

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 7a

Date of Meeting April 12, 2011

DATE: April 6, 2011

TO: Tay Yoshitani, Chief Executive Officer

FROM: Linda Styrk, Managing Director, Seaport Division

SUBJECT: Foreign Trade Zone No. 5 Briefing

BACKGROUND:

The Port of Seattle Foreign Trade Zone (FTZ) No. 5 was established in 1949. Since that time, the Port has endeavored to maximize the use of this authority for the benefit of the region. The most recent improvement was approved by the Port Commission on March 23, 2010. At that time, the Commission resolved to reorganize our General Purpose FTZ No.5 under the Alternative Site Framework (ASF) program to *simplify the process for prospective customers to utilize the Port's FTZ.*

As background, a FTZ is a location in the United States legally considered to be outside U.S. Customs jurisdiction. Shippers can bring goods into an FTZ without making a formal customs entry or paying duty charges. Within an FTZ, goods can be stored, manipulated, manufactured and subsequently either re-exported, or entered into the U.S. for consumption. Once shippers take the goods outside the FTZ for domestic consumption, they make a formal entry filing and pay applicable duties. There are a variety of benefits shippers can derive from the use of an FTZ. Importers can realize customs duty savings through tariff differentials between imported components and finished products, as well as by lowering administrative costs through the reduction of paperwork and the number of entry filings.

The ASF program allows the Port to designate facilities in King County as a FTZ. The Port markets this capability as a tool for both currently operating companies within our region, and as a strategy to attract new companies. Increasing the use of our FTZ authority to attract warehouse and distribution activity will anchor more cargo and generate more jobs in our region.

In conjunction with Commission's approval to reorganize our FTZ No. 5 under the ASF program, it was requested that staff provide a briefing to the Port Commission once a strategy is developed. The briefing will include how we promote and market our FTZ and the notification procedure to inform Commission of potential FTZ agreements under the ASF program.

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

April 6, 2011

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OTHER DOCUMENTS ASSOCIATED WITH THIS BRIEFING:

PowerPoint presentation.

Foreign Trade Zone #5 Marketing Brochure.

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS:

- March 9, 2010 First reading of Resolution No. 3625 reorganizing Foreign Trade Zone No. 5 under the Alternative Site Framework.
- March 23, 2010. Second Reading and Final Passage of Resolution No. 3625 reorganizing Foreign Trade Zone 5 under the Alternative Site Framework