

# Foreign-Trade Zones Board

## Initiative for Small and Medium-Sized Manufacturers

Foreign-Trade Zones Staff:

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# Background

- Department of Commerce initiative to reduce program costs for small/medium manufacturers (SMMs)
- FTZ Staff directed to benchmark U.S. program with similar programs and procedures abroad
- Researched programs in 77 countries
- Main finding: Some countries provide SMMs with quicker and simpler access to zone procedures





# Manufacturing Proposals

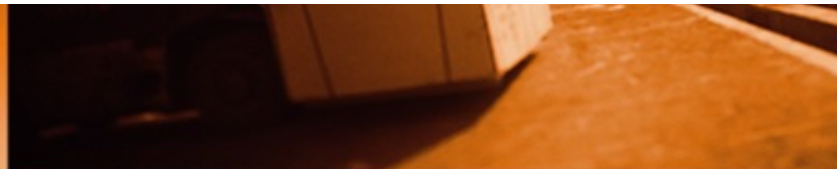
- FTZ Staff drafted two proposals to enhance access and reduce program costs for SMMs:
  - 1) Delegate authority to Executive Secretary to approve certain temporary/interim manufacturing
  - 2) Enhance pre-application process through:
    - Expanded counseling for SMMs
    - Availability of sample applications
    - Issuing simplified guidelines/formats



# Temporary/Interim Manufacturing (T/IM) Authority



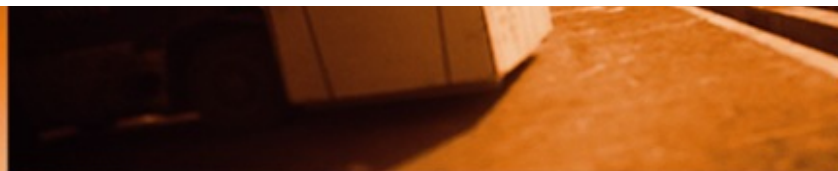
- FTZ Board delegates authority to Executive Secretary to approve T/IM cases in certain circumstances
- Applies to any FTZ space (zone or subzone) already existing at time T/IM application is submitted
- T/IM authority for up to two years; non-renewable
- Can make application for permanent authority during T/IM period (incl. simultaneous with T/IM application)





# Implementation of T/IM Authority

- FTZ Staff analyzed public comments and other factors, recommended specific approach to implementation
- FTZ Board adopted staff's recommendations (report available on web site: [www.trade.gov/ftz](http://www.trade.gov/ftz))
- Goals for T/IM case processing:
  - 15-day pre-docketing period
  - 75-day processing period from docketing
- Threshold (pre-filing) requirement to show “eligibility”





# Eligibility for T/IM Consideration

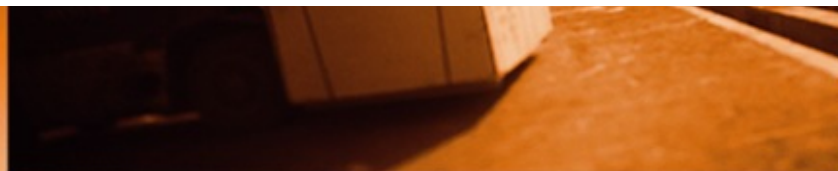
- Eligibility based on database of select inputs and finished products from preceding five years' cases
- T/IM applications limited to 20 inputs, 10 inverted tariffs, and 5 finished products from database
- Domestic T/IM applications use:
  - six-digit HTSUS specificity
  - input-finished product combinations in database
- Export-only T/IM applications use four-digit HTSUS specificity





## T/IM Database

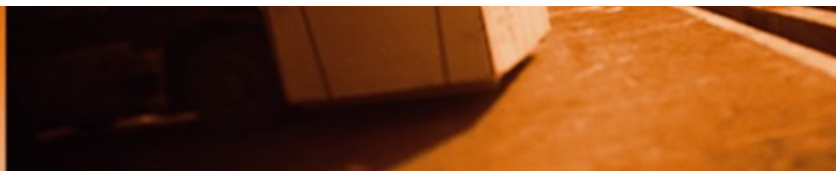
- Criteria for inclusion of prior approvals in database:
  - Application contained detailed (six-digit) HTSUS information
  - Items published for comment in *Federal Register*
  - Inputs, finished products were a focus of FTZ Staff's analysis (*i.e.*, part of “primary” scope)
- Database of eligible inputs and finished products available on FTZ Board web site: [www.trade.gov/ftz](http://www.trade.gov/ftz)





