

IMPORTANT INFORMATION ABOUT ZONE SCHEDULES

This zone schedule is being made available pursuant to 15 CFR 400.44(e), which states: “The Board shall make copies of zone schedules available on its Web site.”

Availability of this zone schedule on the FTZ Board’s website does not imply that the FTZ Board has approved any rate/charge, policy or other content of this zone schedule. In particular, while the FTZ Board staff intends to conduct spot checks over time, zone schedules are not reviewed for compliance with the public utility requirement (19 U.S.C. 81n, 15 CFR 400.42) prior to making the zone schedules available via the Board’s website.

Pursuant to 15 CFR 400.44(b)(4), a grantee may not assess any specific rate or charge for which the amount – or formula for calculating the amount – does not appear in the zone schedule that the grantee has submitted to the FTZ Board.

Complaints about a grantee’s compliance with statutory and regulatory requirements related to public utility and uniform treatment – including rate or charge amounts/formulas, a grantee assessing a rate or charge amount/formula that does not appear in its zone schedule, and a grantee not affording uniform treatment under like conditions – may be presented to the FTZ Board under 15 CFR 400.45 (which also allows for complaints to be made on a confidential basis, if necessary).

Questions or concerns may be addressed to the FTZ Board staff at (202) 482-2862 or ftz@trade.gov.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

DAVID Y. IGE
GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

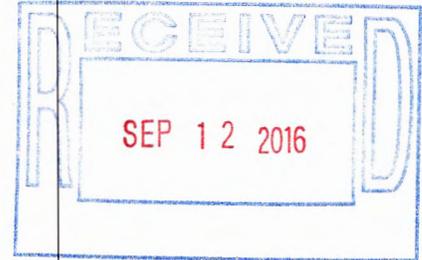
MARY ALICE EVANS
DEPUTY DIRECTOR

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September 1, 2016

Mr. Andrew McGilvray
Executive Secretary
Foreign-Trade Zones Board
U.S. Department of Commerce
1401 Constitution Avenue, NW, Room 21013
Washington D.C. 20230



Dear Mr. McGilvray:

In accordance with 15 CFR Part 400.44, and as grantee for the State of Hawaii, we are pleased to transmit an amended **Zone Schedule** for Foreign-Trade Zone No. 9, Honolulu, Hawaii. We have also forwarded an electronic version of the amendment to your office through our regional representative for posting to the Board's web site.

A complete copy of the amended Zone Schedule is also available for public inspection at the Hawaii Foreign-Trade Zone No. 9 Administration Office, 521 Ala Moana Boulevard, Pier 2, Honolulu Harbor.

Please contact me by telephone at (808) 587-5374 or by email at david.j.sikkink@ftz9.org if you have any questions.

Sincerely,

David J. Sikkink
FTZ Administrator

DJS:jam – FTZB transmit amended Zone Schedule.doc

Enclosure





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

ZONE SCHEDULE

FOREIGN-TRADE ZONE NO. 9
HONOLULU, HAWAII

Prepared by the State of Hawaii
Department of Business, Economic Development, and Tourism
Foreign-Trade Zone Division
Grantee for Foreign-Trade Zone No. 9

This Schedule was prepared in accordance with 15 CFR 400.44 and is on file with the
Foreign-Trade Zones Board and the
U.S. Customs and Border Protection • Port of Honolulu, Hawaii.

APPROVED BY FTZ No. 9
JANUARY 31, 2014
Revised 09/01/2016

SECTION 1: FTZ9 INTERNAL RULES, REGULATIONS AND POLICIES

GENERAL NOTES RELATING TO FTZ NO. 9 ZONE PROJECTS

SCHEDULE OF RULES, REGULATIONS, RATES, AND CHARGES. This schedule is published pursuant to a grant issued by the Foreign-Trade Zones Board, U.S. Department of Commerce, Washington, D.C., on February 15, 1965 to the State of Hawaii. The rules, regulations, rates, and charges of this schedule shall apply at Foreign-Trade Zone No. 9. The grantee is authorized to compile, post, and file revisions and amendments to this schedule. Copies of this schedule are on file with the Foreign-Trade Zones Board, Washington, D.C. and are available at the grantee's office at Foreign-Trade Zone No. 9, Pier 2, Honolulu, Hawaii 96813.

PURPOSE. The purpose of this Zone schedule is to set forth internal rules and regulations regarding activities at the Foreign-Trade Zone No. 9, to provide a statement of rates and charges, to ensure uniform procedures regarding the construction of buildings and facilities, ensure that rates and charges are reasonable based on other like operations in the port of entry area, and to ensure that there is uniform treatment under like circumstances among Zone users.

APPLICATION AND INTERPRETATION OF SCHEDULE. The Grantee shall interpret and determine the applicability of this Schedule. Any matter involving interpretation by the U.S. Customs & Border Protection or another agency of the U.S. Government, however, will be determined by the Area Port Director of Customs or duly appointed representative.

BOARD REGULATIONS. Foreign-Trade Zone No. 9 is regulated by the Foreign-Trade Zones Board, Washington, D.C. under U.S. Code of Federal Regulations, Title 15, Chapter IV, Part 400. Definitions and privileges of Foreign-Trade Zones can be read in these regulations. Copies of these regulations may be obtained either at the office of the Grantee or at U.S. Customs & Border Protection offices.

U.S. CUSTOMS & BORDER PROTECTION REGULATIONS. Foreign-Trade Zone No. 9 is subject to special Customs regulations as defined in U.S. Code of Federal Regulations, Title 19, Chapter I. U.S. Customs Part 146—Foreign-Trade Zones. Copies of these regulations may be obtained either at the office of the grantee or at Customs & Border Protection offices.

HAWAII REVISED STATUTES CHAPTER 212. State enabling authority is found in Hawaii Revised Statutes Chapter 212. In Section 212-4, the Governor is given the authority to establish rules and regulations for the operation of Foreign-Trade Zones. "The governor may do all things

necessary and proper to carry into effect the establishing, maintaining, and operating of foreign-trade zones, and make such rules and regulations concerning the operation, maintenance, and policy of the zone as may be necessary to comply with the Act of Congress. All rules and regulations established under this chapter shall be adopted and promulgated pursuant to Chapter 91.”

GOVERNMENTAL AGENCIES. All lawful regulations regarding governmental agencies in or about ports of entry must be complied with insofar as they are not in conflict with Foreign-Trade Zones Act of June 18, 1934 (48 Stat. 988-1003; 19 U.S.C. 8a1-81u), as amended.

GENERAL REGULATIONS. All persons and property entering or leaving Foreign-Trade Zone No. 9 shall be bound by its regulations and those of the Foreign-Trade Zones Board and the U.S. Customs & Border Protection.

NON-LIABILITY. The Grantee is not liable and cannot assume any responsibility for any loss or damage to freight, cargo or merchandise or other property in the Zone, or for any loss or damage arising from acts of commission or omission of other Zone users.

All liability for duties, taxes or penalties due any agency of the United States Government and arising from the utilization of the Zone premises shall be borne by the Zone user, including any duty, taxes, or penalties on merchandise which is pilfered, lost, damaged or otherwise not accounted for to the satisfaction of the Customs Service.

ZONE OPERATED AS A PUBLIC UTILITY. All rates and charges for services or privileges with the Zone shall be fair and reasonable, and the grantee shall afford all who may apply for the use of the Zone uniform treatment under like conditions.

