

HAWAII FOREIGN-TRADE ZONE NO. 9

HOMER A. MAXEY
TRADE RESOURCE CENTER



FOREIGN-TRADE ZONE NO. 9 HUB OF INTERNATIONAL TRADE



- Customs Brokers
- Shipping Agents
- U.S. Export Assistance Center
- U.S. Customs Office
- Liaison – Export-Import Bank

WHAT IS A FOREIGN-TRADE ZONE?

A U.S. Foreign-Trade Zone is a secure, geographical area, authorized by the federal government, located in the U.S, but are legally outside U.S. Customs Territory where goods are treated as if they are in a foreign country.



U.S. Customs and
Border Protection



WHAT IS A FOREIGN-TRADE ZONE?

Merchandise of every description may be held in the Zone without being subject to Customs duties and other taxes.

- Tariff and tax relief designed to lower costs.
- Create employment and capital investment opportunities.



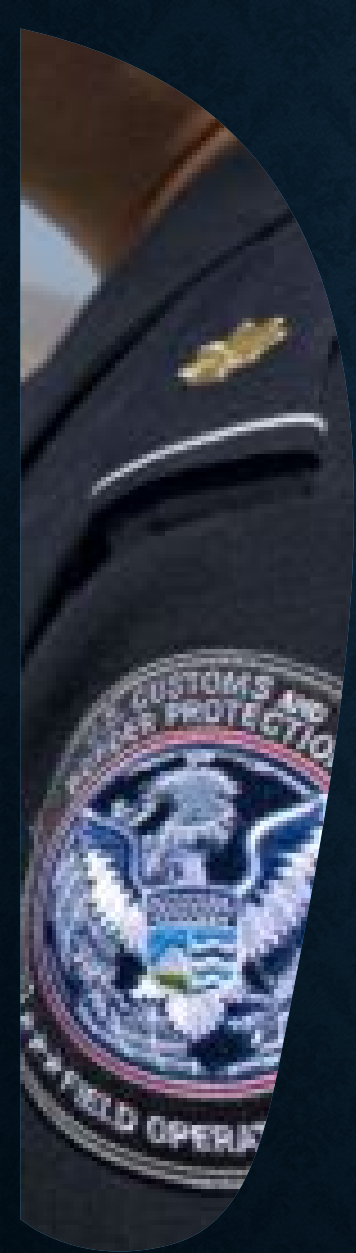
BASED ON A SIMPLE IDEA

Customs Duties:

- **Defer**
- **Reduce (Inverted Tariff)**
- **Eliminate (Exports)**



H A W A I I
FOREIGN-TRADE ZONE
NO. 9



WHAT IS A FOREIGN-TRADE ZONE?

- **Allows activity involving imported items to take place prior to formal customs entry.**
- **FTZ sites remain in the jurisdiction of local, state, and federal governmental/agencies.**
- **FTZ Activity overseen by U.S. Customs and Border Protection.**