## T/IM Database Look-ups

- Database can be searched by:
  - Finished product (using six-digit HTSUS)
  - Component (using six-digit HTSUS)
- Database can be browsed by:
  - Finished product
  - Component (scheduled availability -- late 2004)







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## FTZ MANUFACTURING DATABASE

### SEARCH BY HTSUS CATEGORY

To view product-component combinations eligible for consideration under the temporary/interim manufacturing procedure, the boxes below allow you to enter either:

- 1) a six-digit HTSUS number (e.g. 1234.56) for a component or
- 2) a six-digit HTSUS number for a finished product

Component HTSUS:	<input type="text"/>
Finished Product HTSUS:	<input type="text" value="3702.10"/>
<hr/>	
<input type="button" value="SEARCH"/>	



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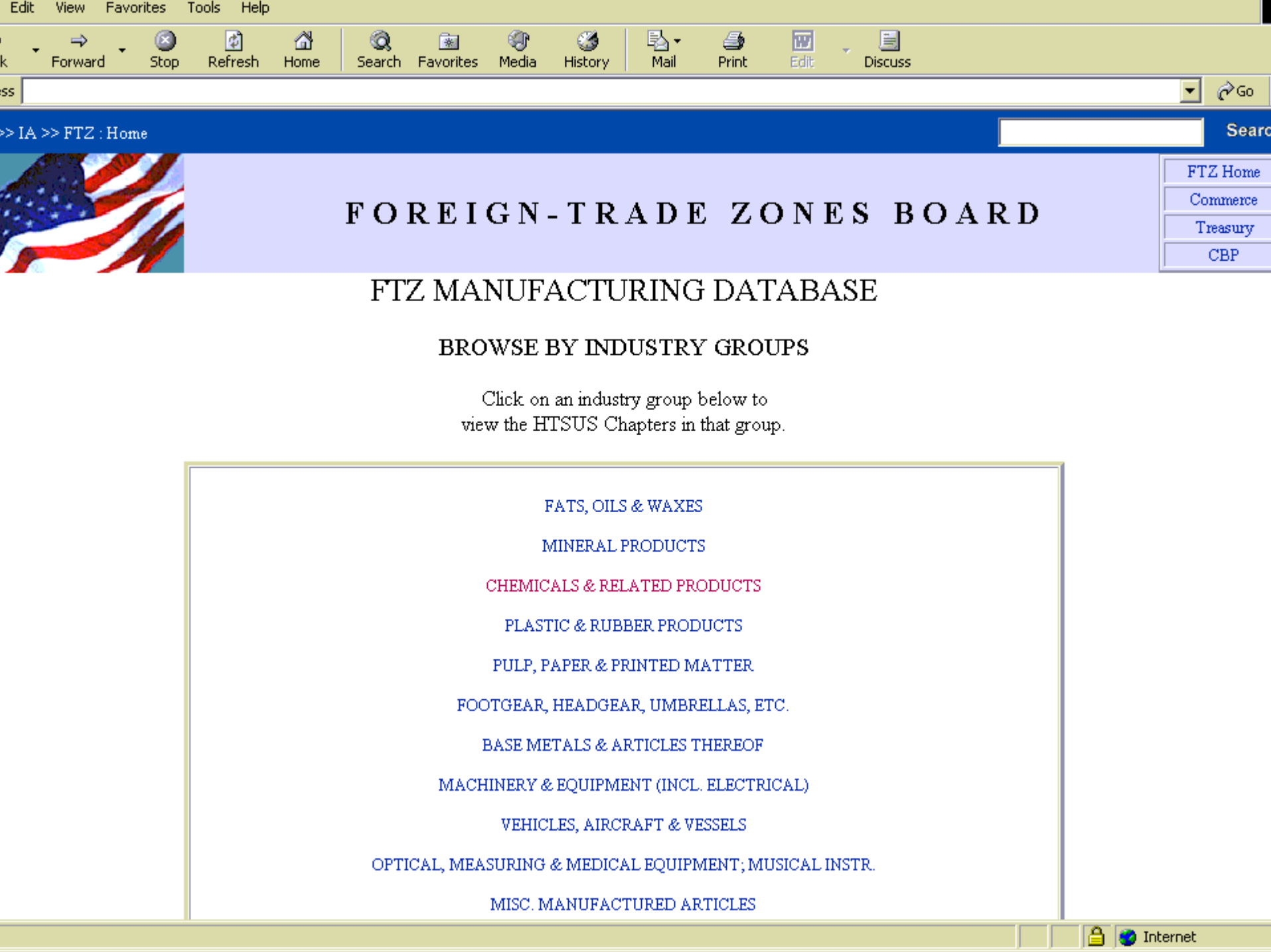
## FTZ MANUFACTURING DATABASE