PUBLIC INTEREST, HEALTH AND SAFETY. No operation or process or treatment will be permitted in the Zone that is detrimental to the public interest, health or safety.

USER OF ZONE FACILITIES. No user shall do or permit anything to be done in or about the Zone which will in any way obstruct, cause injury, annoy, or interfere with the rights of users or occupants of the Zone.

SPECIAL SERVICES. Users of Zone facilities requiring special or additional services not being regularly furnished to all users of the Zone must request same in writing to Grantee. If service is established, it will be made available under similar circumstances to all users on the same basis.

CONFIDENTIAL RELATIONSHIP. The grantee and administrator will take precaution to avoid the divulging of confidential information regarding merchandise and services thereon performed in the Zone.

REPORTS TO GOVERNMENTAL AGENCIES. The grantee is required to submit periodic reports to the Foreign-Trade Zones Board and the U.S. Customs & Border Protection and may be required to perform other acts as sponsor of the Zone in compliance with governmental regulations. The operator and users are required to and shall cooperate with the grantee in the creation and maintenance of procedures, systems, regulations, or programs and provide information and statistics. Without limiting the generality of the foregoing, the operator shall provide such information as may be required by the Grantee for inclusion in its annual report to the Foreign-Trade Zones Board. Such information shall be furnished on or before February 15 of each calendar year by Subzone and general purpose zone operators, except as authorize in writing by the grantee. Failure to submit such information may result in an administrative penalty of \$100 per day.

USE, DEEMED ACCEPTANCE. The use of the Zone shall be deemed complete acceptance of this tariff and the terms and conditions named herein.

OPERATION AT ZONE PROJECTS

OPERATIONS IN ZONE, AND FORMS AND PROCEDURES. The merchandise and operations permitted in a Zone, the disposition of merchandise in a Zone, the Zone status of the merchandise and special provisions applicable to each status, the subsequent importation of merchandise forwarded from a Zone, and other operations in a Zone authorized by the Act, are generally described in the Customs publication, U.S. Customs Service Foreign-Trade Zones Manual. An on-line copy may be viewed electronically and/or downloaded from the Customs web site at www.CBP.gov. The Zone follows this manual in its operations. The Customs forms required are available upon request from the Zone operator or from the Customs web site.

RETAIL TRADE WITHIN ZONE. No retail trade shall be conducted within a Zone except under permits issued by the grantee and approved by the Board.

ENTRY AND EXIT PROCEDURES.

- (a) Identification of employees within the Zone site. All persons on duty within the Zone site, with the exception of federal employees in uniform, will be required to display appropriate identification as determined by the Zone site operator.

- (b) Employees and other persons entering and leaving the Zone. Employees and other persons entering and leaving the Zone site shall only use the designated entrance to each building. Anyone entering or leaving the Zone will be subject to physical examination as the Customs Area Port Director deems necessary, and also at the request of the Zone site operator. Anyone entering the Zone for whatever reason shall adhere to the Foreign-Trade Zones Board regulations, Customs regulations and the rules and regulations issued by the grantee or operator of the Zone.
- (c) Visitors. Visitors to the Zone will be granted entrance according to the regulations issued by the individual Zone site operators, provided the operator's regulations are not contrary to U.S. Customs & Border Protection or Foreign-Trade Zones Board regulations.
- (d) Employees of Zone users. All employees of Zone users working in the Zone will be required to adhere to the security procedures established by the Zone operator, provided that the operator's regulations are not contrary to U.S. Customs & Border Protection or Foreign-Trade Zones Board regulations.

INSPECTION. The grantee may inspect the general purpose zone site or subzone site at any and all reasonable times to ascertain whether or not the covenants or conditions related to its proper use are being observed.

GENERAL PURPOSE ZONE. All persons and firms doing business with an authorized Zone facility must comply with the provisions of the Foreign-Trade Zones Act, as amended; with the lawful and effective rules, regulations and procedures of the Foreign-Trade Zones Board; with such of the laws and lawful regulations of the United States, or the subdivisions and agencies thereof as may be applicable to operators, occupants, their employees, invites, and users of the site location; and with such of the provisions of this Schedule and subsequent issues and modifications thereof.

- (a) Grantee-Operator Agreement. All persons who request the Grantee for concurrence to apply for activation of a site with Foreign-Trade Zone No. 9 must enter into an agreement with the Grantee governing site purpose operations. This agreement will contain provisions including, but not limited to, description of the area to be activated, amount of Foreign-Trade Zone No. 9 fees if applicable, type of operations to be conducted, and that the operator hold harmless and indemnify the State of Hawaii from any penalties which might arise out of activities undertaken within the Zone site by the user.
- (b) Applications Fee and Charges. Any fee incurred by the Grantee for activation or modification of a Zone site will be borne by the applicant, including but not limited to any U.S. Customs & Border Protection fees and survey charges.
- (c) Modification of Zone Sites. The Zone operator must notify the Zone Administrator in writing prior to any physical modification of the Zone site or change in usage from that

in the application so that necessary permits and approval may be obtained from Customs.

SUBZONES AND MANUFACTURING OPERATIONS. All persons and firms undertaking manufacturing operations within FTZ No. 9, either as part of a general purpose zone or as a special purpose subzone, must comply with the provisions of the Foreign-Trade Zones Act, as amended; with the lawful and effective rules, regulations and procedures of the Foreign-Trade Zones Board; with such of the laws and lawful regulations of the United States, or the subdivisions and agencies thereof as may be applicable to operators, occupants, their employees, invites, and users of the site location; and with such of the provisions of this Schedule and subsequent issues and modifications thereof.

- (a) Application. Preparation of any formal applications for subzone status or to modify the Foreign-Trade Zone No. 9 grant for inclusion of the operation(s) proposed by the zone user will be the responsibility of the zone user, subject to review and approval by the grantee. Any costs incidental to the preparation and/or submission of the application and any subsequent amendments or modifications, including, but not limited to Foreign-Trade Zones Board application fees, legal consultation, and survey charges will be borne by the applicant.
- (b) Grantee-Operator Agreement. In subzone operations, the applicant must enter into a Grantee-Operator agreement with Foreign-Trade Zone No. 9 which outlines the responsibilities and obligations of each party and provides the Operator hold harmless and indemnify the State of Hawaii from any penalties which might arise out of activities undertaken within the Zone site by the user.
- (c) Activation with Customs. After receiving the Grant of Authority for a manufacturing operator or a subzone, and prior to commencement of Foreign-Trade Zone operations within the Zone site, the zone user must submit to Customs an application for activation, along with any required supporting documentation or information, and obtain written approval from Customs.

FINES AND PENALTIES. Customs penalties resulting from inventory discrepancies, operational infractions, or other occurrences will be borne by the Operator at whose site the infraction occurred. The operator will bear the cost of any legal fees or other costs or charges incidental to the mitigation of the fine or penalty.

The Grantee has the right to levy fines against Zone operators and users for noncompliance with U.S. Customs & Border Protection regulations or Foreign-Trade Zone No. 9 Schedule of Rules and Regulations and subsequent issues and modifications of each. Repeated violations could result in the cancellation of the Grantee-Operator Agreement and deactivation of the Zone site.

CHARGES BY GOVERNMENT AGENCIES. Charges made by government agencies other than the Zone are not included in this Tariff.

