



The Foreign-Trade Zones Board

Application for Special-Purpose Subzone with FTZ Manufacturing Authority

The format for this form is based on the Foreign-Trade Zones Board's regulations, which require a "five-exhibit" format for all applications involving new sites for FTZ activity. This form puts those requirements into a simple structure to make the subzone application process as easy as possible.

OVERVIEW OF APPLICATION REQUIREMENTS:

The following types of information and documentation are needed to complete this form:

Letter of transmittal: A letter from the sponsoring FTZ's "grantee" organization transmitting your subzone application. The letter must be signed by an authorized officer of the grantee organization.

Executive summary: A brief description of the proposed subzone's sites and the proposed activity.

Exhibit 1 (legal authority to apply): Information that establishes that your state has a current law allowing operation of the sponsoring "grantee" foreign-trade zone organization. The grantee in question should be able to provide guidance on this issue.

Exhibit 2 (site description): Because a subzone will be treated, for customs purposes, as if it is outside U.S. territory, it is essential for U.S. Customs and Border Protection's oversight of the subzone that you provide descriptions of the subzone's site(s). This includes a "legal description" for each site – an official legal description for a given parcel is something that should be available from your county courthouse, recorder of deeds, or similar local administrative entity.

Exhibit 3 (operation and financing): Brief questions on ownership and operation at the proposed subzone's site(s).

Exhibit 4 (economic justification): This is the heart of the subzone manufacturing application. This form provide spaces for you to answer a series of straightforward questions about your company and its situation relative to its competitors (both domestic and foreign). In essence, simply "tell your story" here – why is subzone status important for your company's international competitiveness?

Exhibit 5 (maps): As with the legal descriptions in Exhibit 2, effective oversight of your subzone requires that you provide clear maps delineating the boundaries of the site(s).

APPLICATION QUESTIONS:

TRANSMITTAL LETTER

1. Is your subzone application form accompanied by the required "letter of transmittal" (currently dated and signed by an authorized officer of the FTZ grantee corporation)? Yes ___ No ___

EXECUTIVE SUMMARY

2. Briefly describe the site(s) and activity proposed in your application:

EXHIBIT 1 – LEGAL AUTHORITY FOR APPLICATION

3. Indicate with a check mark below which of the two alternatives you are submitting:
 - a. ___ Provide a reference to an application from the same grantee within the last five years which included copies of: 1) the state's enabling legislation and 2) pertinent sections¹ of the zone grantee's charter or organization papers (along with evidence of current standing for grantees that are non-public corporations). Also indicate that there has been no change in those documents since the submission of that earlier application:

OR

- b. ___ Attach as part of "Appendix 1" to this application: 1) a certified copy of the state enabling legislation regarding FTZs and 2) pertinent sections¹ of the zone grantee's charter or organization papers, along with evidence of current standing for grantees that are non-public corporations.
4. Attach as part of "Appendix 1" to this application a certified copy of a resolution authorizing the grantee official to sign the application.

EXHIBIT 2 – SITE DESCRIPTION

➤ SUBZONE SITE(S)

5. For each site of your proposed subzone, complete a site information box below. For each site, you must also provide in an attached "Appendix 2" the appropriate legal descriptions (with labels tying each description to the relevant site number from this page):

¹ *i.e.*, front page showing grantee's name plus pages showing that part of grantee's mission is to sponsor a FTZ

SITE # _____

Address:

Site Acreage:

Sq. Ft. of Enclosed Space:

Description of Buildings:

Current or Planned Activities:

Do you own this site? Yes ___ No ___

SITE # _____

Address:

Site Acreage:

Sq. Ft. of Enclosed Space:

Description of Buildings:

Current or Planned Activities:

Do you own this site? Yes ___ No ___

SITE # _____

Address:

Site Acreage:

Sq. Ft. of Enclosed Space:

Description of Buildings:

Current or Planned Activities:

Do you own this site? Yes ___ No ___

SITE # _____

Address:

Site Acreage:

Sq. Ft. of Enclosed Space:

Description of Buildings:

Current or Planned Activities:

Do you own this site? Yes ___ No ___

➤ **CBP ADJACENCY**

6. Is your proposed subzone adjacent to a U.S. Customs and Border Protection port of entry, or have you discussed with CBP an alternative oversight procedure? Explain.

