

## **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](mailto:ftz@trade.gov).

**ZONE SCHEDULE**

**RULES, REGULATIONS, RATES, AND CHARGES APPLYING AT:**

**COLORADO SPRINGS FOREIGN-TRADE ZONE, INC.**

**FOREIGN-TRADE ZONE NO. 112**

**COLORADO SPRINGS, COLORADO**

Operating under granted authority by the Foreign-Trade Zones Board,  
Washington, D.C., to the Colorado Springs Foreign-Trade Zone, Inc..

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Colorado Springs Foreign-Trade Zone, Inc.  
Miller & Company P.C.

**ISSUED: February 21, 2000**

**EFFECTIVE: February 21, 2000**

**ISSUED BY: COLORADO SPRINGS FOREIGN-TRADE ZONE, INC.**

## TABLE OF CONTENTS

TABLE OF CONTENTS .....	i
ZONE GRANTEE/ZONE OPERATOR .....	iv
DESCRIPTION OF FOREIGN-TRADE ZONE NO. 112 .....	v
SITE PLAN/FEDERAL REGISTER NOTICES .....	vii
ZONE SCHEDULE CORRECTIONS LIST .....	viii
SECTION I - DEFINITION OF TERMS .....	1
SECTION II - OVERVIEW OF FOREIGN-TRADE ZONES .....	9
SECTION III - APPLICATION OF RULES, REGULATIONS AND RATES .....	10
Application and Interpretation of Foreign-Trade Zone No. 112, Zone Schedule	10
Regulations - Foreign-Trade Zones Board .....	10
Regulations - United States Customs Service .....	10
Public Utility Status .....	10
SECTION IV - SECURITY PROCEDURES .....	12
Background Investigation .....	12
Employees and Persons Entering and Leaving Activated Portion of Zone	12
Identification of Employees Within Activated Portion of Zone .....	12
Physical Facilities .....	12
SECTION V - OPERATION OF ZONE .....	13
Activation .....	13
Boundary Modification .....	13
Construction of Buildings and Facilities Within a Zone .....	13
Deactivation .....	13
Disposition of Merchandise in a Zone .....	14
Exclusion from Zone of Goods or Process of Treatment/Grant Restrictions	14
Forms, Procedures and Operations in a Zone .....	14
Grant Sale/Conveyance, Transfer, Assignment, Etc. ....	14
Hours of Business and Service .....	15
Independent Contractor Status .....	15
Lapse/Sunset Provision .....	15
Manipulation, Manufacture, Exhibition of Merchandise .....	15

Merchandise Permitted in a Zone . . . . .	16
Retail Trade Within Zone . . . . .	17
Scope of Authority . . . . .	17
Sponsor of New Zone or Subzone . . . . .	17
Status of Merchandise in a Zone . . . . .	17
Subsequent Importation of Zone Merchandise . . . . .	18
Termination-Accrued Obligations/Survival . . . . .	18
Termination-Bankruptcy . . . . .	18
Termination-Conviction/Abandonment . . . . .	19
Use of Zone by Carriers . . . . .	19
<b>SECTION VI - GENERAL RULES AND REGULATIONS . . . . .</b>	<b>20</b>
Agreements . . . . .	20
Charges . . . . .	20
Communication, Audits, Inspections and Requests for Information . . . . .	20
Confidential Relationship . . . . .	21
Foreign-Trade Zone Usage . . . . .	21
Government Agencies . . . . .	21
Governmental Licenses . . . . .	22
Insurance . . . . .	22
Public Interest, Health and Safety . . . . .	22
Regulations - General . . . . .	23
Regulations - Zone . . . . .	23
<b>SECTION VII - SPECIAL RULES PERTAINING TO MERCHANDISE . . . . .</b>	<b>24</b>
Abandonment, Arrearage, or Insolvency . . . . .	24
Bureau of Census Reporting . . . . .	24
Customs Bond . . . . .	24
Customs Inspection of Merchandise While in Zone . . . . .	25
Customs Permit . . . . .	25
Grantee Knowledge . . . . .	25
Handling of Merchandise . . . . .	25
Harbor Maintenance Fee . . . . .	26
Hazardous/Objectionable Commodities . . . . .	26
Indemnification . . . . .	26
Indemnity Bond . . . . .	26
Marking . . . . .	26
Merchandise Processing (User) Fee . . . . .	27
Permission to Manipulate, Manufacture, Exhibit, Repack or Destroy . . . . .	27
Record Deficiencies . . . . .	27
Record Retention . . . . .	28
Reports to Governmental Agencies . . . . .	28

Right of Entry . . . . .	28
Temporary Removal . . . . .	28
Trucking and Lighterage . . . . .	29
<b>SECTION VIII - CHARGES . . . . .</b>	<b>30</b>
Charges . . . . .	30
Uniform Pricing . . . . .	30
<b>APPENDICES</b>	
GRANTEE CHARGES . . . . .	A-1
OPERATOR CHARGES . . . . .	B-1
<b>REGULATIONS</b>	
FOREIGN-TRADE ZONES ACT	
FOREIGN TRADE-ZONES BOARD REGULATIONS	
U.S. CUSTOMS SERVICE REGULATIONS	

## **ZONE GRANTEE/ZONE OPERATOR**

### **ZONE SCHEDULE**

**GRANTEE/OPERATOR: Colorado Springs Foreign-Trade Zone, Inc.**

### **GENERAL OFFICES**

Colorado Springs Foreign-Trade Zone, Inc.  
c/o Economic Development Corporation  
90 South Cascade Avenue  
Suite 1050  
Colorado Springs, Colorado 80903  
Contact Person: Mr. Robert K. Smith, President  
Telephone Number: (719) 471 - 8183  
Fax Number: (719) 471 - 9733

## DESCRIPTION OF FOREIGN-TRADE ZONE NO. 112

Pursuant to a Grant issued by the Foreign-Trade Zones Board, Washington D.C., as Board Order No. 281 on 11/01/84, and an expansion authorized by Board Order No. 342 on 3/3/87, to the Colorado Springs Foreign-Trade Zone, Inc., under provisions of the Foreign-Trade Zones Act (19 U.S.C. 81a-81u), Foreign-Trade Zone No. 112, has issued the following Zone Schedule on rules, regulations, rates and charges.

Foreign-Trade Zone No. 112, which is operated as a public utility under Foreign-Trade Zones Board Regulations, has offices located at 90 South Cascade Avenue, Suite 1050, Colorado Springs, Colorado 80903. The zone has adequate electric power, water, waste disposal, communications, and access to all modes of transportation. The buildings are equipped to provide private lease storage, manipulation, manufacturing, and office space.

Foreign-Trade Zone No. 112, located on 2,270 acres within the 4,000 acre Colorado Centre industrial and commercial community, adjacent to the Colorado Springs Municipal Airport.

## DESCRIPTION OF FOREIGN-TRADE ZONE NO. 112

Copies of this Zone Schedule are on file with the Foreign-Trade Zones Board, Washington, D.C. and the U.S. Customs Port Director in Denver, Colorado, and are available at the general offices of Foreign-Trade Zone No. 112 upon request at a price of \$5.00 per copy.

More detailed guidance on U.S. Customs Service issues may be found in the U.S. Customs Service FTZ Manual. A copy is maintained for review by the Foreign-Trade Zone Operator.

Communications should be addressed to:

Mr. Robert K. Smith, President  
Colorado Springs Foreign-Trade Zone, Inc.  
c/o Economic Development Corporation  
90 South Cascade Avenue  
Suite 1050  
Colorado Springs, Colorado 80903  
Telephone Number: (719) 471 - 8183  
Fax Number: (719) 471 - 9733



**SITE PLAN/FEDERAL REGISTER NOTICES**



# Notices

Federal Register

Vol. 49, No. 97

Thursday, May 17, 1984

This section of the FEDERAL REGISTER contains documents other than rules or proposed rules that are applicable to the public. Notices of hearings and investigations, committee meetings, agency decisions and rulings, delegations of authority, filing of petitions and applications and agency statements of organization and functions are examples of documents appearing in this section.

## DEPARTMENT OF AGRICULTURE

### Forest Service

#### Northeastern Area—State and Private Forestry; Decision Notice and Finding of No Significant Impact; Proposed Cooperative Spruce Budworm Demonstration Project, Vermont, 1984

The Vermont Department of Forests, Parks and Recreation has requested technical and financial assistance from the USDA Forest Service for a spruce budworm demonstration project in 1984. The demonstration will take place in Caledonia, Lamoille and Orleans counties.

