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 <u>may not</u> 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.

ZONE SCHEDULE

CENTRAL FLORIDA FOREIGN-TRADE ZONE, INC. ST. LUCIE COUNTY, FLORIDA (Grantee/Operator)

RATES, CHARGES, RULES AND REGULATIONS

Applying at

FOREIGN-TRADE ZONE NO. 218 St. Lucie County, Florida USA

Operating under granted authority of the United States Foreign-Trade Zones Board

Located care of:

200

Kathleen H. Stubbolo
Foreign Trade Zone Manager
Central Florida-Foreign Trade Zone, Inc.
2300 Virginia Avenue
Fort Pierce, Florida USA 34982
Telephone: (561) 462-1550 Fax: (561) 462-1581

1997 Revised October 15, 2001

FOREIGN-TRADE ZONE NO. 218

Foreign-Trade Zone No. 218 is located in St. Lucie County, Florida. The Grantee, Central Florida Foreign-Trade Zone, Inc. is a not-for-profit corporation organized under the laws of the State of Florida specifically for the purpose of establishing, operating, and maintaining a foreign-trade zone. All rates and charges for all services or privileges within the Zone shall be fair and reasonable and the operator(s) shall afford to all who may apply for the use of the Zone and its facilities and appurtenances uniform treatment under like conditions, subject to such treaties or commercial conventions as are now in force or may hereafter be made from time to time by the United States with foreign governments.

Copies of this Zone Schedule are on file with the Foreign-Trade Zones Board, Washington, D.C., and are available at the general offices of Foreign-Trade Zone No. 218 upon request at a price of \$10.00 per copy.

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ABBREVIATIONS AND SYMBOLS

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DEFINITION OF TERMS

- ACT. The Foreign-Trade Zones Act of June 19, 1984 (48 Stat. 998-1003; 19 U.S.C. 81a-81u), as amended by Public Law 566, 81st Congress, approved June 17, 1950.
- BOARD. The Foreign-Trade Zones Board created by the Act to carry out the provisions thereof. The Board consists of the Secretary of Commerce, who shall be the chairman and executive officer, the Secretary of the Treasury and the Secretary of the Army.
- BULK. In trade, a product, or a mass (of a product) which is_not packaged, bundled, bottled or otherwise packed, so that it is designated as bulk or bulk merchandise.

CONDITIONALLY ADMISSIBLE MERCHANDISE. - Merchandise which may be imported into the United States under certain conditions. Merchandise which is subject to permits or licenses or which may be reconditioned to bring it into compliance with the laws administered by various Federal agencies is an example of conditionally admissible merchandise.

CUSTOMS TERRITORY. - The territory of the United States in which the general tariff law of the United States applies but which is not included in any foreign-trade zone.

DIRECTOR OF CUSTOMS. - District Director of Customs, Tampa, Florida - U. S. Customs Service.

DOMESTIC MERCHANDISE. - Merchandise of every description (except articles specifically and absolutely prohibited by statute) which has been (1) grown, produced, or manufactured in the United States and on which all internal taxes have been paid or (2) previously imported into Customs territory and properly released from Customs custody on which duty and tax has been paid or which was previously entered free of duty and tax.

FOREIGN MERCHANDISE. - Imported merchandise of every description (except articles specifically and absolutely prohibited by statute) which has not been properly released from Customs custody into Customs territory.

GRANTEE. - Central Florida Foreign-Trade Zone, Inc., St. Lucie County, Florida, to which the privileges of establishing, operating and maintaining Foreign-Trade Zone No. 218 have been granted.

FOREIGN-TRADE ZONE CUSTOMS FORMS. -

<u>Customs Form 214</u> - Application for Foreign-Trade Zone admission and/or status designation.

Customs Form 214A - Bureau of Census statistical copy.

<u>Customs Form 216</u> - Application for Foreign-Trade Zone Activity Permit. Required for any activity which in any way alters merchandise in a zone, including but not limited to manipulation, manufacture, destruction or exhibition.

Foreign-Trade Zone No. 218 Form 215 - a form which may be required by the zone operator for zone withdrawal and control purposes.