EXHIBIT 3 – OPERATION AND FINANCING

➤ **SITE OWNERSHIP**

7. Do you own each of the sites listed above for your proposed subzone? Yes ___ No ___ (If no, attach as "Appendix 3" documentation demonstrating your right to use the site in question.)

8. Describe the physical security measures that you will use for the sites in question:

9. Do you commit to work with Customs & Border Protection, as appropriate, to meet future CBP requirements for automated systems? Yes ___ No ___

EXHIBIT 4 – ECONOMIC JUSTIFICATION

➤ **REQUESTED SCOPE OF AUTHORITY**

Using the "Appendix 4" pages at the end of this form, list the finished products and components/inputs that you propose for manufacturing under FTZ procedures.

➤ **QUESTIONS ON YOUR REQUESTED PRIMARY SCOPE**

10. Are any of the inputs subject to antidumping ("AD") or countervailing duty ("CVD") duties? Are any of the inputs subject to quantitative restrictions (quotas)? Are you aware of any other trade-related issues affecting any of the inputs? If yes to any of these questions, explain:

➤ **FTZ-RELATED SAVINGS:**

11. a. What are your total estimated annual FTZ-related savings:
- b. Provide the percentage breakdown for those savings into the following categories:
- | | |
|-----------------------------------|--------|
| Logistical/Paperwork ² | _____% |
| Inverted Tariff | _____% |
| Exports | _____% |
| Duty Deferral | _____% |
| Scrap/Waste | _____% |
- c. Provide any additional explanation or special features of the above savings that may be relevant to the review or implementation of zone procedures (*e.g.*, formulas, Customs rulings, scrap as percentage of imported product).
12. A small number of states (*e.g.*, Texas, Ohio) assess local taxes on business inventories. The Foreign-Trade Zones Act allows states to exempt merchandise from such taxes in FTZs. Does your state have an inventory tax or "personal property tax" for which collections will be affected by your proposed FTZ manufacturing authority? Yes ___ No ___

If yes:

- a. Explain and give an estimated amount for projected annual FTZ-related savings:

AND

- b. Attach correspondence from the affected parties (*e.g.*, local school board) indicating their views on the impact of your proposed activity.
13. In evaluating the viability of your proposal, have you considered the costs associated with a subzone (*e.g.*, record keeping/inventory control, fees to the zone grantee)? Yes ___ No ___

² *e.g.*, Merchandise Processing Fee, broker/handling fees, weekly entry

➤ **COMPANY, SOURCING, MARKET, AND INDUSTRY INFORMATION:**

Answer these questions completely based on the information available to you. (You may rely on your expert knowledge of the industry in addition to traditional, published resources.)

14. Briefly describe your company's history and current situation (including annual sales value or other indicator(s) of company's size and scope of operations):

15. Briefly describe the activity which you are seeking to conduct under FTZ procedures:

16. Please list the main internet address(es) for information about your company and product(s):

17. Indicate current annual production capacity at the facility(ies) for which you are seeking FTZ manufacturing authority (specify units of measure):

18. Indicate the percent of U.S. value added³ for the products you propose to produce under FTZ procedures: _____ % (approximate).

19. By value, what percent of your production inputs are imported? _____ % (approximate)

³ *i.e.*, the difference between the value of foreign components received at the subzone and the value of finished products shipped from the subzone.

20. Are the inputs that you purchase from abroad also available from U.S. suppliers (if yes, why are you unable to obtain those inputs domestically)? Will FTZ -related savings affect the company's purchasing patterns? Explain.
21. Does your company have other plants (in the U.S. or overseas) that produce the same products? If yes, please list their locations.
22. a. List total employment company-wide: _____ employees (approximate)
b. and total employment at the plant: _____ employees (approximate).
23. How has your company's employment changed in the last 5 years? Will FTZ-related savings likely lead to increased, stable, or decreased employment at your site? Explain.
24. What is your company's current share of the U.S. market for the products that you seek to produce under FTZ procedures? _____ % (approximate).
25. Indicate imports' market share in the U.S.: _____ % (approximate). Has imports' share of the U.S. market changed in the past 5-10 years? How? Why?