In response to the State's request, the USDA Forest Service prepared this environmental assessment (EA). Four alternatives are considered: (1) Suppression using *Bacillus thuringiensis* (Bt) or Sevin 4 Oil; (2) intensified silviculture without suppression; (3) intensified silviculture including suppression and (4) no action.

#### Decision Notice

It is my decision to adopt alternative (3) intensified silviculture including suppression. This alternative best responds to the state's request and to short and long term needs to manage the spruce-fir resource. The USDA Forest Service will provide technical and financial assistance to help implement this alternative.

#### Finding of No Significant Impact

I have determined that this action will not significantly affect the quality of the environment. Therefore, an environmental impact statement is not needed. This determination was made considering the following factors:

1. No irreversible resource commitments or irretrievable timber losses are expected.
2. No adverse cumulative or long-term effects are expected.

3. Physical and biological effects are limited to areas proposed for treatment in 1984.

4. No known endangered animal and plant species will be adversely affected.

Copies of the Environmental Assessment are available for public review at the following offices:

Agency of Environmental Conservation,  
Department of Forests, Parks and  
Recreation, Montpelier, Vermont  
05602

USDA Forest Service, P.O. Box 640,  
Durham, New Hampshire 03824

USDA Forest Service, Northeastern  
Area, State and Private Forestry, 370  
Reed Road, Broomall, Pennsylvania  
19008.

Implementation may take place immediately after the date of this decision. This decision is not subject to administrative review (appeal) pursuant to 36 CFR 211.19.

Dated: May 10, 1984.

Thomas N. Schenarts,  
Director, Northeastern Area State and Private  
Forestry, USDA Forest Service.

[FR Doc. 84-13332 Filed 5-16-84; 8:45 am]  
BILLING CODE 3410-11-M

## CIVIL RIGHTS COMMISSION

### Colorado Advisory Committee; Agenda and Notice of Public Meeting

Notice is hereby given, pursuant to the provisions of the Rules and Regulations of the U.S. Commission on Civil Rights, that a meeting of the Colorado Advisory Committee to the Commission will convene at 9:00 a.m. and will end at 12:00 noon, on June 9, 1984, at the Conoco, Conference Room, 555 17th Street, 9th Floor, Denver, Colorado 80202. The purpose of this meeting is to receive information on the comparable pay issue and plan for future activities.

Persons desiring additional information, or planning a presentation to the Committee, should contact the Chairperson, Mr. Minoru Yasui, at (303) 575-2621 or the Rocky Mountain Regional Office at (303) 837-211.

The meeting will be conducted pursuant to the provisions of the Rules and Regulations of the Commission.

Dated at Washington, D.C., May 14, 1984.

John I. Binkley,  
Advisory Committee Management Officer.

[FR Doc. 84-13285 Filed 5-16-84; 8:45 am]  
BILLING CODE 6335-01-M

## DEPARTMENT OF COMMERCE

### Foreign-Trade Zones Board

[Docket No. 28-84]

#### Proposed Foreign-Trade Zone— Colorado Springs, Colorado, Area; Application and Public Hearing

An application has been submitted to the Foreign-Trade Zones Board (the Board) by the Colorado Springs Foreign Trade Zone, Inc., a Colorado non-profit corporation affiliated with the Colorado Springs Chamber of Commerce, requesting authority to establish a general-purpose foreign-trade zone in E Paso County, Colorado, some 65 miles from the Denver Customs port of entry. The application was submitted pursuant to the provisions of the Foreign-Trade Zones Act, as amended (19 U.S.C. 81a-81u), and the regulations of the Board (15 CFR Part 400). It was formally filed on May 11, 1984. The applicant is authorized to make this proposal under Article 48.5, Title 7, Colorado Revised Statutes. Customs is taking steps to establish a Customs station in Colorado Springs that would be associated with the Denver Customs port of entry.

The proposed foreign-trade zone will cover 1,333 acres at Colorado Center, a 3,000-acre planned industrial and commercial community on Dretnan Road adjacent to Colorado Springs Municipal Airport. The zone site is owned by L. P. Associates, and will be developed by Front Range Foreign-Trade Zone Operators, Inc.

The application contains evidence of the need for zone services in the Colorado Springs area. A number of firms have indicated an interest in using zone procedures for warehousing, distribution and manipulation of products such as solar panels, lighting systems, microelectronics, plug-in power supplies, electroplated electronic parts, and other electronic components. No approvals for manufacturing are being sought at this time. Such requests would be made to the Board on a case-by-case basis.

statewide conference on civil rights in Vermont.

Persons desiring additional information, or planning a presentation to the Committee, should contact the New England Regional Office at (817) 223-4671.

The meeting will be conducted pursuant to the provisions of the Rules and Regulations of the Commission.

Dated at Washington, D.C., November 6, 1984.

John I. Binkley,  
Advisory Committee Management Officer.

[FR Doc. 84-29679 Filed 11-9-84; 8:40 am]

BILLING CODE 6335-01-M

#### Virginia Advisory Committee; Agenda and Public Meeting

Notice is hereby given, pursuant to the provisions of the Rules and Regulations of the U.S. Commission on Civil Rights, that a meeting of the Virginia Advisory Committee to the Commission will convene at 1:00 p.m. and will end at 4:00 p.m., on November 28, 1984, at the City Hall, Council Conference Room, 600 East Broad Street, Richmond, Virginia 23219. The purpose of the meeting is to plan for future projects.

Persons desiring additional information, or planning a presentation to the Committee, should contact the Mid-Atlantic Regional Office at (202) 254-6670.

The meeting will be conducted pursuant to the provisions of the Rules and Regulations of the Commission.

Dated at Washington, D.C., November 6, 1984.

John I. Binkley,  
Advisory Committee Management Officer.

[FR Doc. 84-29678 Filed 11-9-84; 8:45 am]

BILLING CODE 6335-01-M

#### Washington Advisory Committee; Agenda and Public Meeting

Notice is hereby given, pursuant to the provisions of the Rules and Regulations of the U.S. Commission on Civil Rights, that a meeting of the Washington Advisory Committee to the Commission will convene at 1:00 p.m. and will end at 4:00 p.m., on December 10, 1984, at the Federal Building, Room 3080, 915 Second Avenue, Seattle, Washington 98174. The purpose of the meeting is to discuss future program plans.

Persons desiring additional information, or planning a presentation to the Committee, should contact the Northwestern Regional Office at (206) 442-1248.

The meeting will be conducted pursuant to the provisions of the Rules and Regulations of the Commission.

Dated at Washington, D.C., November 6, 1984.

John I. Binkley,  
Advisory Committee Management Officer.

[FR Doc. 84-29678 Filed 11-9-84; 8:45 am]

BILLING CODE 6335-01-M

#### DEPARTMENT OF COMMERCE

##### Foreign-Trade Zones Board

[Order No. 281]

#### Resolution and Order Approving the Application of the Colorado Springs Foreign-Trade Zone, Inc., for a Foreign-Trade Zone in El Paso County, CO; Resolution and Order

Pursuant to the authority granted in the Foreign-Trade Zone Act of June 18, 1934, as amended (19 U.S.C. 81a-81u), the Foreign-Trade Zone Board has adopted the following Resolution and Order:

The Board, having considered the matter, hereby orders:

After consideration of the application of the Colorado Springs Foreign-Trade Zone, Inc., a Colorado non-profit corporation affiliated with the Colorado Springs Chamber of Commerce, filed with the Foreign-Trade Zones Board (the Board) on May 11, 1984, requesting a grant of authority for establishing, operating, and maintaining a general-purpose foreign-trade zone in El Paso County, Colorado, adjacent to the Colorado Springs Station of the Denver Custom port of entry, the Board, finding that the requirements of the Foreign-Trade Zones Act, as amended, and the Board's regulations are satisfied, and that the proposal is in the public interest, approves the application.

As the proposal involves open space on which buildings may be constructed by parties other than the grantee, this approval includes authority to the grantee to permit the erection of such buildings, pursuant to § 400.815 of the Board's regulations, as are necessary to carry out the zone proposal, providing that prior to its granting such permission it shall have the concurrences of the local District Director of Customs, the U.S. Army District Engineer, when appropriate, and the Board's Executive Secretary. Further, the grantee shall notify the Board's Executive Secretary for approval prior to the commencement of any manufacturing operation within the zone. The Secretary of Commerce, as Chairman and Executive Officer of the Board, is hereby authorized to issue a

grant of authority and appropriate Board Order.

