

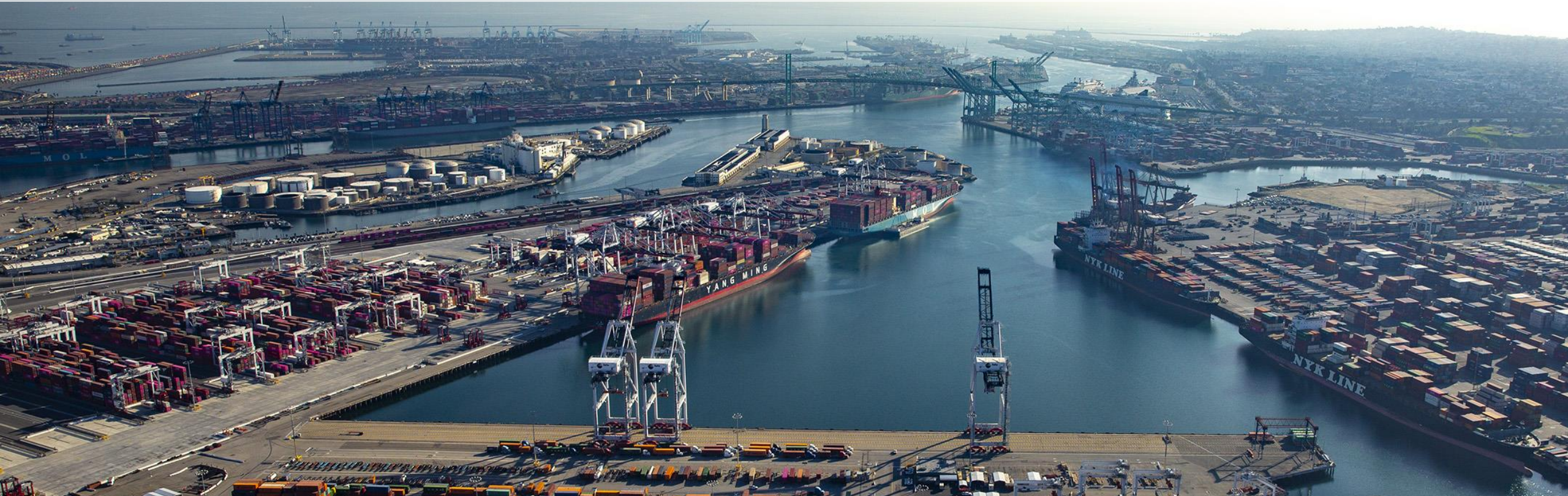


America's Port

FOREIGN-TRADE ZONE - 202

Eric Caris – Director of Cargo Marketing

May 25, 2023



Agenda

- ❖ **History and Purpose**
- ❖ **Functions**
- ❖ **Sites/Zones and Agreements**
- ❖ **Benefits and Activities**
- ❖ **Duty Reduction (Inverted Tariff Relief)**
- ❖ **Duty Deferral**
- ❖ **Highlights**
- ❖ **By the Numbers**
- ❖ **Revenues and Expenses**

Foreign-Trade Zone (FTZ) – History and Purpose

- ❖ Federally approved through legislation in 1934
- ❖ An area inside the United States that is designated as being outside U.S. Customs and Border Protection (Customs) territory
- ❖ Facilitate international trade
- ❖ Create economic development and jobs



FTZ – Functions

- ❖ **FTZ Board**
 - Establishes rules and regulations to operate zones
- ❖ **U.S. Customs and Border Protection (CBP)**
 - Responsible for activation, enforcement, physical security, and access requirements of FTZ sites
- ❖ **Grantee – Port of Los Angeles**
 - Executes and monitors agreements with operators and property owners
 - Promotes FTZ Program
 - Manages zones as a public utility

FTZ – Sites/Zones and Agreements

❖ Sites/Zones:

- Magnet Site: Intended to serve or attract multiple operators or users
 - Industrial Park, a port, and airport region
- Usage-Driven Site: Tied to a single operator with one or more users
 - Individual company's facility
- Subzones: Special-purpose zones, approved for a specific use

❖ Agreements (Five Years with Three, Five-Year Extensions):

- Developer: Land owners to develop and promote the FTZ Program
- Operating: Site operators to run the day-to-day operations at FTZ warehouse/facility under CBP rules and regulations

FTZ No. 202 Service Area



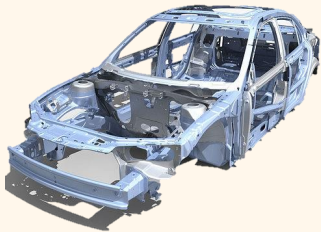
FTZ – Benefits and Activities

- ❖ **Merchandise Processing Entry Fees savings**
- ❖ **Duty Deferral: Deferred duty payment**
- ❖ **Duty Elimination: Re-Exported or destroyed**
- ❖ **Duty Reduction (Inverted Tariff Relief):**
 - **If finished product has a lower duty rate than parts imported, the finished products may be entered at lower duty rate.**