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 a zone and foreign merchandise which, under the laws and regulations of various other Federal agencies having jurisdiction within a zone, is said to be "imported" into a foreign-trade zone, Customs bonded warehouse, or Customs custody. This latter merchandise, in relation to operation of a zone, is considered to be Foreign Merchandise until its entry into the commerce of the United States.

IN-TRANSIT MERCHANDISE. - The term "in-transit merchandise" includes all Foreign Merchandise imported 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 same time of the original shipment to another foreign country, 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 a foreign-trade zone.

MANIPULATION. - Means breaking up, repacking, assembling distributing, sorting, grading, cleaning, mixing with foreign or Domestic Merchandise, or other processing which does not constitute manufacturing.

MANUFACTURING. - As used in this part, means activity involving the substantial transformation of a foreign article resulting in a new and different name, character, and use.

NON-PRIVILEGED FOREIGN MERCHANDISE. - (1) Foreign Merchandise properly in a Zone Site which does not have the status of (a) Privileged Foreign Merchandise or (b) Zone Restricted Merchandise; (2) waste recovered from any manipulation or manufacture of Privileged Foreign Merchandise; or (3) Domestic Merchandise in a Zone Site which by reason of noncompliance with the regulations has lost its identity as Domestic Merchandise.

OPERATOR. - A person or entity designated by the Grantee to operate and manage a Zone Site on behalf of the Grantee, as identified in the Operator Agreement to which this Zone Schedule is attached, and which this Zone Schedule is made a part of.

PERSON OF RECORD. - The person, firm or corporation in whose name the application to admit merchandise into the Zone Site (Customs Form 214) is made, recognized by the Grantee as having the legal right to make the application. Evidence of this right of the applicant is the same as would be required to establish the right to apply for release of the merchandise from Customs custody at the end of its transit through Customs territory, and usually consists of an original bill of lading in the name of the applicant, an original bill of lading endorsed to him, or a carrier's certificate.

PRIVILEGED FOREIGN MERCHANDISE. - Foreign Merchandise which has not been manipulated or manufactured so as to effect a change in tariff classification and which is subject to tariff classification according to its character condition and quantity at the rate of duty and tax in force on the

date of filing application on Customs Form 214. Privileged foreign status may not be abandoned and remains applicable even if the merchandise is changed in form by manipulation or manufacture.

PROHIBITED MERCHANDISE. - Merchandise, the importation of which is prohibited by law on grounds of public policy or morals, or any merchandise which is excluded from the Zone Site by order of the Board. Books urging treason or insurrection against the United States, obscene pictures, and lottery tickets are examples of Prohibited Merchandise.

PROCESSING. - Any activity involving a change in condition of merchandise other than manufacturing, which results in a change in the Customs classification of an article or in its eligibility for entry for consumption.

RE-EXPORTS OR RESHIPMENTS. - Merchandise from one foreign country initially destined to the United States which, after being unladed, stored and/or manipulated or manufactured in this country, is transported under a new bill of lading or other new documentation to another foreign country. The term is particularly applied to re-exports or reshipments through a foreign-trade zone.

It includes Privileged, Non-privileged, or Zone-Restricted Foreign Merchandise which (1) is in the same condition as when transported into the United States, or (2) has been manipulated without any change in its form or nature, or (3) has been manipulated or processed in such manner as to change its form, whether or not mixed with Domestic Merchandise, provided the Domestic Merchandise is not a component part or substantial ingredient thereof.

Generally, it includes all merchandise of foreign origin which has not been so manipulated or manufactured as to be deemed a product of the United States and which has not been released from Customs custody into Customs territory.

SECRETARY. - The term the "Secretary" means the Secretary of Commerce.

STORAGE. - The keeping of merchandise in or upon the premises within the Zone Site. Covered storage means keeping within a covered and enclosed structure affording weather protection. The term "storage," without other designation, ordinarily implies covered storage.

SUBZONE. - The term "Subzone" means a special purpose zone established as part of a zone project for a limited purpose, that cannot be accommodated within the existing zone.

TON. - Means weight ton of 2,000 pounds, unless otherwise indicated, and measurement ton of 40 cubic feet.