### SEARCH RESULT

#### Components Associated with Finished Product: **3702.10**

HTSUS	Description
2811.29	INORGANIC OXYGEN COMPOUNDS OF NONMETALS, NESOI
2814.20	AMMONIA IN AQUEOUS SOLUTION
2827.20	CALCIUM CHLORIDE
2833.23	CHROMIUM SULFATE
2901.10	ACYCLIC HYDROCARBONS, SATURATED
2908.20	DERIVATIVES OF PHENOLS OR PHENOL-ALCOHOLS CONTAINING ONLY SULFO GROUPS, THEIR SALTS AND ESTERS
2914.69	QUINONES, NESOI (OTHER THAN ANTHRAQUINONE)
2915.90	SATURATED ACYCLIC MONOCARBOXYLIC ACIDS, THEIR ANHYDRIDES, HALIDES, PEROXIDES AND PEROXYACIDS; THEIR
2921.22	HEXAMETHYLENEDIAMINE (1,6-DIAMINOHEXANE) AND ITS SALTS
2933.99	HETEROCYCLIC COMPOUNDS WITH NITROGEN HETERO-ATOM(S) ONLY, NESOI
2934.30	HETEROCYCLIC COMPOUNDS CONTAINING A PHENOTHAZINE RING-SYSTEM (WHETHER OR NOT HYDROGENATED), NOT FUR
2934.99	NUCLEIC ACIDS AND THEIR SALTS, WHETHER OR NOT CHEMICALLY DEFINED; OTHER HETEROCYCLIC COMPOUNDS; NESO
3505.10	DEXTRINS AND OTHER MODIFIED STARCHES
3506.91	ADHESIVES BASED ON RUBBER OR PLASTICS (INCLUDING ARTIFICIAL RESINS), NESOI