#### Foreign-Trade Zones Board, Washington, D.C.

*Grant To Establish, Operate, and Maintain a Foreign-Trade Zone in El Paso County, Colorado, Adjacent to the Colorado Springs Customs Station*

Whereas, by an Act of Congress approved June 18, 1934, an Act "To provide for the establishment, operation, and maintenance of foreign-trade zones in ports of entry of the United States, to expedite and encourage foreign commerce, and for other purposes," as amended (19 U.S.C. 81a-81u) (the Act), the Foreign-Trade Zone Board (the Board) is authorized and empowered to grant to corporations the privilege of establishing, operating, and maintaining foreign-trade zones in or adjacent to ports of entry under the jurisdiction of the United States.

Whereas, the Colorado Springs Foreign-Trade Zone, Inc. (the Grantee), a Colorado non-profit corporation affiliated with the Colorado Springs Chamber of Commerce, has made application (filed May 11, 1984, Docket No. 28-84, 49 FR 20889) in due and proper form to the Board, requesting the establishment, operation, and maintenance of a foreign-trade zone in El Paso County, Colorado, adjacent to the Colorado Springs Station of the Denver Customs port of entry;

Whereas, notice of said application has been given and published, and full opportunity has been afforded all interested parties to be heard; and,

Whereas, the Board has found that the requirements of the Act and the Board's regulations (15 CFR Part 400) are satisfied;

Now, therefore, the Board hereby grants to the Grantee the privilege of establishing, operating, and maintaining a foreign-trade zone, designated on the records of the Board as Zone No. 112 at the location mentioned above and more particularly described on the maps and drawings accompanying the application in Exhibits IX and X, subject to the provisions, conditions, and restrictions of the Act and the regulations issued thereunder, to the same extent as though the same were fully set forth herein, and also to the following express conditions and limitations:

Activation of the foreign-trade zone shall be commenced by the Grantee within a reasonable time from the date of issuance of the grant, and prior thereto the Grantee shall obtain all necessary permits from Federal, State, and municipal authorities.

The Grantee shall allow officers and employees of the United States free and unrestricted access to and throughout the foreign-trade zone site in the performance of their official duties.

The Grantee shall notify the Executive Secretary of the Board for approval prior to the commencement of any manufacturing operations within the zone.

The grant shall not be construed to relieve the Grantee from liability for injury or damage to the person or property of others occasioned by the construction, operation, or maintenance of said zone, and in no event shall the United States be liable therefor.

The grant is further subject to settlement locally by the District Director of Customs and the Army District Engineer with the Grantee regarding compliance with their respective requirements for the protection of the revenue of the United States and the installation of suitable facilities.

In witness whereof, the Foreign-Trade Zones Board has caused its name to be signed and its seal to be affixed hereto by its Chairman and Executive Officer or his delegate at Washington, D.C. this 1st day of November 1984 pursuant to Order of the Board.

Foreign-Trade Zones Board.

Malcom Baldrige,

Chairman and Executive Officer.

Attest:

John J. Da Ponte, Jr.,

Executive Secretary.

[PR Doc. 84-20621 Filed 11-9-84; 6:45 am]

BILLING CODE 3510-08-M

[Order No. 278]

**Resolution and Order Approving the Application of the County of Jefferson, NY, for a Foreign-Trade Zone and a Special-Purpose Subzone; Resolution and Order**

Pursuant to the authority granted in the Foreign-Trade Zones Act of June 18, 1934, as amended (19 U.S.C. 81a-81u), the Foreign-Trade Zones Board has adopted the following Resolution and Order:

The Board, having considered the matter, hereby orders:

After consideration of the applications of the County of Jefferson, New York, filed with the Foreign-Trade Zones Board (the Board) on January 4, and February 10, 1984, requesting a grant of authority for establishing, operating, and maintaining a general-purpose foreign-trade zone in Jefferson County, and a special-purpose subzone for the manufacturing plant of New York

Air Brake Company in Watertown, New York, adjacent to the Alexandria Bay Customs port of entry, the Board, finding that the requirements of the Foreign-Trade Zones Act, as amended, and the Board's regulations are satisfied, and that the proposals are in the public interest, approves the applications.

As the proposals involve open space on which buildings may be constructed by parties other than the grantee, this approval includes authority to the grantee to permit the erection of such buildings, pursuant to § 400.815 of the Board's regulations, as are necessary to carry out the zone proposals, providing that prior to its granting such permission it shall have the concurrences of the local District Director of Customs, the U.S. Army District Engineer, when appropriate, and the Board's Executive Secretary. Further, the grantee shall notify the Board's Executive Secretary for approval prior to the commencement of any manufacturing operation within the general-purpose zone. The Secretary of Commerce, as Chairman and Executive Officer of the Board, is hereby authorized to issue a grant of authority and appropriate Board Order.

Foreign-Trade Zones Board,  
Washington, D.C.

*Grant To Establish, Operate, and Maintain a Foreign-Trade Zone and Subzone in Jefferson County, New York*

Whereas, by an Act of Congress approved June 18, 1934, an Act "To provide for the establishment, operation, and maintenance of foreign-trade zones in ports of entry of the United States, to expedite and encourage foreign commerce, and for other purposes," as amended (19 U.S.C. 81a-81u) (the Act), the Foreign-Trade Zones Board (the Board) is authorized and empowered to grant to corporations the privilege of establishing, operating, and maintaining foreign-trade zones in or adjacent to ports of entry under the jurisdiction of the United States;

Whereas, the County of Jefferson, New York (the Grantee) has made applications (filed January 4 and February 10, 1984, Docket Nos. 2 and 4-84, 49 FR 1260 and 8395) in due and proper form to the Board, requesting the establishment, operation, and maintenance of a general-purpose foreign-trade zone in Jefferson County, New York, and a special-purpose subzone for the manufacturing plant of New York Air Brake Company, Watertown, New York, adjacent to the Alexandria Bay Customs port of entry;

Whereas, notice of said applications have been given and published, and full

opportunity has been afforded all interested parties to be heard; and,

Whereas, the Board has found that the requirements of the Act and the Board's regulations (15 CFR Part 400) are satisfied;

Now, therefore, the Board hereby grants to the Grantee the privilege of establishing, operating, and maintaining a foreign-trade zone and subzone, designated on the records of the Board as Zone No. 109 and Subzone No. 109A at the locations mentioned above and more particularly described on the maps and drawings accompanying the application in Exhibits IX and X, subject to the provisions, conditions, and restrictions of the Act and the regulations issued thereunder, to the same extent as though the same were fully set forth herein, and also to the following express conditions and limitations:

Activation of the foreign-trade zone and subzone shall be commenced by the Grantee within a reasonable time from the date of issuance of the grant, and prior thereto the Grantee shall obtain all necessary permits from Federal, State, and municipal authorities.

The Grantee shall allow officers and employees of the United States free and unrestricted access to and throughout the foreign-trade zone and subzone sites in the performance of their official duties.

The Grantee shall notify the Executive Secretary of the Board for approval prior to the commencement of any manufacturing operations within the general-purpose zone.

The grant shall not be construed to relieve the Grantee from liability for injury or damage to the person or property of others occasioned by the construction, operation, or maintenance of said zone or subzone, and in no event shall the United States be liable therefor.

The grant is further subject to settlement locally by the District Director of Customs and the Army District Engineer with the Grantee regarding compliance with their respective requirements for the protection of the revenue of the United States and the installation of suitable facilities.

In witness whereof, the Foreign-Trade Zones Board has caused its name to be signed and its seal to be affixed hereto by its Chairman and Executive Officer or his delegate at Washington, D.C. this 5th day of November 1984 pursuant to Order of the Board.

including information on affirmative action and comparable worth.

Persons desiring additional information, or planning a presentation to the Committee, should contact Subcommittee Chairperson, Richard Duncan, or Melvin Jenkins, Director of the Central States Regional Office at (816) 374-5253, (TDD 816/374-5009).

The meeting will be conducted pursuant to the provisions of the Rules and Regulations of the Commission.

Dated at Washington, DC September 25, 1985.