TRANSSHIPMENT MERCHANDISE. - Foreign Merchandise which enters and leaves the United States through the same port legally, being transferred from one vessel to another directly, or by way of a foreign-trade zone or Customs bonded warehouse. The term is particularly applied to such merchandise transferred through a foreign-trade zone.

UNIQUE IDENTIFIER. - The numbers, letters, or combination of numbers and letters that identify merchandise admitted to a foreign-trade zone with zone status.

UNIT OF QUANTITY. - Means the numerical count of the units composing a shipment of commodity.

UNITED STATES. - The several States, the District of Columbia, and Puerto Rico. The term "United States" includes all territories and possessions of the United States, except the Virgin Islands, American Samoa, Wake Island, Midway Islands, Kingman Reef, and the Island of Guam.

USER/CLIENT/CUSTOMER. - An individual, company or corporation utilizing the services and facilities of the Zone Site.

WAREHOUSE. - A covered and enclosed structure, affording weather protection, used primarily for short or long-term storage of merchandise, and often containing business offices. In a foreign-trade zone, it may also be used for manipulation, manufacture, and exhibition of merchandise.

WEIGHT. - Means the gross weight of the merchandise including container, except as noted to the contrary.

ZONE. - The term the "Zone" means Foreign-Trade Zone No. 218.

ZONE LOT. - A unit or units of merchandise maintained under an inventory control method based on specific identification or merchandise admitted to a foreign-trade zone by lot.

ZONE LOT NUMBER. - The sequential controlled number assigned to a zone lot.

ZONE RESTRICTED MERCHANDISE. - Foreign Merchandise or Domestic Merchandise taken into a zone for the sole purpose of exportation, destruction (except destruction of distilled spirits, wines and fermented malt liquors), or storage prior to exportation or destruction. Zone restricted status may be requested at the time of admittance to a zone or at any time thereafter, but may not be abandoned once granted. Zone Restricted Merchandise may only be resumed to Customs territory for domestic consumption where the Board determines the return to be in the public interest.

ZONE SITE. - An area of the Zone which has been activated and which is operated and managed by an Operator, such area being more particularly described in Exhibit "A" of the Operator Agreement, to which this Zone Schedule is attached, and which this Zone Schedule is made a part of.

ZONE STATUS. - That designation applied for on Customs Form 214 for merchandise admitted to a zone, i.e. Non-privileged Foreign, Privileged Foreign, Zone Restricted or Domestic. Zone status determines the manner in which merchandise shall be classified, appraised and handled.

RATES AND CHARGES FOR FOREIGN-TRADE ZONE USE

- I. For preparation of Application; all costs associated with such work is negotiable due to varying degrees of staff work and preparation time. Companies may develop their own applications if they choose.
- II. At the time of activation, users will pay the Grantee an activation fee of \$250.00. This fee may be waived by the Grantee.
- III. For U.S. Customs bond; no zone user will establish a bond in an amount less than the total value of all freight on hand at any given time. The Foreign-Trade Zone user will provide a letter holding the Grantee harmless from any liability claims or punitive measures imposed by the U.S. Customs Service.
- IV. The Operator will pay the Grantee a fee for activated Foreign-Trade Zone space, amounting to the greater of (a) \$0.03 per square foot per month, or (b) the following:
 - (i) \$12,000 per year (\$1,000/mo.) for a subzone
 - (ii) \$8,400 per year (\$700/mo.) for on-site manufacturing
 - (iii) \$10,000 per year (\$833/mo.) for general purpose warehousing

The above-referenced fees may be adjusted from time to time at the Grantee's sole discretion.

APPLICATION OF ZONE SCHEDULE

APPLICATION OF ZONE SCHEDULE. - The rates, rules and regulations of this Zone Schedule shall apply only to the Zone Site.

GENERAL REGULATIONS. - The activated portions of Foreign-Trade Zone No. 218 are regulated by the Foreign-Trade Zones Board, Washington, D.C. under U.S. Code of Federal Regulations, Chapter IV, Part 400. Copies of these regulations are maintained at the Foreign-Trade Zone No.218 Grantee office for reference.

UNITED STATES CUSTOMS REGULATIONS. - The activated portions of Foreign-Trade Zone No. 218 are subject to special Customs regulations as defined in U.S. Code of Federal Regulations, Chapter 1, U.S. Customs, Part 146 -- Foreign-Trade Zones. Copies of these regulations are maintained at the Grantee's office for reference by all persons and entities doing business with it.