FTZ – Duty Reduction (Inverted Tariff Relief)

Example:

4%



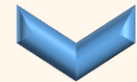
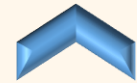
5%



4%



2.5% Import Duty
Domestic

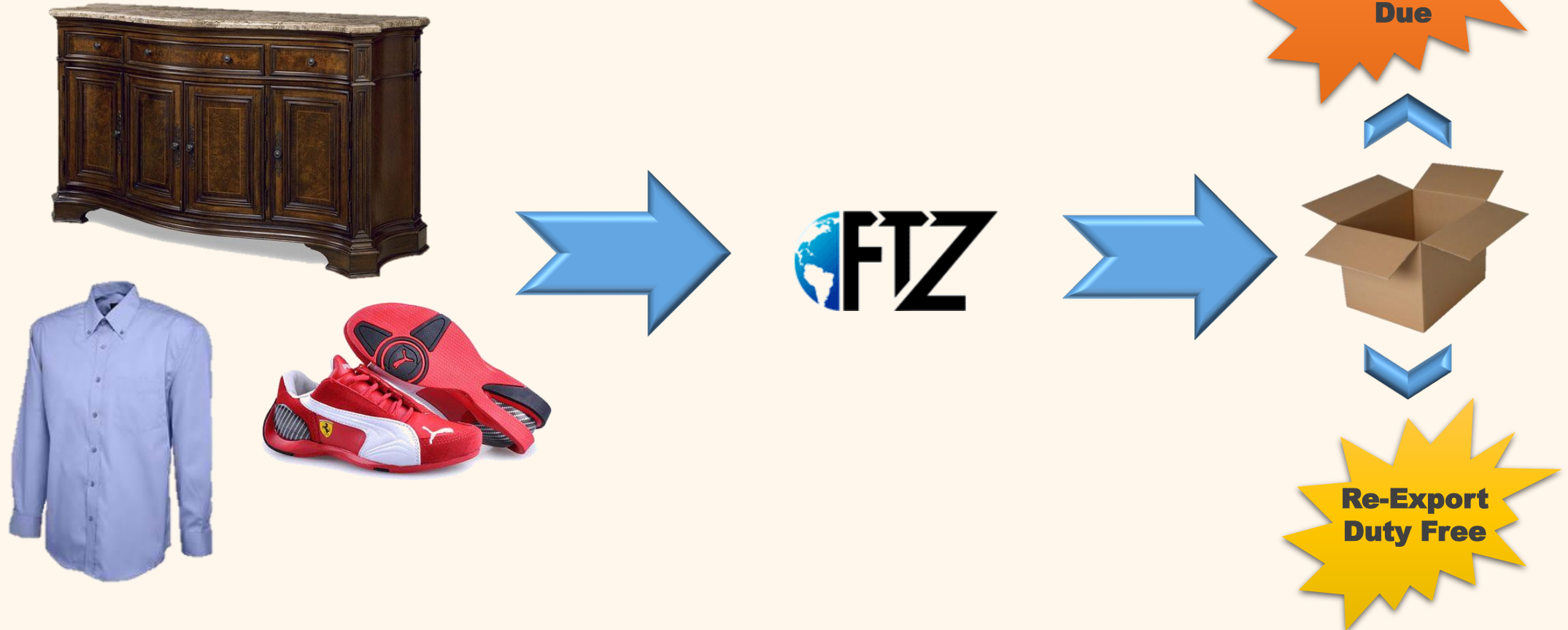


0% Import Duty
for Re-Export

The duty rate is calculated on the value of the assembled product

FTZ – Duty Deferral

Duties are paid when goods are withdrawn from the zone



Port of Los Angeles - FTZ No. 202 – Highlights

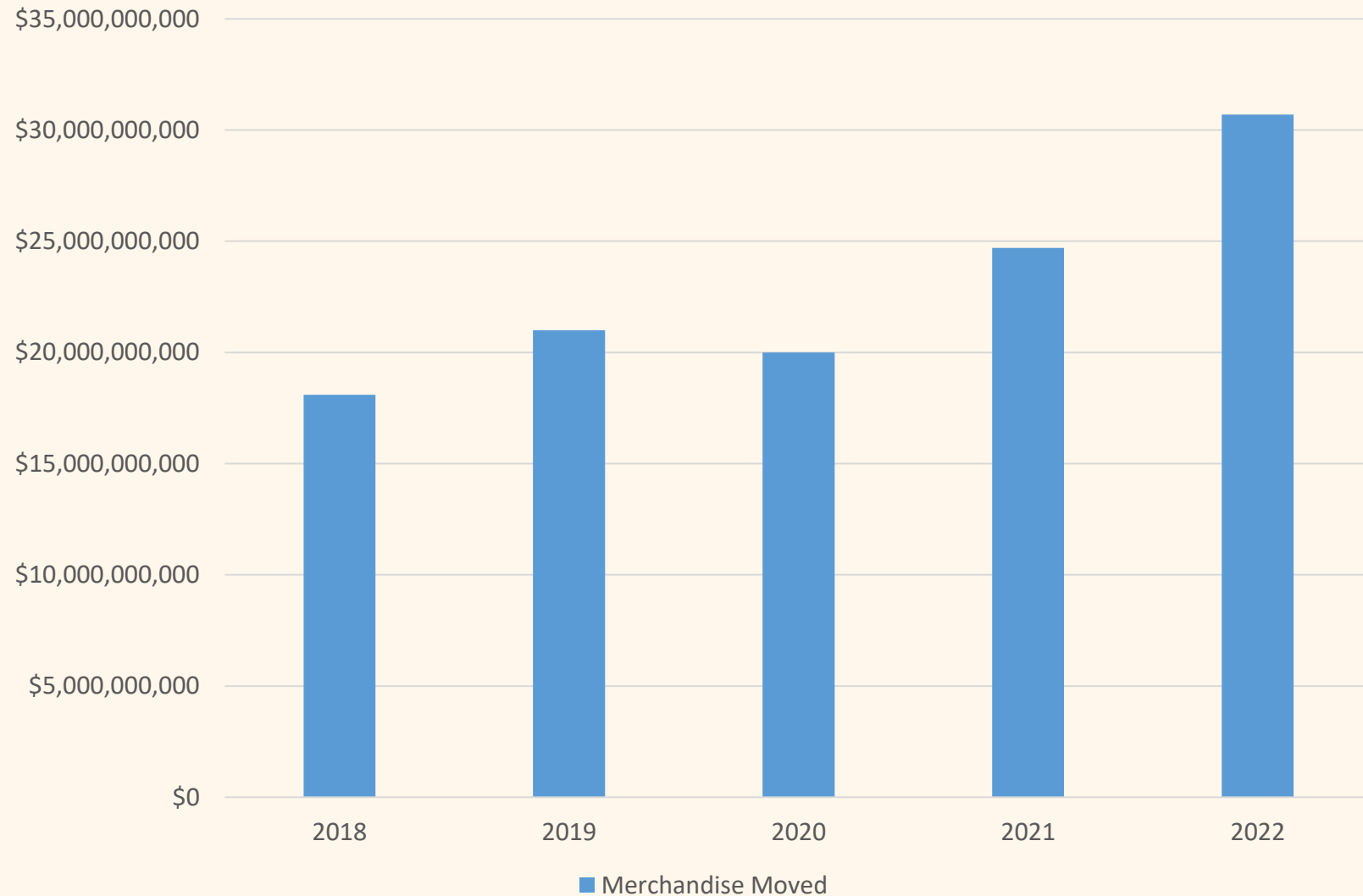
(2022 Draft Annual Report)



❖ Established:	July 14, 1994
❖ Total Acres:	5,151.62 acres (LA, Orange, San Bernardino, and part of Riverside Counties)
❖ Magnet Sites:	5 (6 Active Operators)
❖ Usage-Driven Sites:	24 (23 Activated Sites)
❖ Subzone Sites:	2
❖ Active Sites:	28
❖ Active Operators:	31
❖ Total Employment:	2,475
❖ Customs Duties collected:	\$295 million
❖ Value of Merchandise Moved:	\$30.7 billion



FTZ No. 202 – By the Numbers



FTZ No. 202 – Revenues and Expenses



❖ Fees per Port of Los Angeles FTZ Tariff No. 2

▪ Application Fees

- \$2,500: Minor Boundary Modification Usage-Drive Sites and Expansion Application to establish a new Magnet Site
- \$5,000: Manufacturing/Production Authority and Scope Determination Request
- \$15,000: Subzone Application

▪ Activation Fee: \$5,000

▪ Annual Fees

- \$7,750: Operators within Magnet and Usage-Driven Sites
- \$10,000: Subzones and Single Usage-Driven Site Operators

❖ FY 2022 Revenue: \$289,336 collected in FTZ Fees

❖ FY 2022 Expenses: \$30,594 (FTZ consulting services)

THANK YOU



THE PORT
OF LOS ANGELES 