**Bert Silver,**

*Assistant Staff Director for Regional Programs.*

[FR Doc. 85-23327 Filed 9-30-85; 8:45 am]

BILLING CODE 8336-01-M

## DEPARTMENT OF COMMERCE

### Foreign-Trade Zones Board

[Docket No. 32-85]

#### Foreign-Trade Zone 112, El Paso County, CO; Application for Expansion

An application has been submitted to the Foreign-Trade Zones Board (the Board) by the Colorado Springs Foreign-Trade Zone, Inc., grantee of Foreign-Trade Zone 112, requesting authority to expand its zone in El Paso County, Colorado, adjacent to the Colorado Springs Station of the Denver Customs port of Entry. The application was submitted pursuant to the provisions of the Foreign-Trade Zones Act, as amended (19 USC 81a-81u), and the regulations of the Board (15 CFR Part 400). It was formally filed on September 12, 1985.

On November 1, 1984, the Board authorized the Colorado Springs Foreign-Trade Zone, Inc., to establish a foreign-trade zone in the Colorado Springs area (Board Order 281, 49 FR 44938, 11/13/84). The project currently covers 1300 acres within the Colorado Center planned industrial park on Drennan Road, adjacent to the Colorado Springs Municipal Airport in El Paso County.

The proposed zone expansion would add another 480 acres adjacent to the approved zone. It is part of an expansion of the Colorado Center and, as with the approved zone area, will be operated as an integral part of the center.

In accordance with the Board's regulations, an examiners committee has been appointed to investigate the application and report to the Board. The

committee consists of: Dennis Puccinelli (Chairman), Foreign-Trade Zones Staff, U.S. Department of Commerce, Washington, DC 20230; Donald Myhra, District Director, U.S. Customs Service, North Central Region, 600 Central Ave., Great Falls, MT 59401; and Lt. Colonel David E. Peixotto, District Engineer, U.S. Army Engineer District Albuquerque, P.O. Box 1580, Albuquerque, NM 87103.

Comments concerning the proposed zone expansion are invited in writing from interested parties. They should be addressed to the Board's Executive Secretary at the address below and postmarked on or before October 30, 1985.

A copy of the application is available for public inspection at each of the following locations:

U.S. Dept. of Commerce District Office,  
119 U.S. Customshouse, 721 19th  
Street, Denver, CO 80202  
Office of the executive Secretary,  
Foreign-Trade Zones Board, U.S.,  
Department of Commerce, Room 1529,  
14th and Pennsylvania, NW.,  
Washington, DC 20230

Dated: September 24, 1985.

**John J. Da Ponte, Jr.,**  
*Executive Secretary.*

[FR Doc. 85-23405 Filed 9-30-85; 8:45 am]

BILLING CODE 3510-08-M

[Docket No. 31-85]

#### Foreign-Trade Zone 35—Philadelphia, PA; Application for Subzone, Pennsylvania Shipbuilding, Chester

An application has been submitted to the Foreign-Trade Zones Board (the Board) by the Philadelphia Port Commission, grantee of Foreign-Trade Zone 35, requesting special-purpose subzone status for the shipyard of Pennsylvania Shipbuilding Company (Penn Ship), Chester, Pennsylvania, within the Philadelphia Customs port of entry. The application was submitted pursuant to the provisions of the Foreign-Trade Zones Act, as amended (19 USC 81a-81u), and the regulations of the Board (15 CFR Part 400). It was formally filed on September 11, 1985.

Penn Ship is a second-tier subsidiary of Capital Marine Corporation. Its shipyard covers 185 acres at Foot of Morton Avenue, Chester, some 20 miles south of Philadelphia. The facility is used to design, construct, convert and repair vessels for military and commercial uses, employing 1400 persons. Current contracts involve the converting of 2 SL-7 ships to TAKRX fast logistic ships for the Navy;

maintenance of 2 MARAD Cargo ships, and repair of a foreign tanker. Bids have been made on the construction of 2 clean-product tankers. Some 10 percent of the value TAKRX project and 60 percent of the material value of the clean product tankers involves imported components, including engines, generators, pumps, propellers, compressors, heat exchangers, anchors, chain, gears, valves, steel plate and structural shapes, steel pipe and tubes, copper pipes, deck machinery, switchboard and control panels.

Zone procedures will help Penn Ship reduce costs on its current orders and compete internationally for new contracts. The benefits stem from the fact that most of the imported components are subject to significant duties while the finished products, as oceangoing vessels, are duty-free. In accordance with the Board's regulations, an examiners committee has been appointed to investigate the application and report to the Board. The committee consists of: John J. Da Ponte, Jr. (Chairman), Director, Foreign-Trade Zones Staff, U.S. Department of Commerce, Washington, DC 20230; Edward A. Coggin, Assistant Regional Commissioner, U.S. Customs Service, Northeast Region, 100 Summer St., Boston, MA 02110; and Lt. Colonel Ralph V. Locario, District Engineer, U.S. Army Engineer District Philadelphia, 2nd & Chestnut Streets, Philadelphia, PA 19106.

Comments concerning the proposed subzone are invited in writing from interested parties. They should be addressed to the Board's Executive Secretary at the address below and postmarked on or before October 30, 1985.

A copy of the application is available for public inspection at each of the following locations:

U.S. Dept. of Commerce District Office,  
9448 Federal Bldg., 600 Arch Street,  
Philadelphia, PA 19106  
Office of the Executive Secretary,  
Foreign-Trade Zones Boards, U.S.,  
Department of Commerce, Room 1529,  
14th and Pennsylvania, NW,  
Washington, DC 20230

Dated: September 24, 1985.

**John J. Da Ponte, Jr.,**  
*Executive Secretary.*

[FR Doc. 85-23406 Filed 9-30-85; 8:45 am]

BILLING CODE 3510-08-M

# Notices

Federal Register

Vol. 51, No. 119

Friday, June 20, 1988

This section of the FEDERAL REGISTER contains documents other than rules or proposed rules that are applicable to the public. Notices of hearings and investigations, committee meetings, agency decisions and rulings, delegations of authority, filing of petitions and applications and agency statements of organization and functions are examples of documents appearing in this section.

## DEPARTMENT OF AGRICULTURE

### Agricultural Marketing Service

#### Flue-Cured Tobacco Advisory Committee; Rescheduled Meeting

In accordance with the Federal Advisory Committee Act (5 U.S.C. App. 1) announcement is made of a change of date of the following meeting:

Name: Flue-Cured Tobacco Advisory Committee.

Date: July 8, 1988.

Time: 1 p.m.

Place: Tobacco Division, Agricultural Marketing Service, U.S. Department of Agriculture, Flue-Cured Tobacco Cooperative Stabilization Corporation Building, 1306 Annapolis Drive, Raleigh, North Carolina 27605.

Purpose: To discuss the establishment of marketing areas, submarketing areas, selling schedules, opening dates, and related matters for the 1988 flue-cured tobacco marketing season.

The meeting is open to the public. Persons, other than members, who wish to address the Committee at the meeting should contact the Director, Tobacco Division, Agricultural Marketing Service, U.S. Department of Agriculture, 300 12th Street SW., Washington, DC 20250, (202) 447-2587, prior to the meeting. Written statements may be submitted to the Committee prior to or at the meeting.

The meeting had been scheduled for June 18, as announced in the Federal Register of June 5, 1988. It has been rescheduled due to a delay in obtaining the grower designation data required to establish selling schedules.

Dated: June 16, 1988.

William T. Manley,

Deputy Administrator, Marketing Programs.

[FR Doc. 88-14007 Filed 6-19-88; 8:45 am]

BILLING CODE 3410-02-M

### Animal and Plant Health Inspection Service

[Docket No. 86-058]

#### Swine Health Protection Advisory Committee; Meeting

AGENCY: Animal and Plant Health Inspection Service, USDA.

ACTION: Notice of meeting of the Secretary's Advisory Committee for Swine Health Protection.

SUMMARY: This document gives notice of a meeting of the Secretary's Advisory Committee for Swine Health Protection.

Place, date, and time of meeting: The meeting will be held at Room 3056 of the South Building, United States Department of Agriculture, 14th Street and Independence Avenue, Washington, DC, July 18, 1988, from 8:15 a.m. to 4:30 p.m.

FOR FURTHER INFORMATION CONTACT: Dr. L. Schnurrenberger, Program Planning Staff, VS, APHIS, USDA, Room 848, Federal Building, 6505 Belcrest Road, Hyattsville, MD 20782, 301-436-8321.

SUPPLEMENTARY INFORMATION: The purpose of the Committee is to advise the Secretary of Agriculture concerning matters within the scope of the Swine Health Protection Act. The meeting will be open to the public. The meeting is scheduled to include a discussion of swine health protection program activities; an update on measures being taken to help prevent domestic swine diseases, such as calicivirus, trichinosis, and pseudorabies; and a report on the worldwide status of exotic swine diseases.