APPLICATION AND INTERPRETATION OF ZONE SCHEDULE. - The Grantee shall be the sole judge to interpret and determine the applicability of any of the rates, rules, regulations or services provided for in this Zone Schedule. However, any matter involving interpretation or action by U.S. Customs will be determined by the District Director of Customs or his duly appointed representative.

SECTION I. - OPERATION OF ZONE

- A. OPERATIONS, FORMS AND PROCEDURES GENERAL. The merchandise and operations permitted in the Zone Site, the disposition of merchandise in the Zone Site, the Zone Status of the merchandise and special provisions applicable to each status, the subsequent exportimportation of merchandise removed from the Zone Site, and other operations in the Zone Site authorized by the Act, are hereinafter in this Section generally described. The Customs Forms required for such activities are available upon request from the Grantee.
- B. MERCHANDISE PERMITTED IN A ZONE. Foreign Merchandise and Domestic Merchandise of every description, except as is specifically prohibited by law, may, without being subject to the Customs laws of the United States, except as otherwise provided in the Act and the regulations made thereunder, be brought into the Zone Site.
 - (a) Merchandise which is specifically and absolutely prohibited by law shall not be admitted into the Zone Site. Any merchandise so prohibited by law which is found within the Zone Site shall be disposed of in the manner provided for in laws and regulations applicable to such merchandise. A distinction is made between (1) merchandise which is specifically and absolutely prohibited by law on the grounds of policy and morals, such as immoral or subversive literature, obscene articles, or lottery matter, and (2) merchandise which is subject to conditional prohibition only, for example, articles which are subject to permits or license for the protection of economic or national security or which may be reconditioned to bring them into compliance with the laws administered by various Federal agencies. U.S. Customs officials are required to exclude the first class of articles and may not permit them to be transferred to the Zone Site if they are aware of their prohibited status, except that the Director of Customs may permit the temporary deposit of any such merchandise in the Zone Site pending final determination of its status. The transfer of articles of the second class to the Zone Site is subject to any requirement of the Federal agency concerned.

There is no prohibition against placing over-quota merchandise in the Zone Site pending its right to transfer to Customs territory pursuant to the applicable quota provisions.

- (b) The application for the admission of merchandise into the Zone Site shall be approved or disapproved by the Director of Customs as the representative of the Board, where the merchandise is not excluded by any other Federal agency having jurisdiction over the merchandise.
- C. APPLICATION AND PERMIT FOR ADMISSION OF MERCHANDISE. Merchandise may only be admitted to the Zone Site if (a) application for admittance is made on a Customs Form 214 and the Director of Customs issues a permit, and (b) the Operator signs for receipt of the merchandise into the Zone Site. Exceptions to this requirement shall be as set forth in the U.S. Customs rules and regulations as they may be amended from time to time. Domestic Merchandise, including packing and repair material may be admitted to the Zone Site without application or permit except: (1) when it is mixed or combined with merchandise in another zone status, or (2) upon order of the Commissioner of Customs.
- D. DISPOSITION OF MERCHANDISE IN A ZONE. In general, merchandise lawfully brought into the Zone Site may, in accordance with these and other regulations made under the provisions of the Act, be exported, destroyed, or sent into Customs territory of the United States therefrom, in the original package, or otherwise; but if Foreign Merchandise, or Domestic Merchandise whose identity has been lost, is so sent from the Zone Site into Customs territory of the United States it will be treated as Foreign Merchandise. Any Domestic Merchandise will be considered to have lost its identity if the Director of Customs determines that it cannot be identified positively by a customs officer as Domestic Merchandise on the basis of an examination of the articles or consideration of any proof that may be submitted by a party-in-interest.
- E. MANIPULATION, MANUFACTURE, EXHIBITION, DESTRUCTION OF MERCHANDISE. Merchandise lawfully brought into the Zone Site may, in accordance with these and other regulations made under the provisions of the Act be stored, sold, exhibited, broken up, repacked, assembled, distributed, sorted, graded, cleaned, mixed with Foreign Merchandise and

Domestic Merchandise, or otherwise manipulated, or be manufactured, or destroyed except as otherwise provided by the Act.

