-Trade Zones  
<http://www.naftz.org/>