Written statements concerning these matters may be filed with the committee before or at the time of the meeting. Written statements concerning the meeting may be forwarded to Dr. L. Schnurrenberger, Staff Veterinarian, Program Planning Staff, VS, APHIS, USDA, Room 848, Federal Building, 6505 Belcrest Road, Hyattsville, MD 20782. Comments received may also be inspected at this address from 8 a.m. to 4:30 p.m., Monday through Friday, except holidays.

Dated: June 12, 1988.

Alan Tracy,

Acting Assistant Secretary, Marketing and Inspection Services.

[FR Doc. 88-13954 Filed 6-19-88; 8:45 am]

BILLING CODE 3410-34-M

## DEPARTMENT OF COMMERCE

### Foreign-Trade Zones Board

[Docket No. 32-85]

#### Foreign-Trade Zone 112, Colorado Springs, CO; Amendment of Expansion Application

Notice is hereby given that the application submitted by the Colorado Springs Foreign-Trade Zone, Inc., grantee of Foreign-Trade Zone 112, for an expansion of its zone in El Paso County (50 FR 40044, Oct. 1, 1985) has been amended to include an additional 81-acres adjacent to the existing zone. The expansion application remains otherwise unchanged.

The comment period is reopened until July 20, 1988.

The application and amendment material are available for public inspection at the following locations:

U.S. Department of Commerce District Office, 119 U.S. Customhouse, 721—19th Street, Denver, Co 80202.

Office of the Executive Secretary, Foreign-Trade Zones Board, U.S. Department of Commerce, Room 1529, 14th & Pennsylvania Ave., NW., Washington, DC 20230.

Dated: June 16, 1988.

John J. De Ponte, Jr.,

Executive Secretary.

[FR Doc. 88-13944 Filed 6-19-88; 8:45 am]

BILLING CODE 3510-05-M

## International Trade Administration

### Withdrawal of Application for Duty-Free Entry of Scientific Instruments; the Fred Hutchinson Cancer Research Center

The Fred Hutchinson Cancer Research Center has withdrawn Docket Number 88-141, an application for duty-free entry of a mass spectrometer.

**DEPARTMENT OF COMMERCE****Foreign-Trade Zones Board****[Order No. 342]****Approval for Expansion of Foreign-Trade Zone No. 112, El Paso County, Colorado, Adjacent to the Colorado Springs Station of the Denver Customs Port of Entry**

Pursuant to its authority under the Foreign-Trade Zones Act of June 18, 1934, as amended (19 U.S.C. 81a-81u), and the Foreign-Trade Zones Board Regulations (15 CFR Part 400), the Foreign-Trade Zones Board (the Board) adopts the following order:

Whereas, the Colorado Springs Foreign-Trade Zone, Inc., Grantee of the Foreign-Trade Zone No. 112, has applied to the Board for authority to expand its general-purpose zone to add acreage at the Colorado Center zone site, El Paso County, Colorado, adjacent to the Colorado Springs Station of the Denver Customs port of entry;

Whereas, the application was accepted for filing on September 12, 1985, and notice inviting public comment was given in the *Federal Register* (Docket No. 32-85, 50 FR 40044, 10/1/85);

Whereas, an examiners committee has investigated the application in accordance with the Board's regulations and recommends approval;

Whereas, the expansion is necessary to improve and expand zone services in the Colorado Springs area; and,

Whereas, the Board has found that the requirements of the Foreign-Trade Zones Act, as amended, and the Board's regulations are satisfied, and that approval of the application is in the public interest;

Now, Therefore, the Board hereby orders:

That the Grantee is authorized to expand its zone in accordance with the application filed September 12, 1985. The grant does not include authority for manufacturing operations, and the Grantee shall notify the Board for approval prior to the commencement of any manufacturing or assembly operations. The authority given in this Order is subject to settlement locally by the District Director of Customs and the District Army Engineer regarding compliance with their respective requirements relating to foreign-trade zones.

Signed at Washington, DC, this 3rd day of March 1987.

**Paul Freedenberg,**

*Assistant Secretary of Commerce for Trade Administration, Chairman, Committee of Alternates, Foreign-Trade Zones Board.*

Attest:

**John J. DuPont,**

*Executive Secretary.*

[FR Doc. 87-5481 Filed 3-12-87; 8:45 am]

BILLING CODE 3510-05-M





## SECTION I - DEFINITION OF TERMS

**Act**--The Foreign-Trade Zones Act of June 18, 1934 (48 Stat. 998 - 1003; 19 U.S.C. 81a-81u), as amended by Public Law 397, 73rd Congress, approved June 18, 1950. (15 C.F.R. § 400.2(a)).

**Admission Suspense Account**--Merchandise received without complete U.S. Customs Service documentation or which is unacceptable to the inventory control and recordkeeping system will be recorded in a suspense account or record until documentation is complete or the system is capable of accepting the information. (19 C.F.R. § 146.22(c)). See Section I - Definition of Terms, Temporary Deposit.

**Alteration**--A change in the boundaries of a Foreign-Trade Zones Board approved and designated Zone or Subzone; designation of a separate Site of an already-activated Zone or Subzone with the same Zone Operator at the same port; or the relocation within a Foreign-Trade Zones Board approved and designated area of an already-activated Site with the same Zone Operator. Notification must be sent to the Foreign-Trade Zones Board. The Operator must make a written application to the local Port Director of the U.S. Customs Service for approval of an alteration of an activated area as it must be checked by Customs through its security survey to ensure the security suitability and fitness of the area for receipt of merchandise in zone status.

**Antidumping/Countervailing Duty**--FTZ Board Regulations require that any merchandise admitted to a zone that is subject to an AD/CVD Order must be placed in privileged foreign status. (15 C.F.R. § 400.33(b)(2)).

**Applicant of Record**--The person, firm or corporation in whose name the application to admit merchandise into the zone (CF 214) is made, recognized by the U.S. Customs Service 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 U.S. Customs Service with the right to make entry. (19 C.F.R. § 146.32(b)(2)).

**Board**--The Board means the Foreign-Trade Zones Board created by the Act to carry out the provisions thereof. The Foreign-Trade Zones Board shall consist of the Secretary of the Department of Commerce, who shall be the chairman, and the Secretary of the Treasury. (15 C.F.R. § 400.2(b)).

**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.

## SECTION I - DEFINITION OF TERMS

**Conditionally Admissible Merchandise**--Merchandise which may be admitted to the zone or be imported into the U.S. under certain conditions. Merchandise subject to antidumping and countervailing duty, subject to Foreign-Trade Zones Board Grant Restrictions, or merchandise transferred from a bonded warehouse, are examples of conditionally admissible merchandise for admission to the zone. Merchandise which is subject to permits or licenses (i.e. FDA controlled merchandise, certain firearms, motor vehicles, etc.), and merchandise which must be reconditioned to bring it into compliance with the laws administered by various federal agencies are examples of conditionally admissible merchandise for import. See Sections 6.3, 6.7(h), and 11.4, U.S. Customs Service FTZ Manual.

**Container**--A container is a shipping device--a non-self propelled, rigid, non-disposable, returnable, cargo-carrying device with or without wheels, enclosed or otherwise and includes any container, trailer, chassis platform, specially constructed skid, pallets, mount, or combination thereof, and which is designed to be transported integrally as one unit directly and mechanically between vessels and piers so as to eliminate intermediate rehandling and/or storage of cargo.

**Customs Form 214**--Application and permit to admit merchandise into a Foreign-Trade Zone and/or designation of zone status.

**Customs Form 214A**--Application For Foreign-Trade Zone Admission and/or Status Designation. This form is the pink or salmon colored statistical copy of the CF 214 utilized for Bureau of Census reporting purposes. Approval may be requested by the Zone Operator to submit statistical information directly to Census by flexible diskette transmission, 3480 data cartridge, or direct computer transmission. If this is not requested, the CF 214A is required to be submitted to the U.S. Customs Service.

**Customs Form 216**--Application and permit for the manipulation, manufacture, exhibition, temporary removal or destruction of merchandise within a Foreign-Trade Zone.

**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.

**Domestic Merchandise**--Domestic sourced or foreign sourced previously duty paid merchandise. See Status of Merchandise herein.