- (a) Written permission for any manipulation, manufacture, exhibition or destruction in the Zone Site shall be obtained from the Director of Customs, pursuant to application on a Customs Form 214. Destruction of merchandise may be permitted outside the Zone Site, in whole or in part and under such conditions necessary to protect the revenues, if proper destruction cannot be accomplished within the Zone Site.
- (b) The Director of Customs shall approve the application unless (1) the proposed operation would be in violation of law or regulation; (2) the place designated for the operation is not suitable for the preservation of identity or status of the merchandise, or safeguarding the revenues; (3) the Director of Customs is not satisfied that the destruction will be effective; or (4) the Executive Secretary of the Board has not granted approval of a new manufacturing operation.
- (c) If an approved application is subsequently rescinded by the Director of Customs for any reason, the applicant or the Grantee may appeal the adverse ruling and request a hearing pursuant to Section 146.82(b)(2).
- (d) The Director of Customs may approve the application for a period of up to one year for a continuous or repetitive operation
- F. STATUS OF MERCHANDISE IN A ZONE. For the purposes of the Act and the U.S. Customs regulations, all merchandise within a zone, except that merchandise excluded by the regulations, shall be given a zone status as:
 - 1. Privileged Foreign Merchandise,
 - 2. Non-privileged Foreign Merchandise,
 - 3. Domestic Merchandise,
 - 4. Zone-Restricted Merchandise,

in accordance with the U.S. Customs regulations.

- G. SUBSEQUENT IMPORTATION OF ZONE MERCHANDISE. Articles produced or manufactured in the Zone Site and exported therefrom shall, on subsequent importation into the Customs territory of the United States, be subject to the import laws applicable to like articles manufactured in a foreign country, except that articles produced or manufactured in the Zone Site exclusively with the use of Domestic Merchandise, the identity of which has been maintained in accordance with the Second Provision of Section 3 of the Act, as amended, may on such importation be entered as American goods returned.
- H. EXCLUSION FROM ZONE OF GOODS OR PROCESS OF TREATMENT. When it shall be reported to the Board that any goods or process of treatment is detrimental to the public interest, health or safety, the Board shall cause such investigation to be made as it may deem necessary. The Board may order the exclusion from the Zone Site of any goods or process of treatment that in its judgment is detrimental to the public interest, health or safety.
- I. RETAIL TRADE WITHIN THE ZONE. No retail trade, sales or offers to sell goods or services to individuals for personal use shall be conducted within the Zone Site except under permits issued by the Grantee and approved by the Board. Such permittees shall not sell goods except such domestic or duty paid or duty-free goods as are brought into the Zone Site from Customs territory. Permits which are sent to the Board for approval shall be accompanied by a sworn statement, as specified in the Foreign-Trade Zone Regulations.

No goods shall be offered for sale or sold in the Zone Site which are not of the same kind and quality permitted to be offered for sale or sold in the political jurisdiction in which the Zone Site is located. If the permittee violates any provisions of the regulations in this Section I, his/her permit shall be revoked by the Grantee, who shall immediately report such action to the Board. The Director of Customs may assess a fine of up to \$1,000 for each violation for each day held to be in violation of the applicable law.

J. RESIDENCE WITHIN ZONE. - No person shall be allowed to reside within the Zone Site except Federal, State or municipal officers or agents whose resident presence is deemed necessary by the Board.

- K. EMPLOYEES AND PERSONS ENTERING AND LEAVING ZONE. Employees and other persons entering or leaving the Zone Site shall pass through the designated entrances to the Zone Site. Employees and other persons shall be subject to such examination upon entering and leaving the Zone Site as the District Director may deem necessary for the protection of the revenue.
- L. ALL PERSONS ENTERING ZONE BOUND BY REGULATIONS. All persons entering the Zone Site for any reason whatsoever shall be bound by the regulations promulgated by the Board, the U.S. Customs Service and the Operator .
- M. IDENTIFICATION OF EMPLOYEES WITHIN ZONE. Everyemployee, contractor or invitee of the Operator or any User within the Zone Site shall be required while within the Zone Site to carry identification cards or wear appropriate identification badges to be provided by the Operator.
- N. IDENTIFICATION OF VISITORS AND NON-EMPLOYEE PERSONNEL WITHIN THE ZONE. All persons having business within the Zone Site, but not possessing appropriate Operator-issued badges, passes or other approval to enter the Zone Site, shall apply for the appropriate approval and entry identification at the Operator's office.