SECTION 2: FOREIGN-TRADE ZONE NO. 9 RATES AND CHARGES

GENERAL PURPOSE AND SUBZONE APPLICATION AND ACTIVATION FEES

Application and Activation Fees	
<p>The Application Processing Fee covers the Grantee’s expenses for obtaining the necessary local approvals for the project, review and submission of the application to the Foreign-Trade Zones Board and all required support in the application process. This fee does not include the actual preparation of the Subzone Application or fees charged by the Foreign-Trade Zones Board.</p>	
<p>Application Fee</p>	<p>\$3,000.00</p>
<p>The Activation Fee covers the Grantee expenses for preparation and processing of the Agreement for Management and Operation of the General Purpose or Subzone. This fee includes the Grantee concurrence letter to U.S. Customs and the assistance and preparation of the Procedures Manual and any support required in the Customs Activation process. This fee does not include the actual preparation of the Activation Application to U.S. Customs.</p>	
<p>Activation Fee</p>	<p>\$2,000.00</p>

GENERAL PURPOSE ZONES

Operator Fees for General Purpose Zones	
<p>ANNUAL FEES. – An annual fee will be charged to the Operator of the General Purpose Zone based on activated acreage within the boundaries of the General Purpose Zone. The fee will cover the Grantee expenses for administration which includes support, assistance and technical services in accordance with the executed FTZ9 Agreement for Management and Operation of the General Purpose Zone. This fee also includes all overhead, marketing, education, and legal expenses incurred by the Grantee. The annual fee is subject to periodic review and adjustment according to each Operator’s Agreement for Management and Operation. Current Operators shall be assessed an annual fee on January 1 of each year according to the schedule below:</p>	
<p>FEE SCHEDULE (Effective January 1, 2017)</p>	
<p>No. of Acres</p>	<p>Annual Fee</p>
<p>3 acres or less</p>	<p>\$12,000.00</p>
<p>3 acres – 10 acres</p>	<p>\$14,000</p>
<p>11 acres – 50 acres</p>	<p>\$16,000</p>
<p>Over 50 acres</p>	<p>\$18,000</p>
<p>Effective January 1, 2017, the fee for <u>new</u>, first-year Operators in a General Purpose Zone will be 50 percent of the annual Operator’s fee. In Year 2, it will be 75 percent of the annual fee. Thereafter, Operators will be assessed 100 percent of the annual fee according to their activated acreage.</p>	

SUBZONES

Operator Fees for Subzones

ANNUAL FEES. – An annual fee will be charged to the Operator of the Subzone based on activated acreage within the boundaries of the Subzone. The fee will cover the Grantee expenses for administration which includes support, assistance and technical services in accordance with the executed FTZ9 Agreement for Management and Operation of the Subzone. This fee also includes all overhead, marketing, education, and legal expenses incurred by the Grantee. The annual fee is subject to periodic review and adjustment according to each Operator’s Agreement for Management and Operation. Current Operators shall be assessed an annual fee on January 1 of each year according to the schedule below:

FEE SCHEDULE
(Effective January 1, 2017)

No. of Acres	Annual Fee
3 acres or less	\$12,000.00
4 acres – 10 acres	\$14,000
11 acres – 50 acres	\$16,000
Over 50 acres	\$18,000

Effective January 1, 2017, the fee for new, first-year Operators in a Subzone will be 50 percent of the annual Operator’s fee. In Year 2, it will be 75 percent of the annual fee. Thereafter, Operators will be assessed 100 percent of the annual fee according to their activated acreage.

FTZ9 PIER 2 – GENERAL PURPOSE ZONE WAREHOUSE

STORING MERCHANDISE – PIER 2				
CHARGES, COLLECTION OF. – Storage charges accrue at the beginning of the storage period and the charge for storage handling accrues with the first month’s storage charge; all charges, for storage or other services, are due and payable as they accrue, but bills may be rendered and collected monthly.				
COMMODITY & PACKING DESCRIPTION	RATES IN CENTS			
	MONTHLY STORAGE			STORAGE HANDLING In & Out (\$15 minimum per zone lot)
	ZR EXPORT ONLY	PF & NPF	Duty Paid	
All Merchandise, NOS, cu. ft. All general merchandise not further categorized or defined by the Tariff.	12	15	30	20
Alcoholic Beverages, cu. ft.:				
NOS:	20	25	35	20
Wine:	17	21	31	20
Bulk-storage merchandise, cu ft. Stacked 12 ft. or higher and merchandise that can be pulled interchangeably.	8	10	17	20
Machinery and irregularly shaped/loose merchandise, per sq. ft. Not capable of being placed in the storage racks.	45	55	65	20
Motorcycles, mopeds, and all-terrain vehicles, cu. ft.	12	15	20	12
Temperature Controlled storage (60°-70° F). cu. ft.	46	46	46	40
Tobacco, cigarettes, and cigars, per cu. ft.	15	17	30	20

STORAGE AND STORAGE HANDLING RATES – PIER 2			
Commodity & Packaging Description	SIZE OR WEIGHT	RATES IN CENTS	
		MONTHLY STORAGE	STORAGE HANDLING IN & OUT
Storage in Safe of High-Value Items: Valuables such as jewelry, watches, etc, which may be stored in the FTZ safe. Rates include the use of examination area and required Zone staff for one-hour period. Charges based on the greater invoice or appraised value.	Each month or fraction thereof	1/5 of 1% of valuation \$30 minimum charge	

STORAGE AND STORAGE HANDLING RATES – PIER 2			
Commodity & Packaging Description	SIZE OR WEIGHT	RATES IN CENTS	
		MONTHLY STORAGE	STORAGE HANDLING IN & OUT
Gaming Devices: Gaming devices will be accepted for storage in zone-restricted status only and with the concurrence of the Customs Port Director. Zone user must pay for any extra security measures that may be deemed necessary. Storage rate shall be 65 cents per cubic foot plus a handling charge of 20 cents per cubic foot per month.	Gaming devices will be accepted for storage in zone-restricted status only and with the concurrence of the Customs Port Director. Zone user must pay for any extra security measures that may be deemed necessary. Storage rate shall be 65 cents per cubic foot plus a handling charge of 20 cents per cubic foot per month.		
Permission to Manipulate: Before merchandise may be manipulated, application of CBP 216 must be approved by the Zone and the Port Director of Customs & Border Protection (CBP).			
Transfer of Ownership of Goods: A charge of \$30.00 shall be assessed for transfer of ownership of goods.			
Items Stored and Pulled by Serial or Pattern Number of Carton: The Zone has the ability to track merchandise by carton, serial number, item number or pattern number. The preference of the Zone is for users to use the Zone’s remote access software package to input receiving information through the Receiving Tag Remote. The following charges, however, shall apply to users wishing to store and pull merchandise by serial, pattern, or box number: Input Charge by Line Item: (a) 0-9 Line Items: No Extra Charge (b) 10+ Line Items: \$2.00 Per Line Item These input charges can be waived if the user correctly enters the data using the remote access feature of the Zone’s information system.			
U.S. Customs & Border Protection Records: The Zone will store U.S. Customs & Border Protection records at the duty-paid, bulk storage merchandise rate.			
Merchandise Destined for Export: Upon signing of a letter of intent to export and at the discretion of the Zone Administrator, domestic merchandise may be stored at the Zone at the zone restricted rate.			

EQUIPMENT AND LABOR RATES – PIER 2	
General Application: User will be charged at the rates listed in this section for all warehouse, clerical and administrative services, equipment and supplies which are not otherwise specified. Hourly rates will be charged one-half hour increments with fractions rounded upwards.	

