

FOREIGN TRADE ZONES

Foreign Trade Zones (FTZ) are areas outside of the Customs Territory of the USA. Goods entered into an FTZ are exempt from Duty and User Fees. Articles remaining in the FTZ are exempt from Excise and property taxes. An FTZ is a warehouse operation, but with important advantages.

Milwaukee has an FTZ: The Foreign Trade Zone of Wisconsin
2150 E. College Ave.
Milwaukee WI 53110

If you elect to enter goods into the FTZ under the status of:

- **Privileged** foreign merchandise, duties on entry into the commerce of the USA would be assessed according to the duty classification of the merchandise at the time of entry to the FTZ.
- **Non-privileged** foreign merchandise, the duty assessment would be based on the duty classification of the goods at the time of entry for consumption.

While goods are in the FTZ, they may be manipulated in almost any manner without payment of duty. Articles may be: stored, cleaned, repackaged, mixed, exhibited, manufactured, sampled, displayed, processed, destroyed, tested, relabeled, assembled, and salvaged.

FTZ advantages are:

- Duty avoided altogether if goods are exported from the US.
- Goods could be stored near your Customers and delivered when needed.
- Goods may be exhibited duty free to assist in market development.
- Cargo can be shipped to the FTZ as parts where they are assembled into a finished product, then imported into the U.S. as a complete unit with a more advantageous rate of duty.
- The goods may be stored indefinitely.
- Reducing freight costs. Goods can be repacked.
- Lowering insurance costs. The FTZ is a high security area.
- Obtaining financing. Warehouse receipts can be issued enabling you to borrow on goods stored in a FTZ.
- Eliminating duty on waste and scrap for manufacturing operations. You pay duty only on the saleable product.
- Stockpiling quota merchandise for immediate availability at quota openings.
- Exporting goods into the zone (goods can be considered exported by placing them in a zone).

This can speed drawback payments and can be used in other instances where export is required but you are not ready to ship the goods.

FTZ Disadvantages:

- Cost of storage. You may pay a premium based on the additional advantages you receive from the FTZ.
- Additional Customs documentation required to enter and subsequently import or export the article.