26. a. What percent of your proposed FTZ-related production is sold to export markets?
_____ % (approximate).
- b. Do you know your share of the world-wide market for the products that you seek to produce under FTZ procedures? If yes, list it here: _____ % (approximate).
27. a. List your major competitors in the U.S. market and their approximate market shares:
- b. List your major competitors in the world market:
28. Are your competitors producing in the U.S. or abroad? Explain and give specific examples:
29. How would approval of your proposed manufacturing under FTZ procedures affect your domestic competitors? Are the purchasing patterns of competing domestic manufacturers similar to your company's? If you are granted authority to manufacture under FTZ procedures, would the other U.S. manufacturers be likely to seek access to zone procedures? Explain.
30. What are the competitive factors in your industry? Any other factors unique to your industry?

➤ **USE OF PUBLIC ZONE:**

34. Discuss why your operation cannot be accommodated in the area's public FTZ facilities.

➤ **ENVIRONMENTAL IMPACT:**

35. For your proposed subzone site(s), indicate local zoning and status of any applications for construction approvals.

36. Are there any land use issues relating to your proposed site(s)? Will the use of FTZ procedures change the physical aspects of the plant or its operation? If yes, explain.

37. Is FTZ status or the use of FTZ procedures a requirement or a precondition for the proposed activity or construction at the plant? If yes, explain.

EXHIBIT 5 – MAPS

Please provide the items listed below in an attached "Appendix 5."

38. Provide a local/state map indicating the location of the subzone site(s).

39. For each site of your proposed subzone, you must also provide:

a. A detailed street map

AND

b. A detailed drawing of the zone site showing zone boundaries in red with dimensions.

CONTINUATION PAGE: You may use this page to continue any answer(s) for which you did not have adequate space in the box(es) provided above. Please precede any continued answer with the number of the question to which it pertains.

CLICK HERE TO ADD ANOTHER CONTINUATION PAGE

APPENDIX 4

PRIMARY SCOPE OF PROPOSED MANUFACTURING UNDER FTZ PROCEDURES

The information in this section will establish the "primary" scope of authority for activity you wish to conduct under FTZ authority. Your primary scope should include: 1) the range of finished products and foreign-status inputs which your company plans to use in manufacturing under FTZ procedures and 2) finished products and foreign-sourced inputs that you believe that there is a significant likelihood that your company will need to use for FTZ manufacturing.

- **FINISHED PRODUCTS** – List the products for which you are requesting manufacturing authority under FTZ procedures.

Product Description	HTSUS (6 Digit)	Duty rate
AA.		
AB.		
AC.		
AD.		
AE.		
AF.		
AG.		
AH.		
AI.		
AJ.		
AK.		
AL.		
AM.		
AN.		
AO.		
AP.		
AQ.		
AR.		
AS.		
AT.		
AW.		
AX.		
AY.		
AZ.		

BA.

BB.

BC.

BD.