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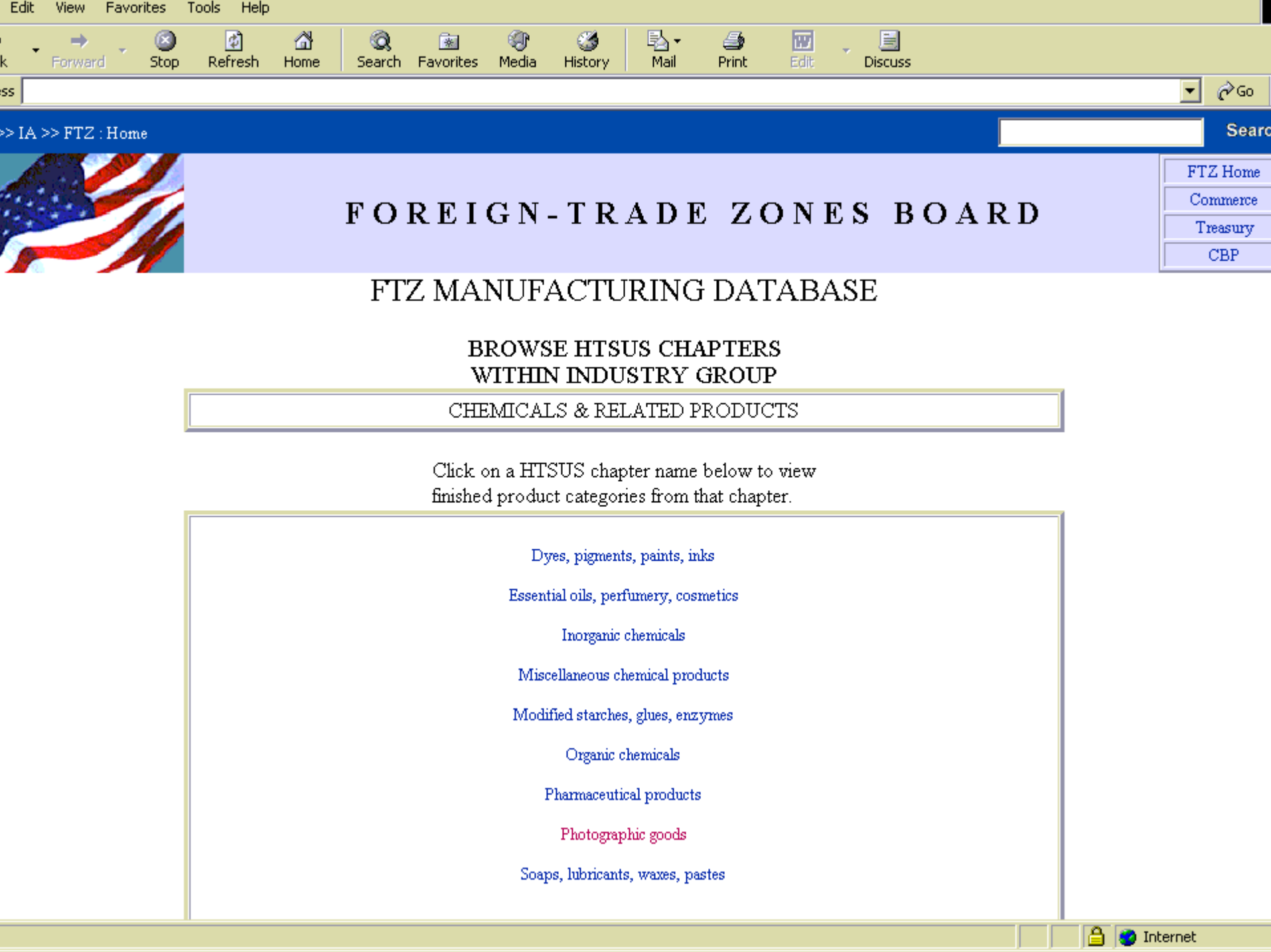
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## FTZ MANUFACTURING DATABASE

### BROWSE BY INDUSTRY GROUPS

Click on an industry group below to view the HTSUS Chapters in that group.

- FATS, OILS & WAXES
- MINERAL PRODUCTS
- CHEMICALS & RELATED PRODUCTS**
- PLASTIC & RUBBER PRODUCTS
- PULP, PAPER & PRINTED MATTER
- FOOTGEAR, HEADGEAR, UMBRELLAS, ETC.
- BASE METALS & ARTICLES THEREOF
- MACHINERY & EQUIPMENT (INCL. ELECTRICAL)
- VEHICLES, AIRCRAFT & VESSELS
- OPTICAL, MEASURING & MEDICAL EQUIPMENT; MUSICAL INSTR.
- MISC. MANUFACTURED ARTICLES



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## FTZ MANUFACTURING DATABASE

### BROWSE HTSUS CHAPTERS WITHIN INDUSTRY GROUP

CHEMICALS & RELATED PRODUCTS

Click on a HTSUS chapter name below to view finished product categories from that chapter.

- [Dyes, pigments, paints, inks](#)
- [Essential oils, perfumery, cosmetics](#)
- [Inorganic chemicals](#)
- [Miscellaneous chemical products](#)
- [Modified starches, glues, enzymes](#)
- [Organic chemicals](#)
- [Pharmaceutical products](#)
- [Photographic goods](#)
- [Soaps, lubricants, waxes, pastes](#)



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## FTZ MANUFACTURING DATABASE

### BROWSE FINISHED PRODUCT CATEGORIES WITHIN HTSUS CHAPTER

Photographic goods

Click on a finished product HTSUS category below to view components previously approved for manufacture of that product.