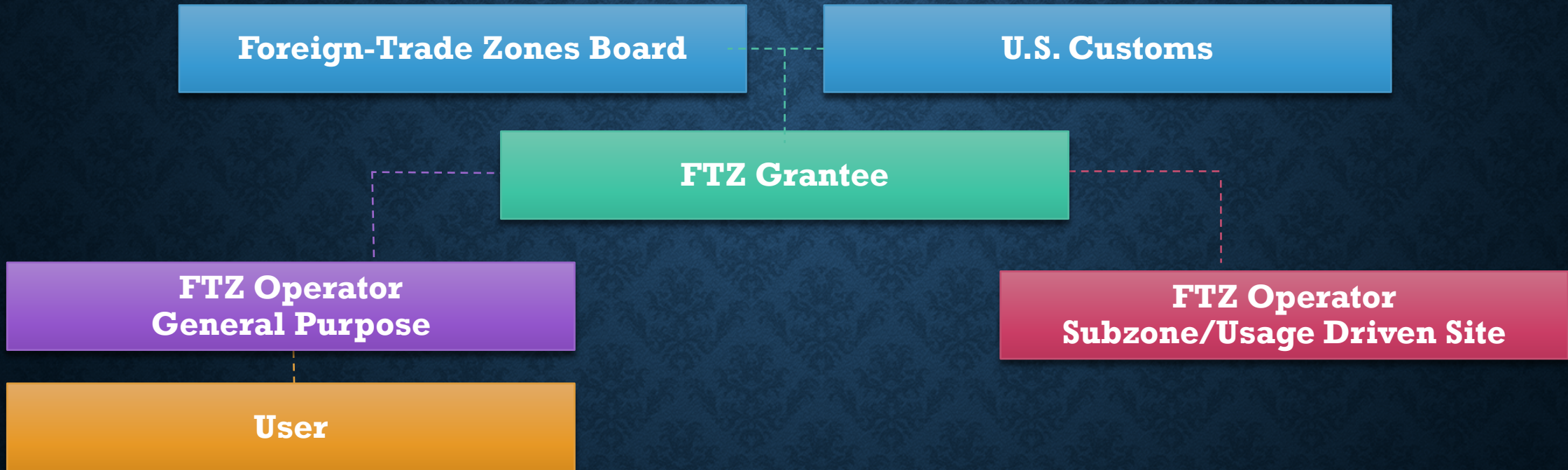


HISTORY: FOREIGN-TRADE ZONES ACT

- FTZ Act 1934 – New Deal Legislation
- Created the Foreign-Trade Zones Board
- Part of the Department of Commerce
- Approval based on “public interest” of the Zone operation.
- Requires State Sanctioned Grantee
- No federal funding



FOREIGN-TRADE ZONES STRUCTURE



STRICT COMPLIANCE REQUIREMENTS



Regulation
(15 CFR 400)



Enforcement
(19 CFR 146)



**Foreign-Trade
Zone**



U.S. FTZS ARE NOT FREE TRADE ZONES

U.S. Foreign-Trade Zones	International Free Trade Zones
Unique to the U.S.	Found worldwide, typically at ports, airports, or country borders
Goods considered inside the U.S. territory, but outside U.S. Customs territory	Often considered outside a country's customs territory
Focus on U.S. competitiveness in domestic manufacturing	Focus on attracting investment and re-exports
Duties can be deferred, reduced, or eliminated	Goods may not be subject to duties/VAT until they enter the local market
Regulated by the FTZ Board (15 CFR Part 400) and U.S. Customs (19 CFR Part 146)	Rules, benefits, and scope vary by country



FOREIGN-TRADE ZONES NATIONWIDE

- At least one Zone in every state and P.R.
- 200 Active Zones - Grantees
- Firms: 3,400 Nationally / 289 Hawaii
- Jobs: 543,000 Nationally / 4,047 Hawaii
- Activity Nationally: \$964B / \$10.6B Hawaii
- Hawaii Value Add for products: \$5.9 Billion
- Total Exports \$133 Billion / \$556 Million

FTZ9 is one of the top 25 FTZs
in the nation.

WHAT CAN BE DONE IN A FOREIGN-TRADE ZONES

Assemble

Sample

**** Manufacture**

Salvage

Repackage

Mix

Test

Relabel

Store

Process

Destroy

Manipulate

**** Special Authorization must be granted to
Manufacturers in a Foreign-Trade Zone**

MAJOR COMPANIES USING FOREIGN-TRADE ZONES



Pharma

- Abbot Laboratories
- AstraZeneca
- Eli Lilly
- Bristol-Meyers Squibb
- Pfizer

Automotive

- BMW
- Chrysler
- Ford
- Honda
- Toyota
- Tesla

Consumer Electronics

- Apple
- Canon
- Dell
- HP
- LG
- Lucent

Consumer Products

- Conair
- Home Depot
- Eastman Kodak
- GE Appliance
- Movado Group

WHY USE A FOREIGN-TRADE ZONE

- Duty deferral and avoidance
- Inverted tariff advantage
- Reduction in security/insurance costs
- Avoiding costs/delays, limitations
certain taxes



NYK LOGISTICS
& MEGACARRIER

BENEFITS: SECURITY & INSURANCE COSTS

- Customs security requirements and federal criminal sanctions are deterrents against theft.
- FTZ may result in lower insurance costs and fewer incidents of loss of imported cargo.



BENEFITS: AVOIDING COSTS/DELAYS, LIMITATIONS, CERTAIN TAXES



Duty Drawback

Procedures can be quite restrictive. Zone users avoid these costs and delays.

Exempt from Taxes

Goods stored in a Zone for a bona fide Customs reason are exempt from State and certain local taxes.

Bonded Warehouses

Importers must post their own bond and have a limit of five years maximum the goods can be stored.

Weekly Entry and Reduction of MPFs

FTZs allow for weekly entry instead of per shipment entry.

Reduction of Merchandise Processing Fees (MPF).

WHO IS FOREIGN-TRADE ZONE NO. 9 AT PIER 2

- 9th FTZ Ever Established in the U.S.
- Grantee for Entire State of Hawaii
- General Purpose Zone Operator
- Entirely Self-Sufficient Agency
- Service Agency – 289 Clients Statewide, with 16 employees.





**WHO IS FOREIGN-TRADE ZONE NO. 9
GP OPERATOR AT PIER 2**

WHO IS FOREIGN- TRADE ZONE NO. 9 AT PIER 2

- Complete Warehousing Services
- Office Space
- Import-Export Training
- Pier 2 – The Hub of International Trade





HAWAII FOREIGN-TRADE ZONE NO. 9

www.ftz9.org | FB: HawaiiFTZ | X: @ftz9