**Foreign Merchandise**--Imported merchandise which has not been properly released from the U.S. Customs Service custody in the Customs territory of the United States. See Status of Merchandise herein.

## SECTION I - DEFINITION OF TERMS

**Fungible Merchandise**--Merchandise which for commercial purposes is identical and interchangeable in all situations.

**Grantee**--The Grantee of Foreign-Trade Zone No. 112 is Colorado Springs Foreign-Trade Zone, Inc., an organization to which the privilege of establishing, operating, and maintaining a foreign-trade zone has been granted by the Foreign Trade Zone Board.

**Harmonized Tariff Schedule of the U.S. (HTSUS) Number**--The ten digit number used to identify all imported and exported merchandise. The complete text is available from the U.S. International Trade Commission, Publication 2831.

**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 through the United States to another foreign country, under a through bill of lading or other documentation for a completed journey.

### **Inventory Records--**

- A. Zone Lot Number (ZLN)**--A number assigned to the unit or units of goods (zone lot) for which a separate record and account is to be kept by the Zone Operator or Zone User. The merchandise must be physically segregated and marked by lot at all times. (19 C.F.R. 146.37(a)(1) and (d)).
- B. Unique Identifier Number (UIN)**--Number, letters, or combination of both (alphanumeric) that identify merchandise admitted to a zone. It is fungible material typically identified by a part number, model number, style number, SKU, etc. This number may be used for control and accounting of the goods. FIFO (First In, First Out) and FOFI (Foreign First) inventory relief methods have been authorized by the U.S. Customs Service. (19 C.F.R. 146.37(a)(2) and (d)). Generally, a FIFO system is used for UIN activity.

**Lease**--The document of agreement entered into between the owner or lessor of the property and the lessee for use of space within the 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 a manufacture.

## SECTION I - DEFINITION OF TERMS

**Manufacturing**--Activity involving the substantial transformation of a foreign article resulting in a new and different article having a different name, character, use, and HTS classification. Authority for such activity in a zone must be secured from the Foreign-Trade Zones Board and authorized on a CF 216 by the U.S. Customs Service.

**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 may not be considered "merchandise.")

**North American Free Trade Agreement (NAFTA) Duty Deferral Program**--The NAFTA Duty Deferral Program is currently in effect for trade between the United States and Canada and will become effective January 1, 2001 for trade between the United States and Mexico. Under this Program, all foreign sourced, non-NAFTA-qualified merchandise used in manufacturing in a foreign-trade zone, whether or not the finished product is NAFTA-qualified, when exported to Canada must be the subject of a special NAFTA "08" code Customs entry and be subject to U.S. Customs duties, applicable antidumping/countervailing duties, and merchandise processing fees.

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

**Operating Agreement**--The agreement between the Zone Operator and the Zone User, or the Zone Grantee and the Zone Operator describing rights, responsibilities, and financial considerations.

**Port Director, U. S. Customs**--The Port Director of the U.S. Customs Service located in Denver, Colorado, or his representative.

**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 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, cigars, cigarettes and cigarette papers and tubes (26 U.S.C. 5701-5706); Firearms (26 U.S.C. 4181-4182/5811); 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); Bicycle parts were prohibited for a limited time period (19 U.S.C. 81b(c)) until December 31, 1992; and retail sales in a zone (19 U.S.C. 81 (o)(d) & CR 146.14). Detailed information on exactly what merchandise is prohibited from being admitted to the foreign-trade zone is available from the Zone Operator.

## SECTION I - DEFINITION OF TERMS

**Quantity**--Means the numerical count of the units composing a shipment of merchandise.

**Quota**--Means a set limit of a given item that may be imported during a set period of time (normally one year). Tariff rate quota only limits the quantity that may be imported at the lower rate, imports above the quota quantity would be at a higher rate of duty.

**Re-Exports or Reshipments**--Merchandise from one foreign country initially destined to the United States which, after being unladen, 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. 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.

**Regulations**--All operations within the foreign-trade zone are subject to the Foreign-Trade Zones Board Regulations, 15 C.F.R. Part 400; and U.S. Customs Service Regulations, 19 C.F.R. Part 146. Imports and exports may also be governed by the Regulations or Guidelines of other Federal Agencies. All products to be admitted to a foreign-trade zone must be reviewed for potential compliance issues.

**Restricted Merchandise/Operations**--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. Contact the Zone Operator for a list of Restricted Merchandise. Also, the Foreign-Trade Zones Board and U.S. Customs Service have restricted certain operations involving the following products: steel, apparel/textiles, television tubes, auto parts, milk, and sugar, orange juice, printers ink, alcohol/gasohol, oil refining, tires, chain saws and golf carts. The restrictions may vary on a case-by-case basis. Contact the Zone Operator for a current list of Foreign-Trade Zones Board Grant Restrictions. (15 C.F.R. § 400.31).

### **Status of Merchandise--**

- A. Domestic Merchandise**--Merchandise produced in the U.S., not exported therefrom, and on which all internal revenue taxes, if applicable, have been paid; and, imported merchandise properly released from Customs' custody on which all applicable duties and taxes have been paid. (19 C.F.R. § 146.43).

## SECTION I - DEFINITION OF TERMS

- B. Nonprivileged Foreign Merchandise**--Foreign merchandise or non-tax-paid domestic merchandise upon which the duty and applicable taxes will be determined at the time the merchandise enters the Customs territory of the United States from the zone for consumption. (19 C.F.R. § 146.42).
- C. Privileged Foreign Merchandise**--Foreign merchandise or non-tax-paid domestic merchandise upon which the duty and applicable taxes have been determined at the time this status is approved. The determined duty rate and taxes are not subject to future fluctuation. However, if merchandise is subject to antidumping or countervailing duties, and therefore placed in Privileged Foreign status, the merchandise will be entered under the HTSUS rate of duty in effect at the time of admission to the zone; however, the estimated AD/CVD rates are those in effect at the time of withdrawal from the zone. Merchandise subject to antidumping or countervailing duties, that must be placed in privileged foreign status pursuant to Section 400.33(b)(2), Foreign-Trade Zones Board Regulations, may be exported duty free except to North American Free Trade Agreement countries. Once established, Privileged Foreign status cannot be changed. If merchandise has already been admitted to a zone with Nonprivileged Foreign status, Privileged Foreign status may be obtained by filing a CF 214 and related documents. Application for this status, however, must be filed prior to manipulation or manufacture in the zone. (19 C.F.R. § 146.41).
- D. Zone-Restricted Merchandise**--Merchandise admitted to a zone for the sole purpose of exportation or destruction. Merchandise with Zone-Restricted Status may not enter U.S. Customs territory for consumption except when approved by the Foreign-Trade Zones Board. No manufacturing or processing may occur with merchandise that is in Zone Restricted Status. Drawback may be filed immediately upon merchandise admission. (19 C.F.R. § 146.44).

**Sequential Number**--The control number or the zone admission number on the CF 214 in block #6. The number structure is set by the Zone Operator. It is not the zone lot number or the UIN.

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

## SECTION I - DEFINITION OF TERMS

**Subzone**--A special purpose zone established as part of a zone project for a limited purpose, that cannot be accommodated within an existing zone. Foreign merchandise may be admitted to the area without the payment of U.S. Customs duties and taxes or the imposition of U.S. quotas; domestic merchandise is allowed in the area. No U.S. Customs duties, taxes, or quotas apply if the merchandise is exported; U.S. Customs duties, taxes and quotas are applicable if the merchandise is imported into the U.S. Customs territory either on the basis of the imported materials or the finished product depending on the zone status designation.

**Temporary Deposit**--Merchandise admitted to a foreign-trade zone under 146.35, C.R. when information or documentation is insufficient in order to complete the CF 214. The documentation and time period restraints under this provision are avoided if the Admission Suspense Account procedures in 146.22(c), C.R. are followed. See Section I - Definition of Terms, Admission Suspense Account.

**Transshipment Merchandise**--Foreign merchandise which enters and leaves the United States through the same port, 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.

**Unit of Quantity**--Means the customary grouping of a commodity as a unit to indicate the medium or method of measure.

**United States**--The several States, the District of Columbia, and Puerto Rico that constitute the Customs territory of the U.S. 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, which are not considered part of the U.S. Customs territory.

**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 also is used for manipulation, manufacture, and exhibition of merchandise.

**Weight**--Means the gross weight of the merchandise including all containers, except as noted to the contrary.

**Zone Admission Number**--The control number or sequential number on the CF 214 in block #6. The number structure is set by the Zone Operator.