- [3701.10](#) X-RAY PLATES AND FLAT FILM, SENSITIZED, UNEXPOSED
- [3702.10](#) X-RAY FILM IN ROLLS, SENSITIZED, UNEXPOSED
- [3707.90](#) CHEMICAL PREPARATION FOR PHOTOGRAPHIC USES AND UNMIXED PRODUCTS FOR PHOTOGRAPH



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## FTZ MANUFACTURING DATABASE

### FINISHED PRODUCT CATEGORY

3702.10 X-RAY FILM IN ROLLS, SENSITIZED, UNEXPOSED

The following component HTSUS categories are associated with previous approvals for manufacture of the finished product listed above:

- 2811.29 INORGANIC OXYGEN COMPOUNDS OF NONMETALS, NESOI
- 2814.20 AMMONIA IN AQUEOUS SOLUTION
- 2827.20 CALCIUM CHLORIDE
- 2833.23 CHROMIUM SULFATE
- 2901.10 ACYCLIC HYDROCARBONS, SATURATED
- 2908.20 DERIVATIVES OF PHENOLS OR PHENOL-ALCOHOLS CONTAINING ONLY SULFO GROUPS, THEIR
- 2914.69 QUINONES, NESOI (OTHER THAN ANTHRAQUINONE)
- 2915.90 SATURATED ACYCLIC MONOCARBOXYLIC ACIDS, THEIR ANHYDRIDES, HALIDES, PEROXIDES A
- 2921.22 HEXAMETHYLENEDIAMINE (1,6-DIAMINOHEXANE) AND ITS SALTS
- 2933.99 HETEROCYCLIC COMPOUNDS WITH NITROGEN HETERO-ATOM(S) ONLY, NESOI



# T/IM Application Form

- Fill-in form used for all T/IM cases
- Separate sections for:
  - General information
  - T/IM scope
  - Permanent scope (if applicable)
  - Company and industry information
- Same form can be used for concurrent or subsequent application for permanent authority





# T/IM Case Processing

- Application to be submitted must include:
  - Cover letter from grantee
  - Completed application form
  - Concurrence letter from local Customs
- 30-day public comment period on T/IM applications
- FTZ Staff consults with Department of Commerce industry experts during processing period

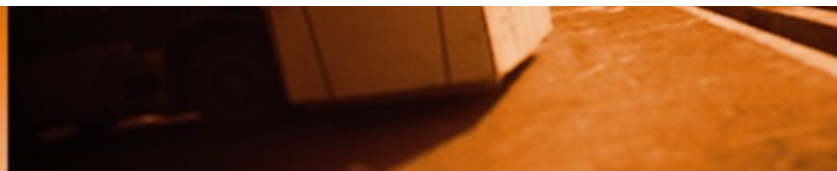






## What about new subzones?

- New subzone cases cannot be processed on the same 75-day track as T/IM cases because:
  - FTZ Act requires subzones to be processed in same way as new zone cases
  - Any case involving new sites also requires full inter-agency concurrence due to security and resource considerations
- FTZ Staff will try to expedite subzone cases where directly impacted by a competitor's T/IM approval





## FTZ Board Outreach on T/IM

- Work with FTZ community (esp. grantees) to explain details and benefits of T/IM procedure
- Overhaul and simplify FTZ Board web site to enhance accessibility for potential SMM (and esp. T/IM) users
- Work with U.S. Commercial Service offices, industry associations, etc., to increase awareness of FTZ program and T/IM procedure



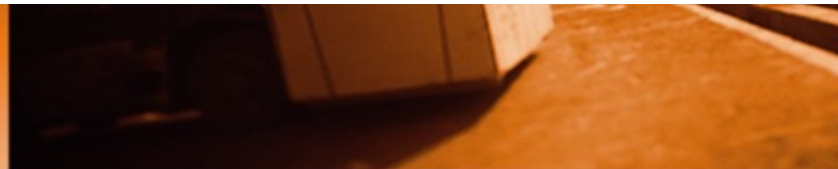
# For More About the T/IM Procedure and Our SMM-Oriented Initiatives



- You may access complete information about the FTZ Board's new procedures via our web address:

[www.trade.gov/ftz](http://www.trade.gov/ftz)

- Our web site includes detailed Q's and A's, guidelines, and the fill-in application for T/IM authority
- We invite your questions about the FTZ Board's efforts to enhance access and reduce costs for SMMs.





# Contact Information

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