Port of Los Angeles
FTZ Workshop 2019

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Agenda for the Day

- Current Global Trade Trends
- FTZ Program Developments
- Annual Reporting
- Part 146 Regulatory Re-Write
- FTZ Designation Process
Current Global Trade Trends

• Trade War
  • US vs China
  • US vs EU

• NAFTA or USMCA
  • Status
  • Vote
  • Changes
Current Global Trade Trends

- Trade War
  - Duty Rates
    - 301/232/ADD/CVD
  - Lists
  - Exemptions
  - Nations
- Exports?
Current Global Trade Trends

- NAFTA or USMCA
  - Status/Vote/Changes
    - Congress
    - Mexico
    - Canada
    - FTZ Impact
FTZ Program Developments

- Impact of Punitive Tariffs
- Demand for FTZ Space
- From 0% Duty Rate to 25% Duty Rate in a FLASH
- New Zone Activity
  - Zone Sites
  - Types of Product
  - Zone Managed Services
FTZ Program Developments

• Changes to what we are used to
  • Zone Status
    • NPF
    • PF
    • ZR
  • Exports from a Zone
    • What is an export?
    • Where can we ship?
    • What can we not pay?
FTZ Program Developments

• Where can I find out about all these changes?
  • NAFTZ
    • Events
    • Education
    • Webinars
    • Advocacy
The Annual Report

- Do you have your Log In?
  - New Zone Operators need to notify the Grantee if they do not have theirs
- Do you understand the process?
  - The online system has experienced some glitches
  - Do you have all the information you need?
- Anything you think you need from the Grantee?
Part I – Summary of Activity – Zone Project

- Narrative Summary of Zone Activity
- Growth in Shipments, Activities and Operations
- Improvements in Zone Services and Facilities
- Promotion and Marketing Efforts
- Summary of GP Zone Activity
Part II – Use of Zone by Business Firms

- Number of Businesses Served (Activated)
- Manufacturing and Processing in the GP Zone
  - Ensure that the business was authorized by the FTZ Board
  - Note any restriction and compliance measures
Part III – Movement of Merchandise

- Number of Items Handled and number of Countries of Origin – this year versus last year
- Merchandise in the Zone at the beginning and end of the Fiscal Year, domestic and foreign
  - Ending last year should equal the beginning of this year
  - Domestic merchandise includes domestic origin and foreign duty-paid
The Annual Report

Part III – Movement of Merchandise (cont’d)

- Movement: merchandise received, and merchandise forwarded:
  - Includes indirect exports as “Forwarded – To Foreign Countries”
  - Beginning Inventory + Total Received – Total Forwarded = Ending Inventory
- Explain discrepancies, e.g. scrap, destruction of merchandise, physical inventory correction
The Annual Report

Part V – Subzone Activity

• Separate guidelines for Oil Refinery Reports
• Report for each Subzone given to the Grantee for inclusion in the Grantee’s Annual Report
• Employment and Movement of Merchandise – much the same as the GP Zone numbers
• The data in the Annual Report format must be provided as non-proprietary, both to FTZ Board and the Grantee, if a public agency
The Annual Report

Additional Information Requested by Grantee

• Operators
  • A copy of the current year’s Certification letter to CBP
  • Updated contact information
  • Any updates to the Procedures Manual
  • Activated square footage
  • A NEW ACTIVATED AREA MAP
The Annual Report

Additional Information Requested by Grantee

- Developers
  - A recent site plan
  - Update on new construction
  - Update on occupancy
  - Marketing efforts for the year
  - Marketing plans for next year
Part 146 Reg. Re-Write

• NAFTZ
  • Started the Process with CBP
  • Involvement through the Process
  • Keep Informed
  • Membership Driving the Discussion
Part 146 Reg. Re-Write

- COAC
  - Advisory Committee to CBP
  - Trade Members
  - Recommendations to CBP
  - Subcommittee/Working Group

- CBP
  - Recommended the Process
  - Worked with Trade
Part 146 Reg. Re-Write

- Original Work
  - Began in 2014 with NAFTZ
  - Initial update to Part 146 to modernize
    - Last updated in 1986
  - 2016 Election changed process
    - No new regulations
  - Recommendations were stalled

- CBP OFO
  - Recommended COAC process
  - A better chance for success
Part 146 Reg. Re-Write

- What the NAFTZ is working to update and change:
  - Adding the ACE components of Zone Operations
  - Adding FTZ Manual only program elements to the Regulations
  - Clear Guidance in the Regulations
FTZ Designation Process

- Application for FTZ Designation
  - Type of Applications
    - Site
    - Production/Manufacturing
  - The Request
    - Sponsorship
    - Explanation of Application Requested
FTZ Designation Process

• Application for FTZ Designation
  • The Review
    • Qualifications of the Site/Process
    • Location of the Site
    • Sensitivity of Commodities
  • The Submission
    • FTZ Board Guidelines
    • Concurrence
FTZ Designation Process

• Activation of the Zone Site
  • Grantee Sponsorship
    • Site information
    • Operations proposed
    • Commitment of Operator
  • Grantee Approval
    • Meets guidelines
    • Operator Agreement
Questions and Answers

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