

Foreign Trade Zone Briefing

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Managing Director - Seaport
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FOREIGN TRADE ZONE (FTZ)

A U.S. government program created in 1934

A location considered “outside” the U.S.

Used to save money & customs duty on foreign products

U.S. FTZ PROGRAM

Managed by the FTZ Board (FTZB)

Under the Department of Commerce & Treasury

To facilitate trade & competitiveness of U.S. companies

WITHIN A FTZ LOCATION

Although FTZ's are located within the U.S., they are treated as "foreign" or "outside" the U.S.

Goods are received into the FTZ without a formal customs entry or duties/fees paid

Goods can be manipulated stored, exhibited, assembled, manufactured, and/or processed

A FTZ maintains/creates jobs in the U.S. versus in a foreign country by offering Customs process, duty, and tax savings

BENEFICIARIES & BENEFITS

Prospective **Beneficiaries**: warehouse operators, shippers, manufacturers, 3rd party logistic companies

Prospective **Benefits** to customers:

- Defer customs duties/excise taxes
- Store cargo duty free until entry
- Reduce processing/entry filing fees
- Eliminate duty on re-exported goods
- Exempt goods from state/local taxes
- Reduce customs duty on goods by assembling foreign/U.S. components into finished goods



U.S. FTZ LOCATIONS (2008 DATA)

273 General Purpose Zones & 647 Sub-zones



330,000 jobs

11.54% of all U.S. foreign imports come from FTZs

WASHINGTON FTZ LOCATIONS

13 General Purpose FTZ's and 6 Sub-Zones



# 5	Port of Seattle
# 85	Port of Everett
# 86	Port of Tacoma
# 120	Longview
# 129	Bellingham
# 130	Blaine
# 131	Sumas
# 173	Grays Harbor
# 188	Yakima
# 203	Moses Lake
# 212	Tacoma / Puyallup
# 216	Olympia
# 224	Spokane

Port of Seattle's FTZ authority was granted in 1949

FTZ Warehouse Models

Three primary models for operating a FTZ warehouse:

The FTZ Authority operates a warehouse directly
The Port used this model at T106-E from 1972-2002

The FTZ Authority hires a third party to operate a FTZ
The Port pursued this model in 2008 without success

The FTZ Authority can designate a customer warehouse
site as a FTZ via a boundary modification

The Port is successfully using this model

ALTERNATIVE SITE FRAMEWORK

U.S. FTZ Program recently added the Alternative Site Framework (ASF) to expedite application processing

Commission approved our application to reorganize Port of Seattle's FTZ #5 under the ASF in March 2010

U.S. Dept of Commerce approved FTZ #5 ASF Oct. 2010

Our ASF enables expedited processing of requests to grant use of the Port's FTZ authority at a specific site.

PORT OF SEATTLE'S FTZ #5

FTZ Authority encompasses 1,391 acres in King County

5 FTZ Sites:

Site 1: 955 acres Seaport

Site 2: 436 acres SeaTac International Airport

Site 3: 80,000 sf Seattle (2 locations)

Site 4: 120,000 sf Kent (1 location)

Site 5: 167,000 sf Woodinville (1 location)

Received \$7.9 million in foreign merchandise in FY 2008

FTZ #5 ACTIVITY OCT09-SEP10

<u>Site</u>	<u>Site Name</u>	<u>Size</u>	<u>Status</u>
3	Fairn & Swanson	20,000 sf	Active
3a	Fairn & Swanson	30,000 sf	Active
4	Ozburn Hessey	120,000 sf	Not Activated
5	Wilson/Precor	3.84 acres	Not Activated

Fairn & Swanson moved **\$6,768,000** in merchandise handling 37 different items from 33 countries of origin

Main categories received: vessel supplies **\$1,160,000**
wines & spirits **\$2,227,000**

Employing 15 persons, 8 of whom are full-time employees

FTZ #5 Boundary Amendment

A request to amend FTZ boundary designation to include Woodinville (Snohomish County)

Legislation was needed to service a FTZ request

SB5157 passed the House and the Governor signed on April 5, 2011. It now is law.

This legislation enables the Port to extend FTZ #5 authority to a customer warehouse in Woodinville

FTZ #5 Team & Opportunities

<u>Customer</u>	<u>Size</u>	<u>Location</u>	<u>Category</u>
Bellegrove Medical	10,000 sf	Redmond	medical supply
Helly Hansen	190,000 sf	Auburn	sporting goods
Cabela's (UPS)	TBD	Auburn	sporting goods

Port of Seattle – Lead
Oshu Go, Director
Asia Business Development

Enterprise Seattle – Lead
Jeff Marcell
President & CEO

Port of Seattle Legal Council: Tom Tanaka
Outside Legal Council: Scott Taylor, Miller & Company

Enterprise Seattle

“EnterpriseSeattle's mission is to be a "difference-maker" in the community by growing the jobs and tax base in King County...”



...by providing customized services on a confidential basis to help retain recruit or expand local businesses

In 2011, the Port has committed \$100,000 in support toward Enterprise Seattle's programs

Joe McWilliams, Managing Director, Real Estate, is a member of Enterprise Seattle's Executive Committee

MARKETING FTZ #5

The Port, and Enterprise Seattle, are actively marketing ...

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.

**Thank
you!**