EQUIPMENT AND LABOR RATES – PIER 2

Equipment Rate:

Equipment is provided on an as-available basis at the sole discretion of the Zone Administrator.

(a) 3,000 lb. Lift	\$30.00/hour
(b) 5,000 lb. Lift	\$40.00/hour
(c) 7,000 lb. Lift	\$50.00/hour
(d) Container Ramp	\$45.00/container

Outside Equipment:

When it is necessary for the Zone to employ outside equipment, Zone user will be billed for the actual cost for the use of such equipment, plus 15 percent or \$25.00, whichever is higher.

Labor Rates:

Availability of Zone labor is on a first-come first served basis with no guarantee as to availability of labor. Whenever possible, Zone user is required to provide his/her own labor.

<u>Classification</u>	<u>Normal Zone Hours</u>	<u>Other Than Normal Zone Hours</u>
(a) Non-Supervisory	\$35.00/Hour	\$52.50/Hour
(b) Supervisory	\$45.00/Hour	\$62.50/Hour
(c) Administration	\$75.00/Hour	\$100.00/Hour
(d) Driver, 3000 lb. Lift	\$40.00/Hour	\$55.00/Hour
(e) Driver, 5000 and 7000 lb. Lift	\$48.00/Hour	\$58.00/Hour

Monthly Lift Services:

Drayage companies and Zone users may request in writing monthly lift with driver services for the loading and unloading of vehicles. Minimum monthly charge is one hour. When actual aggregate use exceeds requested time, additional charges will be assessed as provided for above.

SPACE ASSIGNMENTS – PIER 2

Space Assignments:

Assignments of space for manipulation of cargo may be granted by the Zone Administrator upon written application for lease of such areas when space is available and when need for same is shown. User is required to pay the cost of any special alterations for the installation of machinery and equipment, partitioning and related construction required for their operation. Merchandise in space leased by zone user shall not be subject to storage charges but shall be subject to Storage Handling Charges as elsewhere provided for in this Tariff.

Merchandise occupying space in manipulation areas rented on a daily basis shall, in addition to all other charges, continue to be subject to storage charges as elsewhere provided for in this Tariff. If the Zone is required to move merchandise to or from temporary manipulation areas, charges for such service shall be assessed as elsewhere provided for in this Tariff.

SPACE ASSIGNMENTS – PIER 2

Unloading Fee for PD Warehouse Area:

The Zone shall assess a fee of \$100 per container to zone users who unload merchandise from a shipping container in the PD warehouse area. All such activity must be scheduled with the Zone Administrator.

Manufacturing/Temperature-Controlled Room Rates:

The Zone has several manufacturing and temperature-controlled rooms within the bonded warehouse area of the Pier 2 terminal building. These rooms, or portions thereof, may be rented on a day-to-day basis at the rental rate of 15 cents per sq. ft. per day.

These rooms may also be rented at a minimum rental charge of \$1.10 to a maximum of \$2.50 per sq. ft. per month. A lease agreement is required with a minimum rental period of one year. Specific rules governing the use of this space shall be contained within the lease.

Ground Rental Rate:

Warehouse and open areas are available for rent at Foreign-Trade Zone No. 9 Pier 2 DHT Building. Rates do not include utilities.

Warehouse Area:

(a) 1 to 1,500 sq. ft.	\$1.30 per sq. ft. per mo.
(b) 1,501 to 3,000 sq. ft.	\$1.20 per sq. ft. per mo.
(c) 3,001 sq. ft and over	\$1.10 per sq. ft. per mo.

Open Area:

(a) 1 to 1,000 sq. ft.	\$0.60 per sq. ft. per mo.
(b) 1,501 to 6,000 sq. ft.	\$0.45 per sq. ft. per mo.
(c) 6,001 sq. ft. and over	\$0.30 per sq. ft. per mo.

Warehouse Stockade \$1.30 per sq. ft. per mo.

Rental space may be prorated on a daily basis; minimum charge is \$15.00 per day.

The Zone also provides public domestic (PD) warehouse space at a minimum rental charge of \$.95 to a maximum of \$1.30 per sq. ft. per month. A lease agreement is required with a minimum rental period of one year. Specific rules governing the use of this space shall be contained within the lease.

Note: The Zone management reserves the right to regulate the types of activities for which the lessee or permittee uses the rented areas.

Penalty Storage Charge:

When merchandise is placed in an area under control of the Zone without the express authorization of the Zone Administrator, a daily penalty storage charge of \$1.00 per cubic foot will be assessed. Penalty storage charges will be payable when they accrue and the Zone reserves the right to seize merchandise which remains in illegal storage beyond a period of five consecutive days.

DELIVERY OF MERCHANDISE – PIER 2	
<p>Customs Inspection:</p> <p>User, if not immediately available to open packages for compliance examinations by U.S. Customs & Border Protection and other enforcement agencies, authorizes Zone personnel to do so and shall not hold the Zone liable for any loss or damage which may result. User shall be charged for such services as provided for in the section labeled, "Labor Rates."</p>	
<p>Delivery Requirements:</p> <p>(a) No goods shall be delivered from zone lots which have not been received or accounted for in its entirety.</p> <p>(b) When a negotiable receipt has been issued, no goods covered by that receipt shall be delivered or transferred on the books of the Zone, unless the receipt, properly endorsed, is surrendered for cancellation, or for endorsement of partial delivery thereon.</p> <p>(c) When goods are ordered out, a reasonable time shall be given the Zone to carry out instructions, and if it is unable to effect delivery before the first of the month, the goods will be subject to charges for another storage month, unless the delay is a result of fire, acts of God, war, public enemies, seizure under legal process, strikes or lockouts, riots or civil commotions. If the Zone is unable to effect delivery due to other causes, the goods shall be subject to storage charges only for that part of the month during which the goods remain in store.</p> <p>(d) When goods are ordered out for delivery, a three working day limit will be permitted after which the goods will be returned to storage area and user billed \$30.00.</p>	
<p>Zone Pallets:</p> <p>Zone pallets may be used for twenty-one (21) days without charge. If pallets are not returned within 21 days of issuance, the Zone will bill \$50.00 per pallet to the party signing for the pallets.</p>	

OTHER SERVICES AND FEES – PIER 2	
<p>U.S. Customs & Border Protection Inspection of Containers:</p> <p>Customs & Border Protection (CBP) is responsible for determining if an inspection is required and the location of the inspection. As a service to the public, the Zone allows Customs & Border Protection cargo examinations to occur at its Pier 2 facility. The Zone's role in the inspection process is to provide a secure environment, labor and equipment, and to unload merchandise for CBP inspection. The Zone reserves the right to refuse to handle any container. If the Zone refuses to handle a container or if the owner of the merchandise does not consent to the rules and regulations contained in this tariff schedule, the container shall be immediately removed and a transit charge of \$50 will be assessed. All charges must be paid before the merchandise is released from the Zone. Containers are only unstuffed to the degree required by Customs. Merchandise that cannot readily be placed back into the container will be set aside on a pallet for the cargo owner to retrieve.</p> <p>Hourly rates for labor and equipment at the applicable rates shall apply as set forth in this Zone Schedule.</p> <p>To unstuff/restuff the container, the following minimum charges will be assessed:</p> <p>(a) \$50.00 in/out transit charge per container.</p> <p>(b) \$100.00 per 20/24-foot container with merchandise that is in cases or cartons.</p> <p>(c) \$150.00 per 20/24-foot container with merchandise that is loose, shifted, or improperly packed.</p>	