SECTION II. - GENERAL RULES AND REGULATIONS

- 1. **ZONE SITE REGULATIONS**. The following rules governing procedures within the Zone Site are issued in conformity with and supplementary to the Foreign-Trade Zones Board's regulations and such of the United States laws and regulations as are applicable to the Zone Site.
- 2. **COMPENSATION INSURANCE**. Every person employed by the Operator or any subcontractor, licensee or invitee of the Operator in the Zone Site shall be covered by Workman's Compensation Insurance in conformance with all applicable laws, rules and regulations. Proof of such insurance shall be furnished before any work is initiated within the Zone Site, or the Operator must receive an indemnification agreement releasing the Operator from all liability therefor.
- 3. **PUBLIC INTEREST, HEALTH AND SAFETY.** No operation or process of treatment will be permitted in the Zone Site that, in the judgment of the Operator, is detrimental to the public interest, health and safety.
- 4. **ADMITTANCE OF PERSONS.** Persons desiring admittance to the Zone Site shall make application to a representative of the Operator. The pass issued must be worn or shown upon request. Upon leaving the Zone Site, any temporary pass must be surrendered and any permanent pass must be shown to the representative of the Operator. All persons having business in the Zone Site will enter and leave at the prescribed entrance.
- 5. CHARGES BY GOVERNMENT AGENCIES. Charges required by government agencies other than the Grantee are not included in this Zone Schedule and should be arranged by the Operator or its agent with the government bureau concerned.
- 6. WHEN CHARGES ARE PAYABLE. Charges set forth in this Zone Schedule are due and payable as they accrue.
- 7. CHARGES ENFORCED. For the purpose of enforcing the payment of charges named in this Zone Schedule on merchandise handed over, stored, or manipulated within the Zone Site, the Grantee may deny zone services to Operator until all outstanding delinquent charges have been paid.

- 8. **SERVICE CHARGE**. A service charge of 1.5% per month, or portion thereof, may be charged by Grantee on all accounts receivable not paid within 30 days of the due date thereof.
- 9. CHARGES FOR SPECIAL CUSTOMS SERVICES. The U.S. Customs Service may charge special fees for the activation of a new foreign-trade zone or subzone, for zone relocation and for zone boundary alternations. When such fees are assessed as a result of a specific request by the Operator, the Grantee may require that the Operator bear the expense thereof.
- 10. **ZONE SITE STAFF SERVICES**. The Operator shall maintain at the Zone Site a legally assigned employee to assist in the normal operations of the Zone Site during the Operator's regular business hours.
- 11. RULES AND REGULATIONS APPLICABLE TO THE ZONE SITE. The Grantee, the Operator and all persons and entities doing business within the Zone Site must comply with provisions of the Foreign-Trade Zone 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, the States, or the subdivisions and agencies thereof as may be applicable to operators, occupants, and Users of Subzones, and their employees and invitees; and with such of the provisions of this Zone Schedule and subsequent revisions and modifications thereof as may be applicable to the operations conducted in the Subzone.
- 12. **INSPECTION.** The Operator may inspect any area within the Zone at any and all reasonable times to ascertain whether or not the covenants or conditions related to its proper use are being observed.
- 13. **INSURANCE**. The Operator shall bear sole responsibility for the maintenance of insurance on all buildings, facilities and personal property in the Zone Site in commercially reasonable amounts. The Grantee is not required to maintain any such insurance.
- 14. **CUSTOMS BOND.** The Operator shall maintain a Foreign-Trade Zone Customs Bond in the amount required by the Board, as a guarantee for the payment of all duties and Customs permits and also for the payment of any penalties and liquidated damages that may result therefrom.

