

FREE TRADE ZONE

Washington State's 11 Foreign Trade Zones
allow you to assemble, store and package products
without paying duty and simplifies export-import paperwork.

Foreign Trade Zones (FTZs) are secured, designated areas around the United States in or near a U.S. Customs Port of Entry (CPE) where foreign and domestic merchandise is generally considered to be in international commerce and outside of US Customs territory. Therefore, activated businesses in an FTZ can reduce or eliminate duty on imports and take advantage of other benefits to encourage foreign commerce with the United States. An FTZ can provide companies delayed or reduced duty payments on foreign merchandise as well as other savings. Many firms use FTZs to postpone and in the case of re-exporting, eliminate the applications of U.S. Customs laws that impose duties, taxes, bonds, quotas and other requirements. Domestic and foreign merchandise may be stored at the FTZ. It may be manufactured, displayed, sold or altered in almost any way that is not prohibited by U.S. law. FTZs are under the supervision of U.S. Customs and Border Protection.

Benefits of FTZs

There are many benefits to FTZ but they vary depending upon the type of operation involved and authority granted by the Foreign Trade Zone Board and Customs. Some of the benefits include:

Duty Exemption: No duties or quota charges on re-export (there are some exceptions for some exports to Canada and Mexico under NAFTA). No duty is paid on goods destroyed in the zone, which can benefit a company with fragile imports or with manufacturing processes that result in large amounts of scrap.

Duty Deferral: Customs duties and federal excise tax is deferred on imports until they leave the zone and enter the U.S. Custom territory. Zone merchandise may move in-bone or transfer Zone-to-Zone with payment of duty. There is not limit on the length of time that merchandise may remain with in the zone, whether or not duty is owed.

Duty Reduction: Where zone manufacturing results in a finished product that has a lower US Harmonized Tariff rate than the rates on foreign inputs, then the finished product may be entered into the U.S. Customs territory at the duty rate that applies to its finished condition. In addition, duty is not owed on labor, overhead or profit attributable to zone production operations.

Ellensburg resides in Free Trade Zone #203



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