OTHER SERVICES AND FEES -- PIER 2	
<p>(d) \$200 per 40/45-foot container with merchandise that is in cases or cartons. (e) \$300 per 40/45-foot container with merchandise that is loose, shifted, or improperly packed.</p> <p>Customs & Border Protection determines if it is permissible for the owner of the merchandise to participate in the unloading process. If the cargo owner handles the container, the following charges will be assessed:</p> <p>(a) \$50.00 in/out transit charge per container. (b) Zone-provided security watch at cost to the Zone plus 15 percent. (c) Charges for forklift and driver services, as available, at the applicable rates set forth in this Zone Schedule.</p>	
<p>Refrigerated Container Hookup: Electrical receptacles and ground space are available to accommodate refrigerated cargo containers. The following charges shall be assessed for the use of these accommodations:</p> <p>(a) \$20.00 access fee per container. (b) \$20.00 per day or fraction thereof per 20/24-foot container. (c) \$30.00 per day or fraction thereof per 40/45-foot container.</p>	
<p>Removal of Trash and Garbage: Zone users shall not allow trash or garbage to accumulate. The Zone operator will, with or without notice, arrange removal of such trash or garbage at actual trucking cost which shall be billed upon the cargo or merchandise originating such trash or garbage. In addition, if cleaning or floor sweeping is required, such service shall be billed upon cargo or merchandise causing need for such service on the basis of cost plus 15 percent as elsewhere provided for in this Zone Schedule.</p>	
<p>Overnight Parking: Truckers who do not complete unloading or loading of merchandise in the Zone at the close of business hours and indicate a desire to complete unloading or loading the following day may, upon the discretion and approval of the Zone Administrator, park containers or trailers in the Zone overnight. Motorized vehicles may not park the shed area overnight. Such parking shall be at the rate of \$10.00 per container, trailer or semi-trailer for the period from the close of one business day until the commencement of the following business day. Such parking shall be in a safe location in the Zone as determined by the Administrator. The Zone assumes no liability for loss or damage to equipment or contents during such parking periods.</p>	

SECTION 3: FOREIGN-TRADE ZONE NO. 9 PROJECT

GRANTEE: State of Hawaii, Department of Business, Economic Development, and Tourism,
Foreign-Trade Zone Division

521 Ala Moana Boulevard, Suite 201
Honolulu, Hawaii 96813
(808) 586-2507

OPERATORS:

GENERAL PURPOSE ZONE SITES:

Site No.:

Operator:

Site 1	Foreign-Trade Zone No. 9 521 Ala Moana Boulevard, Pier 2 Honolulu, Hawaii 96813 (808) 586-2507/Fax (808) 586-2512
Site 2	Pacific Allied Products, Ltd. 91-110 Kaomi Loop Kapolei, Hawaii 96707 (808) 791-0547/Fax (808) 682-4759
Site 6	Hawaii Fueling Facilities Corporation Honolulu International Airport 3201 Aolele Street Honolulu, Hawaii 96819 (808) 833-3291 (Ext. 23)/Fax (808) 833-3295

SUBZONE SITES:

Subzone No.:

Operator:

9A	Par Hawaii Refining, LLC dba Hawaii Independent Energy, LLC 91-325 Komohana Street Kapolei, Hawaii 96707 (210) 626-4787
9B	Kerr Pacific Corp, HFM Division 716 Umi Street Honolulu, Hawaii 96819 (808) 843-3251/Fax (808) 843-3252 Not Active

9E Chevron Products Company
91-480 Malakole Street
Kapolei, Hawaii 96707
(808) 682-3164/Fax (808) 682-2214

9F The Gas Company, LLC
dba HawaiiGas
91-390 Kauhi Street
Kapolei, Hawaii 96707
(808) 673-4816/Fax (808) 673-4822

APPENDIX

DEFINITIONS

Activated Area:	An area within the Zone that has been activated pursuant to the FTZ Act.
Activated User:	A user located and/or doing business within an Activated Area.
Activation:	Written approval by the Grantee and Customs Port Director for FTZ operations to commence and for the admission and handling of merchandise in FTZ status. Activation can only take place in approved areas under the grant of authority by the FTZB. Prior to activation, an Operator must enter into a written agreement with the Grantee.
Adjacency:	According to Section 400.21(b) of the Foreign-Trade Zones Board Regulations, general-purpose zone sites must be within 60 statute miles or 90 minutes driving time from the outer limits of a U.S. Customs Port of Entry. Subzones are not subject to the same distance standard but must be able to have proper Customs oversight accomplished by physical and electronic means and merchandise must be presented for examination at a Customs site selected by Customs.
Administrator:	An entity designated by the Grantee to serve as a point of contact for information on the Zone Project and to provide oversight, marketing and management support.
Admission:	The physical arrival of goods into the Foreign-Trade Zone under FTZ status with the approval of U.S. Customs and Border Protection ("Customs"). The word "admission" is to be used instead of "entry" of goods in an FTZ to avoid confusion with Customs entry processes under Parts 141-144 of the U. S. Customs Regulations.
Admit:	To bring merchandise into an FTZ in zone status.
Alteration:	A change in the boundaries of an activated general-purpose zone or subzone; activation of a separate site of an already activated general-purpose zone or subzone with the same operator at the same port; or the relocation of an already activated site with the same operator.
Annual Reconciliation:	A report required of activated Operators by Customs within 90 days after the end of the zone/subzone year unless the Port Director authorizes an extension for reasonable cause. See 19 CFR Section 146.25 for more information.
Annual Report:	A report due on March 31st each year for the subsequent previous calendar year from the Grantee to the FTZB on the status of the Zone

	Project. As a condition of being located in the approved FTZ, all Operators and Users must timely comply with requests for information from the Grantee or Administrator for the completion of the report.
Annual Systems Review:	A review by the Operator required by Customs to identify system deficiencies to ensure that the inventory control and record keeping system(s) meets the requirements of Customs. See 19 CFR Section 146.26 for more information.
Antidumping/Countervailing Duties:	As a matter of FTZ Board policy, zone procedures shall not be used to circumvent anti-dumping and countervailing duties. As such, merchandise subject to AD/CVD must be placed in privileged foreign status upon admission to an FTZ.
Applicant:	A corporation, partnership or person applying for the right to operate a Foreign-Trade Zone site or Subzone under the jurisdiction of FTZ #9.
Audit-Inspection Procedures:	These procedures provide the framework for Customs to reduce on-site supervision of FTZs and for Operators to maintain efficiency of operations through the audit-inspection method of supervision. The systems may be manual, computerized, or a combination of both. These procedures are designed to meet the requirements of the U.S. Customs Regulations (T.D. 86-16) for Audit-Inspection Procedures in FTZs. Under the regulations, the Operator maintains the inventory records. Customs is relieved of the obligation of actually keeping the records, but maintains assurance of the system's accuracy by selective examinations of merchandise, spot checks and audits of FTZ operations.
Authorized Inventory Method:	A Customs authorized inventory method other than a lot system (specific identification of merchandise); e.g., First-In-First-Out (FIFO). No lot file is required but the Operator shall maintain a file of all CF214s in sequential order. (19 CFR § 146.37(2))
Board (FTZ Board):	The Foreign-Trade Zones Board of the United States Department of Commerce.
Bond:	A surety bond is a contract whereby one party, the surety, guarantees the performance of a second party, the principal, for the benefit of a third party, the obligee (the Federal government, in the case of Customs bonds). Should the principal fail to perform his/her agreement with the obligee, the surety will be required to pay liquidated damages and will have the right to obtain reimbursement from the defaulting principal. "Customs bonds" – all bonds required to be given under Customs laws or regulations shall be known as Customs bonds. (19 CFR §113.4(a))