SECTION III. - SPECIAL RULES PERTAINING TO MERCHANDISE

- 1. **ZONE SITE ACCOMMODATIONS.** Before merchandise may be entered into the Zone Site, applications on Customs Form 214 must be completed, filed and approved by the Operator and filed with the authorized Customs personnel. The application shall describe the merchandise fully, in accordance with the requirements of the Tariff Schedules of the United States Code Annotated, and be accompanied by an examination invoice and any additional information or documentation requested by the District Director.
- 2. WAREHOUSE RECEIPTS. The Operator shall furnish non-negotiable warehouse receipts for all merchandise stored within the Zone Site.
- a. PERMISSION TO MANIPULATE. Before merchandise may be manipulated within the Zone Site, application on Customs Form 216 must be presented to the Grantee for written approval. If the Grantee gives its written approval, then the Operator will forward the application to the Director of Customs through the Customs officer on duty at the Zone. Upon receipt by the Grantee of the written approval of the Director of Customs, the contemplated manipulation will then be permitted.
- 4. TENDER FOR ACCEPTANCE. All merchandise which the Operator wishes to bring into the Zone Site shall be delivered at designated points properly marked and packed and accompanied or proceeded by the necessary documents for preserving the identity of such merchandise, in accordance with the requirements of the U.S. Customs Service.
- 5. MINIMUM ACCEPTANCE CHARGES. The Grantee reserves the right to require the Operator to refuse acceptance of any merchandise, the value of which is determined by the Grantee in its sole discretion, to be less than the Zone charges which the Grantee-estimates will be charged with respect to this merchandise; or at the Grantee's sole discretion the Grantee may require the prepayment of all such charges on this class of merchandise.

- 6. CLEARING MERCHANDISE AND TRAFFIC. All persons entering or leaving the Zone Site, including, but not limited to shippers and consignees of merchandise, must obtain clearance from the Operator.
- 7. **CUSTOMS PERMIT.** Merchandise will not be delivered to or through Customs territory unless delivery order is accompanied by a permit issued by authorized Customs personnel.
- 8. **IMPROPER PACKING.** Merchandise not suitably packed for ordinary handling may, at the sole discretion of the Operator, be rejected or required to be repacked at the expense of the shipper, consignee or their agent.
- 9. HAZARDOUS COMMODITIES. The Zone Site is not required to accept for storage any commodity that will affect the rate of insurance on other merchandise in storage or on the buildings, equipment or any other assets of the Grantee or the Operator, or cause the cancellation of such insurance. Merchandise shall not be stored except in locations or areas that are not restricted in the acceptance of such merchandise for storage by the insurance rate established on contents stored therein.
- 10. MARKING. All merchandise handled in the Zone Site, before entry to Customs territory must be truly marked in accordance with Customs regulations as to the country of origin and must be marked to indicate any repacking or relabeling within the Zone Site, and must otherwise be labeled in accordance with all other Customs and government regulations, and no merchandise will be permitted to leave the Zone Site for any purpose that carries any false or misleading label or mark.
- 11. TRUCKING AND LIGHTERAGE. Transfer of Foreign Merchandise through Customs territory to the Zone Site must be made by Customs bonded trucks or other carriers and is subject to Customs regulations. Likewise, the transfer of merchandise from the Zone Site to another foreign-trade zone, from another foreign-trade zone to the Zone Site, from a bonded warehouse to the Zone Site or from the Zone Site to a port of export must be made by Customs bonded carriers and be subject to Customs regulations. Domestic Merchandise may be admitted to the Zone Site by any means of transportation.

- 20NE SITE. The Operator, or its agent, shall at all times be immediately available to make the merchandise subject to inspection required by the United States Customs Service and shall have the sole responsibility of opening crates and packages, handling the merchandise and securing the crates and packages following the inspection. In the event that the Operator or its agent is not immediately available for the inspections, Grantor or its authorized personnel, shall have the authority to open such packages for the Customs Service and shall not be liable for any loss or damage for any reason whatsoever to the goods. The cost of any resultant need for repackaging or recouping shall be borne by the Operator.
- 13. <u>LIABILITY</u>. The Grantee shall have no liability to the Operator or any invitee or consignee of the Operator, for any loss or damage to merchandise, unless such damage is caused by the negligence or intentional acts of the Grantee or its agents, officers or employees.

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