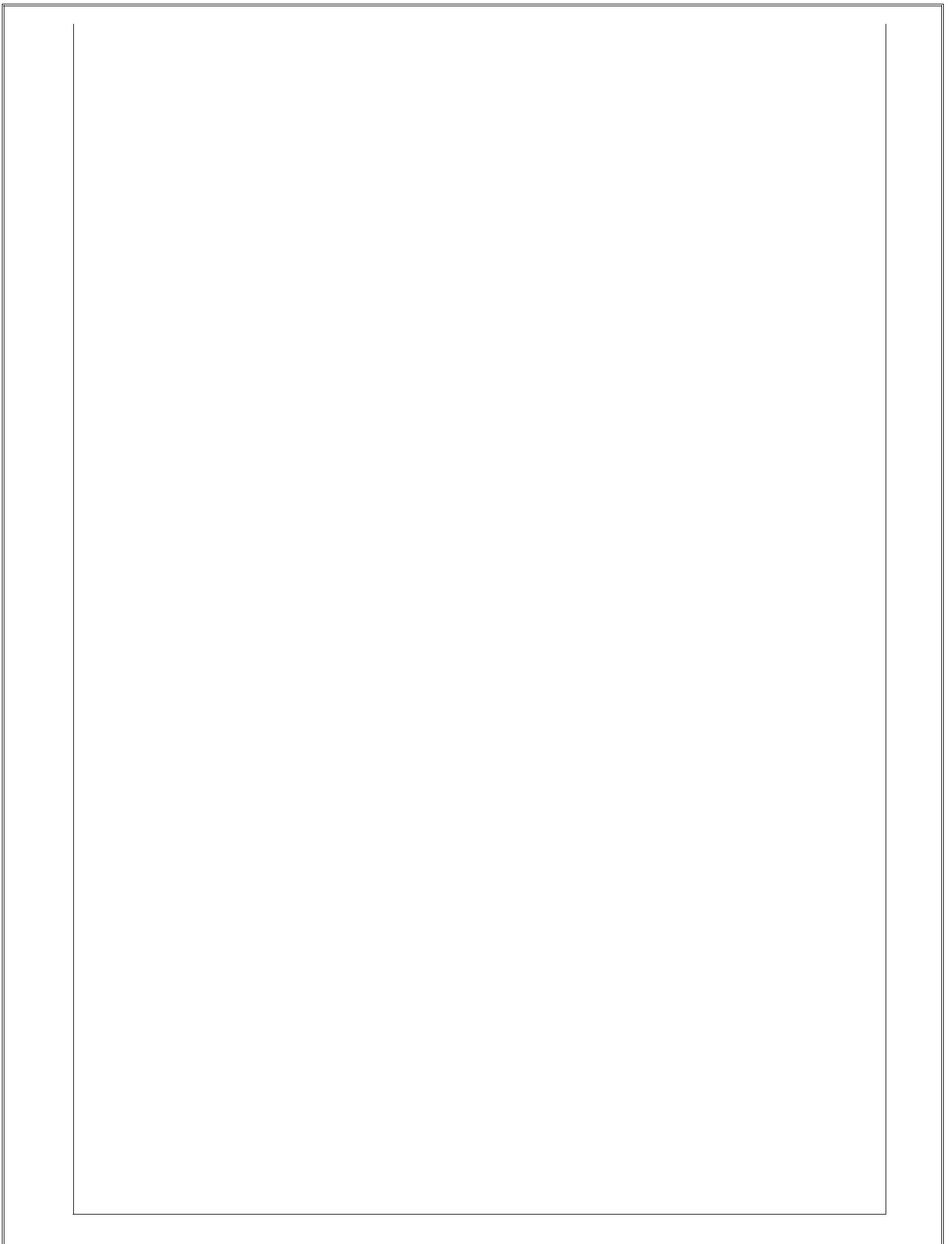
BE.

BF.

- **INPUTS** – List the production inputs for which you are requesting manufacturing authority. (Please note that all inputs that are subject to AD/CVD duties must be admitted to the zone in "privileged foreign" status.)

Input Description	6-digit HTSUS	Current duty rate	Letters of associated finished product(s) above (AA-BF)
--------------------------	--------------------------	------------------------------	--

--	--	--	--



**OPTIONAL: SECONDARY SCOPE OF PROPOSED
MANUFACTURING UNDER FTZ PROCEDURES**

You may complete this optional section to establish a "secondary" scope of authority for products and foreign-status inputs for which your company has no current manufacturing plans but which it may ultimately need to use in manufacturing under FTZ procedures. The intent of allowing a secondary scope is to give companies short-term flexibility to react quickly to new marketplace opportunities. As such, you would be able to use products and inputs from your secondary scope without limitation as soon as you submit to the FTZ Board an application for "expansion of authority" for those products (Note: there is a simple form for that application). In the absence of an expansion application, products and inputs listed in the secondary scope should not account for more than approximately 10% of your company's annual FTZ-related savings.

➤ **ACCEPTANCE OF LIMITATIONS OF SECONDARY SCOPE**

- Do you understand that the finished products and inputs listed in this section as a secondary scope: 1) are not items for which your company currently has definite plans for manufacturing under FTZ procedures and 2) may not constitute more than approximately 10% of your overall annual FTZ savings (unless you submit an application to the FTZ Board to expand your primary scope to include the products and inputs at issue)? Yes ___ No ___

➤ **SECONDARY FINISHED PRODUCTS** – List the products for your secondary scope for subzone manufacturing authority.

Product Description	HTSUS (4 Digit)	Current duty rate(s)

- **SECONDARY INPUTS** – List the foreign-sourced production inputs for your secondary scope for subzone manufacturing authority. (Please note that all inputs that are subject to AD/CVD duties must be admitted to the zone in "privileged foreign" status.)

Input Description	HTSUS (4-digit)	Current duty rate(s)