Boundary Modifications:	A change of the area of an established zone made by proper application. Boundary modifications may be minor or major; zone expansions may be considered major boundary modifications.
Bulk:	The term used in describing fungibles, which can be poured, scooped or shoveled and generally cannot be counted or identified piece by piece.
Business Week:	The User's business week for FTZ weekly entry reporting purposes.
Commingling:	Physically combined or mixed (19 CFR § 102.1(b)). Regarding fungible goods from different countries, which are commingled, the country or countries of origin may be determined on the basis of an inventory management method of the Customs regulations. (19 CFR § 102.12(b))
Constructive Transfer:	A legal fiction, which permits acceptance of a Customs entry for merchandise in a Zone before its physical transfer to the Customs territory. Constructive transfer is deemed to have occurred when Customs receives an entry in proper form. If the entry is not accepted, the merchandise will be deemed constructively transferred back to the FTZ in its previous zone status.
Consumption Entry:	An entry for the transfer of merchandise from a zone to the Customs territory for consumption in the United States.
Control File:	A file established for each CF214 Control Number/Admission Number containing source documents related to that number.
Control Number(s):	The identifying number assigned by the Operator to identify and track shipments and documentation.
Country of Origin:	The country of origin of a good is the country in which (1) the good is wholly obtained or produced; (2) the good is produced exclusively from domestic materials; or (3) each foreign material incorporated in that good undergoes an applicable change in tariff classification set out in 19 CFR §102.20 and satisfies any other applicable requirements of that section, and all other applicable requirements of these rules are satisfied. (19 CFR §102.11)
Country of Origin Marking:	Unless excepted by law, every article of foreign origin (or its container), imported into the United States shall be marked in a conspicuous place as legibly, indelibly, and permanently as the nature of the article (or container) will permit in such manner as to indicate to an ultimate purchaser in the United States the English name of the country of origin of the article. Goods leaving a zone for entry into the United States must be properly marked with the applicable country of origin unless excepted under Customs regulations. If an imported article undergoes a substantial transformation while in the foreign-

trade zone, that is, such processing that the resultant product is one having a name, character or use differing from that of the article that was admitted into the foreign-trade zone, the final product may no longer be considered to be of foreign origin. Authorization of the use of the legend "Made in USA" is beyond the scope of the U.S. Bureau of Customs & Border Protection; it is within the jurisdiction of the Federal Trade Commission. If no transformation occurs, the requirements of Section 304 of the Tariff Act must be met upon entry of the merchandise into the Customs territory.

Customs & Border Protection:

On March 1, 2003, the border inspection functions of the U.S. Customs Service the Immigration and Naturalization Service, and the Agriculture and Plant Health Inspection Service, along with the U.S. Border Patrol, were transferred to the Bureau of Customs and Border Protection ("CBP" or "Customs"). Customs is an official agency of the Department of Homeland Security.

Customs & Border Protection Form (CBPF) 214:

An application and permit to admit merchandise into an FTZ; permit to transfer merchandise through Customs territory to an FTZ and Customs officer's return thereon; and Customs report of merchandise received at an FTZ.

Customs & Border Protection Form (CBPF) 216:

An application and permit for the manipulation, manufacture, exhibition, or destruction of merchandise within an FTZ. A blanket form may be filed annually to meet this requirement.

Customs Broker:

A firm, representative, or individual who acts on behalf of the Operator and/or the importer of record under an authorized power of attorney.

Customs Modernization Act:

A 1993 law that expanded statutory record-keeping requirements for importers and their agents. The law fundamentally changed U.S. Customs enforcement methodology from a transaction by transaction approach to a post entry audit approach. The new method of enforcement is similar to the Internal Revenue Service (IRS) and places the burden for valuation and classification on the importer.

Customs Territory of the United States:

The territory of the U.S. in which the general tariff laws of the U.S. apply. "Customs territory of the United States" includes only the States, the District of Columbia, and Puerto Rico. (General Note 2, Harmonized Tariff Schedule of the United States (19 U.S.C. 1202)), (19 CFR § 146.1(b)).

Customs-Trade Partnership Against Terrorism (C-TPAT):

A joint government-business initiative to build cooperative relationships that strengthen overall supply chain and border security.

Deactivation:	The voluntary discontinuation of the activation of an entire Zone Site or Subzone by the Grantee or Operator. Discontinuance of the activated status of only a part of a Zone Site is an alteration.
Default:	An act or omission that will result in a claim for duties, taxes, charges, or liquidated damages under the FTZ Operator's Bond.
Destruction:	The complete destruction of articles or merchandise to the extent that they have no commercial value. Any residue from the destruction within a zone, which is determined to be without commercial value, may be removed to Customs territory for disposal. (19 CFR 146.52(e))
Direct Delivery:	A procedure for delivery of merchandise to an FTZ without prior application and approval on CF 214; designed for shipments where ordering and timing are under the control of the Operator. Approval to utilize direct delivery must be obtained from the Port Director (19 CFR §146.39).
Domestic Status Merchandise:	Merchandise of every description (except articles specifically and absolutely prohibited by statute) that has been (1) grown, produced or manufactured in the United States and not exported there from, or (2) previously imported into the U.S. Customs territory and properly released from Customs custody. For the purposes of return to the U.S. Customs territory from an FTZ and freedom from liability for the payment of duties or taxes, it includes only: 1) Domestic merchandise brought into the FTZ from the U.S. Customs territory for which the identity has been maintained, and 2) the product of manipulation or manufacture in the FTZ in which only domestic merchandise is used. It does not include the product of manipulation or manufacture in an FTZ in which foreign and domestic commodities are mixed or combined, or in which foreign merchandise is so changed in form or enhanced in value as to be considered a product made in the US (except that duties and taxes are payable only on the quantity of the foreign merchandise contained in the product).
Drawback:	A refund or remission, in whole or in part, of a Customs duty, internal revenue tax, or fee lawfully assessed or collected because of a particular use made of the merchandise on which the duty, tax, or fee was assessed or collected (19 CFR § 191.2(i)). Also see Duty Drawback.
Dutiable Value:	The price actually paid or payable for the foreign sourced material in the transaction that caused the material to be admitted into the zone, less, if included, international shipment and insurance costs and U.S. inland freight costs. The dutiable value is used to calculate duty payments 19 CFR 146.65(b)(2). The dutiable value of the merchandise manufactured (finished product) in the zone is the sum of the dutiable values of the foreign non-duty paid merchandise that is in the finished product.