## SECTION I - DEFINITION OF TERMS

**Zone Operator**--The foreign-trade zone may be managed by the Grantee, a firm that oversees one or multiple zone users, or each firm may be its own foreign-trade Zone Operator. For the purposes of this Schedule, the term Zone Operator shall apply to both general-purpose zones and subzones. The zone or subzone may be an organization, corporation, partnership, or person that operates under the terms of an agreement with the Zone Grantee. There may also be multiple Zone Operators operating under the terms of agreement with the Zone Grantee. The Zone Operator of Foreign-Trade Zone No. 112 is the Colorado Springs Foreign-Trade Zone, Inc.

**Zone User**--A person or firm using a zone for storage, handling or processing of merchandise. The Zone Operator may authorize a Zone User to maintain its individual inventory control and recordkeeping systems and procedures manual; however, the Zone Operator will remain responsible to Customs and liable under its bond for supervision, defects in, or failures of the systems unless the Zone User posts its own FTZ Operator's Bond and becomes a Zone Operator.

**Zone Year**--Each Zone Operator may choose it's own zone year. September 30 is the year-end for Foreign-Trade Zones Board Annual Report purposes.

## SECTION II - OVERVIEW OF FOREIGN-TRADE ZONES

Foreign-trade zones (zones) are restricted-access sites in or near ports of entry, which are licensed by the Foreign-Trade Zones Board and operated under the supervision of the U.S. Customs Service (see, 19 C.F.R. Part 146). Authority for establishing these facilities is granted to qualified corporations. Applications submitted to the Foreign-Trade Zones Board for grants of authority must show the need for zone services and a workable plan that includes suitable facilities and financing.

Zones are operated under public utility principles. Zone Grantees usually contract with private firms to operate facilities and provide services to zone users. Zones have as their public policy objective the creation and maintenance of employment through the encouragement of operations in the United States which, for Customs reasons, might otherwise have been carried on abroad. The objective is furthered particularly when zones assist exporters and re-exporters, and usually when goods arrive from abroad in an unfinished condition for processing here rather than overseas.

Foreign and domestic merchandise may be moved into zones for operations not otherwise prohibited by law involving storage, exhibition, assembly, manufacture or other processing. The usual formal Customs entry procedure and payment of duties is not required on the foreign merchandise unless and until it enters Customs territory for domestic consumption, in which case the importer ordinarily has a choice of paying duties either on the original foreign material or the finished product. Quota restrictions do not normally apply to foreign goods stored in zones, but the Foreign-Trade Zones Board can limit or deny zone use in specific cases on public interest grounds. Domestic goods moved into a zone for export may be considered exported upon entering the zone for purposes of excise tax rebates and drawback. "Subzones" are a special-purpose type of ancillary zone authorized by the Foreign-Trade Zones Board, through grantees of public zones, for operations by individual firms that cannot be accommodated within an existing zone when it can be demonstrated that the activity will result in a significant public benefit and is in the public interest. Foreign merchandise and domestic merchandise for export in a zone are exempt from state and local ad valorem taxes. (15 C.F.R. § 400.1(c)).

More detailed information is contained in the Foreign-Trade Zones Act - 19 U.S.C. 81a-u; Foreign-Trade Zones Board Regulations - 15 C.F.R. Part 400; and U.S. Customs Service Regulations - 19 C.F.R. Part 146.

## **SECTION III - APPLICATION OF RULES, REGULATIONS AND RATES**

### **Section III.0**

**Application and Interpretation of Foreign-Trade Zone No. 112, Zone Schedule**--The rules, regulations and rates of this Zone Schedule shall apply at Foreign-Trade Zone No. 112, its subzones and annexes unless otherwise provided for. The Zone Grantee/Operator, shall be the sole judge to interpret and determine the applicability of any of the rates, regulations or services provided for in this Zone Schedule. However, any matter involving interpretation or action by the U.S. Customs Service or other agency of the U.S. Government will be determined by the Port Director of Customs, with the concurrence of the Foreign-Trade Zones Board. Where applicable, the Foreign-Trade Zones Board and U.S. Customs Service Regulations shall prevail should any conflict arise with this schedule.

### **Section III.1**

**Regulations - Foreign-Trade Zones Board**--Foreign-Trade Zone No. 112, is regulated by the Foreign-Trade Zones Board, Washington, D.C., special regulations as defined in the U.S. Code of Federal Regulations, Title 15, Chapter IV, Part 400-Regulations of the Foreign-Trade Zones Board. Copies of these regulations are attached for reference.

### **Section III.2**

**Regulations - United States Customs Service**--Foreign-Trade Zone No. 112 is subject to special U.S. Customs Service regulations as defined in U.S. Code of Federal Regulations, Title 19, Chapter I, Part 146-Foreign-Trade Zones. Copies of these regulations are attached for reference.

### **Section III.3**

**Public Utility Status**--Pursuant to Foreign-Trade Zones Board Regulation, the zone must be operated as a public utility. All rates and charges for all services or privileges within the zone shall be fair and reasonable, and the Zone Grantee and Zone 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. (15 C.F.R. § 400.2(g)). The General-Purpose Zone Project contains open land suitable for construction that would accommodate a third party provider public warehouse building or buildings, making zone services available to those companies who did not wish to lease or purchase their own building, or physically handle their own merchandise while within the foreign-trade zone site. In this manner, the Grantee provides the community the opportunity for a wide range of firms to be accommodated under public utility principles.

## SECTION IV - SECURITY PROCEDURES

### Section IV.0

**Background Investigation**--In order to permit the U.S. Customs Service to complete the activation request, a background investigation on the qualifications, character and experience of key employees and principal officers who will be involved in the operation of the zone must be completed. A list of each individual, including full names, addresses, social security numbers, and dates and places of birth or a completed CF 3078 must be submitted to the U.S. Customs Service in order for them to perform this investigation. (C.F.R. 19 § 146.6(c)).

### Section IV.1

**Employees and Persons Entering and Leaving Activated Portion of Zone**--Persons desiring admittance to the zone shall make application to the Zone Operator and shall be bound by the Foreign-Trade Zones Board and U.S. Customs Service Regulations and the rules of the Zone Operator. The identification badge issued must be worn and shown upon request. Upon leaving the zone, any temporary pass must be surrendered. All persons having business in the zone will enter and leave at the prescribed pedestrian entrances and be subject to examination as deemed necessary for the protection of the Customs revenue.

### Section IV.2

**Identification of Employees Within Activated Portion of Zone**--Every employee on duty within the zone and in connection with the operation of the zone, shall be required while within the zone to wear appropriate identification badges to be provided by the Zone Operator of the zone or individual Users of the zone. Adequate security will be maintained for unissued badges. All persons having business within the zone, but not possessing appropriate zone-issued badges, passes, or other approval to enter the zone, shall apply for the appropriate approval and entry identification at the Zone Operator's office. A visitor's log will be maintained by the Zone Operator and will contain the date, name, firm, person to be visited, and pass number for each visitor permitted to enter the zone.

### Section IV.3

**Physical Facilities**--All merchandise stored in the zone will be stored in a safe and sanitary manner. Aisles will be established in storage areas and may be changed from time-to-time. All entrances shall be left unblocked. Trash and waste shall be promptly removed from the zone. All local, state, and federal health laws shall be observed to ensure protection of public safety. (C.F.R. 19 § 146.4 (f)).

## SECTION V - OPERATION OF ZONE

### Section V.0

**Activation**--Pursuant to regulations of the U.S. Customs Service, all or any portion of the zone approved by the Foreign-Trade Zones Board may be approved by the Zone Grantee and the Port Director of Customs for foreign-trade zone operations and for the admission, handling, and shipment for import or export of merchandise in zone status. All procedures of the U.S. Customs Service shall be followed. (19 C.F.R. § 146.6).

### Section V.1

**Boundary Modification**--The Zone Grantee may submit to the Foreign-Trade Zones Board an Application to modify the boundary of an existing zone or subzone. This process involves the exchange, not an increase, of like acreage/square footage. The procedure is administrative at the Foreign-Trade Zones Board without a Federal Register notice. (15 C.F.R. § 400.26(c)). No fee is owed the Foreign-Trade Zones Board.

