



Foreign Trade Zone #5

Your Competitive Edge



The Port of Seattle's Foreign Trade Zone (FTZ) #5 can give your company a competitive edge and help manage cash flow by deferring, reducing and in some cases eliminating customs duties and reducing overall operating costs.





FTZ ADVANTAGES

- **Defer customs duties and federal excise taxes** until merchandise is transferred from the FTZ to domestic market customs territory of the U.S. or a North American Free Trade Agreement (NAFTA) country (Canada or Mexico).
- **Reduce processing/entry fees by as much as 85 percent** with the Weekly Entry Process, which allows goods to be shipped 24 hours a day, seven days a week, with just one entry filed each week and just one Merchandise Processing Fee per entry.
- **Reduce customs duties on goods** processed or assembled in the FTZ when imported components have a higher duty rate than the finished goods (see scenario #2, below left).
- **Defer Harbor Maintenance Tax** payments and pay quarterly instead of at time of entry.
- **Eliminate customs duties entirely** when goods are re-exported from the FTZ.
- **Store quota merchandise** in the FTZ until the quota period opens and immediately ship goods into U.S. Customs and Border Protection territory.
- **Exempt imported goods from state and local ad valorem taxes** when they are held in the FTZ for storage, sale, exhibition, repackaging, assembly, distribution, sorting, grading, cleaning, mixing, display, manufacturing or processing. Goods manufactured in the U.S. and held in the FTZ are also exempt.
- **Eliminate the need for drawback** and keep funds in the operating capital of the company.

ALTERNATIVE SITE FRAMEWORK

Gaining FTZ status is now faster and easier under the Port's Alternative Site Framework (ASF), recently approved by the U.S. Department of Commerce. The ASF allows businesses in the Seattle area engaged in importing, exporting, assembly, warehousing and distribution to apply for expedited approval through the Port's FTZ program.

FTZ #5 REDUCES COSTS

There are a number of ways FTZ #5 can reduce operating costs and enhance your company's bottom line. The Weekly Entry Process and assembly of imported components in the FTZ are just two examples.

Cost Savings Scenario #1 - Weekly Entry Cost Savings

The Weekly Entry Process available to companies operating within the FTZ can result in savings of up to 85 percent on entry and processing fees. Entry and Merchandise Processing Fees can be paid weekly, rather than per entry, saving time and brokerage fees.

160 entries per year at \$485	\$77,600
52 entries per year at \$485	\$25,220
Annual savings	\$52,380

Cost Savings Scenario #2 - Savings on Duties through Assembly in FTZ

A company that sells first aid kits imports most of the kit components from Asia – items like bandages, gauze pads, cold packs, tape, scissors, tweezers, rubber gloves, metal cases, etc. The kits are assembled in the U.S. Most of the components have import duty rates of two to three percent. The duty rate for the metal boxes is 17 percent, but the import duty rate for complete first aid kits is zero.

Annual value of kit components	\$10,000,000
Averaged duty rate of components	10%
Annual Duty savings from assembly in FTZ	\$1,000,000

The same kinds of advantages can apply to a wide range of companies, especially manufacturers that import components or materials for processing or assembly in the United States.

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Where a sustainable world is headed.™

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THE GREEN GATEWAY

The Port of Seattle is the Green Gateway for cargo moving between Asia and the American Heartland, with lower carbon emissions throughout the supply chain.

Learn more at www.portseattle.org/seaport/cargo/GreenGateway.shtml

SEATTLE ADVANTAGES

The closest U.S. Port to Asia, Seattle has excellent road and rail connections to key markets across North America, making it a natural location for national and regional warehousing and distribution activities.

More than 20 ocean carriers serve the Port and the BNSF Railway and Union Pacific Railroad offer four-day service to Chicago from Seattle.

The Port's Foreign Trade Zone is a perfect complement to the region's trade and transportation advantages.