Duty:	A tax on imports. In a foreign-trade zone, duties are not payable until the merchandise exits the zone and is entered into the commerce of the United States.
Duty Drawback:	A refund or remission, in whole or in part, of a Customs duty, internal revenue tax, or fee lawfully assessed or collected because of a particular use made of the merchandise on which the duty, tax, or fee was assessed or collected. (19 CFR § 191.2(i))
Entry:	To bring merchandise into the Customs territory of the United States. Documentation required by 19 CFR § 142.3 to be filed with the appropriate Customs officer to secure the release of imported merchandise from Customs custody, or the act of filing that documentation (19 CFR § 141.0a (a)).
Estimated Weekly Entry:	An estimated entry, made on CF3461 and officially accepted, providing the legal permit necessary from Customs to remove merchandise during a business week.
Estimated Weekly Export (Application for Weekly Zone Permit):	An estimated export, made on CF7512 and officially accepted, providing the legal permit necessary from Customs to remove merchandise during a business week. (19 CFR § 146.68(a))
Exhibition:	The display of merchandise within an FTZ.
Export:	The transportation of merchandise out of the U.S. for the purpose of being entered into the commerce of a foreign country. (19 CFR § 192.1)
First In-First Out (FIFO):	The method by which fungible merchandise or articles are identified by recordkeeping on the basis of the first merchandise or articles received into the inventory. Under this method, withdrawals are from the oldest (first-in) merchandise layer or articles in the inventory at the time of withdrawal. Use of this method in FTZ requires a perpetual inventory system that identifies the merchandise by: 1) The date the merchandise is admitted into the FTZ; 2) A unique identification number (UIN) that distinguishes fungible goods from all other goods; 3) FTZ status for each increment of the UIN to the inventory; 4) The unit value of each such increment; 5) The country of origin.
Foreign Status Merchandise:	Imported merchandise of every description (except articles specifically and absolutely prohibited by statute) that has not been released from U.S. Customs custody into the U.S. Customs territory. Imported merchandise upon which duty and taxes, if applicable, have not been paid. (19 CFR 146.1(b))
Foreign-First (FOFI):	An accounting method based on the assumption that foreign status merchandise is decremented first.

Foreign-Trade Zone (FTZ):	A restricted-access site, authorized by the FTZB and supervised by Customs (19 CFR §146) where companies can use special Customs procedures prior to entry for consumption. Zones are located in or adjacent to a Customs port of entry and operated pursuant to public utility principles under the sponsorship of a corporation granted authority by the FTZB pursuant to the Foreign-Trade Zones Act (19 USC §81a-u) and regulations (15 CFR Part 400).
Foreign-Trade Zones Board (FTZB):	The Foreign-Trade Zones Board was created by the Act to carry out provisions thereof. The FTZB consists of the Secretary of Commerce, who is the chairman and executive officer, and the Secretary of the Treasury, or their designated alternates. The FTZB staff is responsible for administering the FTZ program on behalf of the FTZB. The Executive Secretary of the FTZB staff represents the FTZB in administrative, regulatory, operational, and public affairs matters. The Executive Secretary serves as the director of the staff.
Foreign-Trade Zones Number:	A number assigned by the Foreign-Trade Zones Board at the time of approval of the zone grant.
Foreign-Trade Zones Reports:	Reports used in the operation of Foreign-Trade Zones are designated by Customs. These reports may be completed by either the Operator/User as the Importer of Record, its duly assigned Customhouse broker, or the Operator. In addition to reports used generally for bonded movements, imports and exports, the main FTZ reports required by Customs include: Customs Form 214 (CF 214) Application for FTZ Admission and/or Status Designation Customs Form 216 (CF 216) Application for FTZ Activity Permit.
Foreign-Trade Zone Act:	The Foreign-Trade Zones Act of 1934, as amended, and the rules and regulations of the Board promulgated there under.
Fungible Merchandise:	Merchandise that for commercial purposes is identical and interchangeable in all situations [19 CFR § 191.2(b)]. In an FTZ, fungible merchandise may be identified by an inventory method authorized by Customs, which is consistently applied, such as First-In-First-Out (FIFO) and using a unique identifier. (19 CFR § 146.23(2))
General Purpose Zone:	The general purpose zone established for multiple activities by multiple users under the FTZ Act pursuant to the Grant and all extensions, expansions and boundary modifications thereto.
General Zone Operator Agreement:	A Zone Operator Agreement (General Purpose Zone Operator) entered into between Hawaii FTZ9 and a General Operator for the Activated Areas described therein.

Grantee:	The State of Hawaii Foreign-Trade Zone, as grantee of the Grant, administrative agent of the Department of Business, Economic Development, and Tourism (DBEDT).
Imports:	Foreign merchandise of every description (except articles specifically and absolutely prohibited by statute) entered into Customs territory to become a part of the domestic supply for the purpose of domestic commerce or consumption, and particularly that which is entered into Customs territory through the Zone and foreign merchandise which, under the laws and regulations of various other Federal agencies having jurisdiction with the Zone, is said to be "imported" into Foreign-Trade Zones, Customs bonded warehouses, or Customs custody. This latter merchandise, in relation to operations in the Zone, is considered to be foreign merchandise until its entry into the commerce of the United States.
In-Bond Merchandise:	Any merchandise, other than explosives and merchandise the importation of which is prohibited, arriving at a port of entry in the United States may be entered, under such rules and regulations as the Secretary of the Treasury may prescribe, for transportation in-bond without appraisalment to any other port of entry designated by the consignee, or his agent, and by such bonded carrier as he designates, there to be entered in accordance with the provisions of this chapter. Pursuant to Public Resolution 108, of June 19, 1936, (19 U.S.C. 1551, 1551a) and subject to compliance with all other applicable provisions, the port director, upon the request of the party in interest, may permit merchandise entered and examined for Customs purposes to be transported in bond between ports by bonded cartmen or lightermen duly qualified if the port director is satisfied that the transportation of such merchandise in this manner will not endanger the revenue. (19 CFR § 18.1(b))
In-Transit Merchandise:	The term "in-transit merchandise" includes all foreign merchandise transported into and out of the United States, whether in and out of the same port or across the country to another port, with or without transshipment, warehousing, breaking bulk, or change in mode of transportation, which originated in one foreign country and is destined at the time of the original shipment to another foreign country. Its distinctive feature is that it is being transported from one foreign country to another foreign country through the United States under a through bill of lading or other documentation for a completed journey. The term is particularly applied to foreign merchandise shipped in-transit through an FTZ.
Inventory Tax Exemption:	The exemption from taxation by the State granted to tangible personal property reported as "inventory".

Inventory Tracking System(s):	The system(s) utilized for tracking merchandise in and out of zones. It allows for complete accountability of the merchandise received and shipped including adjustments and can be computerized, manual or a combination. It provides a complete audit trail from receipt to shipment and backwards from shipment to receipt.
Lapse Provision:	Foreign-Trade Zones Board Regulations Section 400.28(a)(5) that states a grant of authority for a zone or a subzone shall lapse unless the zone project, or subzone facility, is activated, pursuant to 19 CFR Part 146, and in operation not later than five years from the date of the Board order approving the zone.
Manipulation:	Processing wherein merchandise is packed, unpacked, repacked, cleaned, sorted, graded, or otherwise changed in condition, but not manufactured. The definition is taken from Section 562 of the Tariff Act. The precise distinction between manipulation and manufacture is subject to interpretation and enjoys a long history of case law.
Manufacture:	Generally, the production of articles for use from raw or prepared materials by substantially transforming such materials into new forms, or with new qualities, properties or combinations, whether by hand labor or machine. The U.S. Customs Service determines what constitutes manufacture on a case-by-case basis, and distinguishes the manufacture from other operations such as manipulation, processing, production and blending. The Foreign-Trade Zones Board has defined manufacture as any process that results in a change in Customs classification of the merchandise, and, therefore, requiring prior clearance from the Board before the manufacturing can occur within the Zone.
Merchandise:	Merchandise includes goods, wares, and chattels of every description, except prohibited merchandise, building materials, production equipment and supplies for use in operation of a Zone.
Merchandise, Conditionally Admissible:	Merchandise which may be imported into the U.S. under certain conditions. Merchandise which is subject to permits or licenses, or which must be reconditioned to bring it into compliance with the laws administered by various Federal agencies.
Merchandise, Domestic:	Merchandise which has been produced in the United States and not exported therefrom, or previously imported into the Customs territory of the United States and properly released from Customs custody with payment of all applicable duties and taxes.
Merchandise, Foreign:	Imported merchandise which has not been properly released from Customs custody into the Customs territory of the United States.

Merchandise, Fungible: Merchandise which for commercial purposes is identical and interchangeable in all situations. Originally applied to liquids or free-flowing substances which arrived in bulk, unpacked condition, the concept is now applied in Zones for inventory control purposes, to shipments of goods which arrive packed, but are unpacked and placed together in storage or manufacturing locations, so that identification with the shipment as admitted to the Zone is lost. Concept is subject to wide use in manufacturing environments where it is infeasible to store goods in their original lots awaiting manufacture.

Merchandise, Mixed Status: Foreign merchandise which has been combined with domestic merchandise in the Zone is sometimes referred to as mixed status merchandise.

Merchandise/Operations, Prohibited: Merchandise, the importation of which is prohibited by law on grounds of public policy or morals, or any merchandise that is excluded from a Zone by order of the Foreign-Trade Zones Board. Books urging treason or insurrection against the U.S., obscene pictures, and lottery tickets are examples of prohibited merchandise. Also, certain operations involving the following merchandise are prohibited: tobacco, distilled spirits, alcohol, wine and beer (26 U.S.C. 5001-5008, 5010); sugar (26 U.S.C. 4501-4503); watch movements (19 U.S.C. 1367-1368); bicycles parts (19 U.S.C. 81c); and retail sales in a Zone (19 U.S.C. 81o & CR 146.14).

Merchandise/Operations, Restricted: Merchandise which may not be authorized for delivery from Customs custody without a special permit, or a waiver thereof, by an agency of the U.S. Government. Also, the Foreign-Trade Zones Board and U.S. Customs Service have restricted certain operations involving the following products: steel, textiles, television tubes and sugar. Operations involving orange juice may be restricted. The restrictions vary on a case-by-case basis.

Merchandise/Quote Control: Foreign merchandise subject to U.S. Government import quota controls may be placed in the Zone pending approval for transfer to Customs territory, re-export to a foreign destination, manipulation, or other authorized purposes.

Nonprivileged Foreign Status (NPF): Nonprivileged foreign status is a category for merchandise that does not have privileged or Zone Restricted status. Articles composed of nonprivileged merchandise are classified and appraised in their condition at the time of transfer to the Customs territory for consumption.

Open or Yard Storage: The keeping of merchandise in open space within the fenced-in area of the Zone where merchandise not requiring weather protection may be stored.

Operator:	A corporation, partnership, or person that operates a Zone or Subzone under the terms of an agreement with the Grantee. A Grantee may act as its own Operator.
Operator Agreement:	Prior to activation of the Site, an agreement between the Operator of the Zone Site and the Grantee will be executed. Activation cannot occur without an executed Operator Agreement.
Operator's Bond:	All Zone Operators must submit to Customs a bond to assure compliance with Customs regulations. The bond is submitted on Customs Form (CF) 301. The bond provisions are set forth at 19 C.F.R. 113.73, Customs Regulations. A failure to comply with the regulations may be deemed a "default" by Customs and result in the assessment of liquidated damages under the bond.
Port Director:	U.S. Customs & Border Protection, Honolulu, Hawaii.
Port of Entry:	A place designated by the U.S. Government at which a Customs officer is assigned with authority to accept entries of merchandise, collect duties, and enforce the various provisions of the Customs laws.
Privileged Foreign Status (PF):	In normal operations or prior to any manipulation or manufacture that would change its tariff classification, an importer may apply to the District Director to have imported merchandise in the Zone given privileged foreign status. The merchandise is classified and appraised and duties and taxes are determined as of the date the application is filed. Taxes and duties are payable, however, only when such merchandise or articles are transferred to the Customs territory. The determined duty rate and taxes are not subject to future fluctuation. Once established, privileged foreign status cannot be changed.
Reactivation:	A resumption of the activated status of an entire area that was previously deactivated without any change in the Operator or the area boundaries. If the boundaries are different, the action is an alteration. If the Operator is different, it is an activation.
Retail Sale:	The sale of goods to ultimate consumers, usually in small quantities.
Subzone:	A special-purpose Zone established as part of a Zone project for a limited purpose that cannot be accommodated within an existing Zone. The term "Zone" also applies to a Subzone, unless specified otherwise.
Transfer:	To take merchandise with Zone status from a Zone for consumption, transportation, exportation, warehousing, cartage or lighterage, vessel supplies and equipment, admission to another Zone, and like purposes.

Unique Identifier Number (UIN):	This inventory method controls merchandise in a Zone by cumulative identification, i.e., by unique numbers and/or letters that identify merchandise admitted to a Zone (SKU, part number, bar code, etc.). Inventory levels are adjusted on a First-In-First-Out (FIFO) or Foreign First (FOFI) basis pursuant to generally accepted accounting principles.
User:	A person or firm using a Zone for storage, handling or processing of merchandise. An Operator may also be a User.
Vessel/Aircraft Supply:	The supply of goods or equipment free of duties and taxes under Section 309 of the Tariff Act, to eligible vessels or aircraft for use while actually engaged in foreign trade, or in transit to Alaska, Hawaii, Puerto Rico, or any U.S. possession. Sometimes confused with exportation, which involves removal from the geographic territory of the United States and entry into a foreign country.
Zone Lot Number (ZLN):	A collection of merchandise maintained under an inventory control method based on specific identification of merchandise admitted to a Zone by lot and lot number.
Zone Project:	All of the Zone and Subzone Sites under a single Grantee.
Zone Restricted Status (ZR):	Merchandise admitted into the Zone Site for the purpose of exportation or destruction (except destruction of distilled spirits, wines, and fermented malt liquors). Zone restricted merchandise may not be returned to U.S. Customs territory for domestic consumption except as approved by the FTZ Board and may not be manipulated or manufactured once admitted.
Zone Site:	The physical location of a Zone or Subzone.
Zone Status:	The legal status of merchandise that has been admitted to an FTZ, thereby becoming subject to the provisions of the FTZ Act. Zone status distinguishes between merchandise which has already cleared Customs or is a product of the United States (domestic status) and merchandise which was imported and has not yet cleared Customs (non privileged and privileged foreign status), or is being held in a zone pending exportation or destruction (zone restricted status). The choice of which type of zone status is applicable to merchandise is, to a large extent, at the option of the applicant for admission or the owner of merchandise in the FTZ. However, in some cases, the type of status is dictated by law because of the definition of the status in the U.S. Customs regulations, the operation of other laws in conjunction with the FTZ Act, or special condition in the FTZ grant.
Zone-to-Zone Transfer:	Merchandise transferred from one zone in a port to another zone in that same port or to a zone within a different port. Each type of

transfer requires different forms and procedures as specified in (19
CFR § 146.66).