### Section V.2

**Construction of Buildings and Facilities Within a Zone**--The Zone Grantee may, with the approval of the Foreign-Trade Zones Board, permit other persons, firms, or corporations to erect buildings and other structures within the zone as will meet their particular requirements. The Foreign-Trade Zones Board statute and regulations contain certain requirements. All security related construction should be in accordance with U.S. Customs Service requirements and the building activated by the U.S. Customs Service prior to use. The Foreign-Trade Zones Board must be notified of all such construction in a general purpose foreign-trade zone that was not approved in the original Application. Notification will occur with the Annual Report to the Board. In a foreign-trade subzone, all such construction not approved in the original Application must be approved by an Expansion Application to the Foreign-Trade Zones Board in advance of any zone activity. (19 U.S.C. § 81m)(15 C.F.R. § 400.28(a)(6)).

### Section V.3

**Deactivation**--A Zone Operator may file a request with the Customs Port Director to deactivate all or a portion of an existing activated zone or subzone and shall cease to admit merchandise into the zone site in zone status. Final action and disposition of the merchandise must be made with the concurrence of the Customs Port Director.

## SECTION V - OPERATION OF ZONE

### Section V.4

**Disposition of Merchandise in a Zone**--In general, merchandise lawfully admitted to a zone may, in accordance with these and other regulations made under the provisions of the Act be sent into Customs territory of the United States, destroyed or exported. (19 C.F.R. § 146.71).

### Section V.5

**Exclusion from Zone of Goods or Process of Treatment/Grant Restrictions**--When it shall be reported to the Foreign-Trade Zones Board that any goods or process of treatment is detrimental to the public interest, health, or safety, the Foreign-Trade Zones Board shall cause such investigation to be made as it may deem necessary. No operation or process of treatment will be permitted in the zone, that in the judgment of the Foreign-Trade Zones Board or the Zone Operator is detrimental to the public interest, health, or safety. (15 C.F.R. § 400.31). Normally, the Foreign-Trade Zones Board issues a Grant Restriction by means of a Board Order governing such activity. Grant Restrictions are restrictions or conditions placed in a Grant or other approval by the Foreign-Trade Zones Board which may limit the zone status allowed, the kind of operation or the merchandise in a zone, the entry of merchandise into the commerce, the life of the Grant, or the amount of acreage allowed to be activated. See also the definition of Restricted Merchandise/Operations.

### Section V.6

**Forms, Procedures and Operations in a Zone**--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, compliance with requirements of other Federal Agencies, the subsequent importation of merchandise, the exportation of merchandise from a zone, and other operations in a zone authorized by the Act are all controlled by U.S. Customs Service Forms or forms of other Federal Agencies. The Customs forms required are available upon request from the Zone Operator.

### Section V.7

**Grant Sale/Conveyance, Transfer, Assignment, Etc.**--The Foreign-Trade Zone Grant of Authority may not be sold, conveyed, transferred, set over, or assigned (FTZ Act, Section 17; 19 U.S.C. 81q). (15 C.F.R. § 400.28(a)(8)). Application may be made to the Foreign-Trade Zones Board to reissue a Grant under certain conditions.

## SECTION V - OPERATION OF ZONE

### Section V.8

**Hours of Business and Service**--Hours of business and service, for U.S. Customs Service purposes, shall be prescribed by the Zone Operator.

### Section V.9

**Independent Contractor Status**--Zone Grantee, Zone Operator, and Zone User are not and shall not be considered as joint venturers, partners, or agents of each other, and neither shall have the power to bind or obligate the other except as set forth in any written agreements. Zone Grantee, Zone Operator, and Zone User agree not to represent to anyone that they are agents of one another or have any authority to act on behalf of one another except as set forth in any written agreements.

### Section V.10

**Lapse/Sunset Provision**--The grant of authority for every general purpose zone or subzone may lapse if it is not activated and in operation within five years of the initial Foreign-Trade Zones Board Order issued after November 7, 1991 or after the date November 7, 1991. Detailed provisions apply. Contact the Zone Grantee for a complete explanation. (15 C.F.R. § 400.28(a)(5)).

### Section V.11

**Manipulation, Manufacture, Exhibition of Merchandise** --In general, merchandise lawfully brought into a zone 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 and domestic merchandise, or otherwise manipulated or be manufactured.

(a) Permission for any manipulation, manufacture, destruction, or exhibition in a zone shall be obtained from the Port Director of Customs, as the representative of the Foreign-Trade Zones Board, subject to such application and procedure prescribed by the Secretary of the Treasury for the protection of the revenue by means of a CF 216.

(b) Manufacturing is defined by the Foreign-Trade Zones Board as any change in HTS classification. All manufacturing operations must be approved by the Foreign-Trade Zones Board. Any new manufacturing operation beyond the scope approved in the Grant of Authority must be authorized by the Foreign-Trade Zones Board. See generally 15 C.F.R. 400.28(a)(2). The Foreign-Trade Zones Board must be notified if

## SECTION V - OPERATION OF ZONE

sourcing changes occur with an approved manufacturing activity involving new foreign materials subject to quotas or inverted duty benefits. (15 C.F.R. 400.28(a)(3)). In a general purpose zone, expedited action under fast-track procedure can be secured for previously approved manufacturing activity. (15 C.F.R. 400.32(b)(1)).

(c) In the event of the denial of any application by the Port Director for any reason, the applicant, the Zone Grantee, or the Zone Operator of the zone may appeal the adverse ruling. If any revenue protection considerations are involved in such an application, the Foreign-Trade Zones Board shall be guided by the determinations of the Secretary of the Treasury.

### Section V.12

**Merchandise Permitted in a Zone**--Foreign and domestic merchandise of every description, except such as is prohibited by law, may without being subject to Customs laws of the United States, except as otherwise provided in the Foreign Trade Zones Act and the regulations made thereunder, be admitted into a zone.

(a) Merchandise which is specifically and absolutely prohibited by law shall not be admitted into a zone. Any merchandise so prohibited by law which is found within a zone shall be disposed of in the manner provided for in the 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 or 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 licenses 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. Port Directors of Customs are required to exclude the first class of articles and may not permit them to be admitted to a zone if they are aware of their prohibited status, except that the Port Director may permit the temporary deposit of any such merchandise in the zone pending final determination of its status. The transfer of articles of the second class to a zone is subject to any requirements of the Federal agency concerned. See 19 C.F.R. § 146.31(a) and (b).

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

(b) The application for the admission of merchandise into a zone shall be approved or disapproved by the Port Director of Customs as the representative of the Foreign-Trade Zones Board on a CF 214.

(c) For definitions of Prohibited and Restricted Merchandise, see Section I.



## SECTION V - OPERATION OF ZONE

### Section V.13

**Retail Trade Within Zone--**No retail trade shall be conducted within a zone except under permits issued by the Foreign-Trade Zones Board. Duty paid and domestic merchandise may be sold in a foreign-trade zone under certain circumstances. Contact the Zone Operator for more detailed information.

### Section V.14

**Scope of Authority--** Foreign-Trade Zone No. 112 is authorized by Foreign-Trade Zone Board Order Nos. 281 and 342 to undertake the activities set out therein. All production and manufacturing activity that results in a change in the imported material's Harmonized Tariff Schedule of the United States classification must be authorized by the Foreign-Trade Zones Board. Any change in imported materials and finished products for such activity must also be authorized to only undertake those activities approved by the Foreign-Trade Zones Board. Zone Operator/User shall promptly notify the Zone Grantee of any activity requiring Foreign-Trade Zones Board notice and authorization.

### Section V.15

**Sponsor of New Zone or Subzone--**The Zone Grantee may in its sole discretion decide to sponsor a new zone or subzone project and forward an Application to the Foreign-Trade Zones Board. In order to make its determination, the interested party must submit, in letter form to the Grantee, sufficient data in summary form as required in an Application to the Foreign-Trade Zones Board. (15 C.F.R. § 400.24, 400.25). If the Zone Grantee decides to sponsor the proposed project, the Application must be prepared at the cost of the applicant.

### Section V.16

**Status of Merchandise in a Zone--**For the purposes of the Act and the regulations relating to this Section, all merchandise within a zone, except merchandise in transit through a zone as provided in the U.S. Customs Service Regulations, and except merchandise temporarily transferred to a zone for manipulation under Customs supervision pursuant to Section 562, Tariff Act of 1930, as amended, shall be given a zone status on a CF 214 document. Any changes to the zone status must be made on a CF 214 and approved by the U.S. Customs Service. For definitions see Section I.

## SECTION V - OPERATION OF ZONE

### Section V.17

**Subsequent Importation of Zone Merchandise**--Articles produced or manufactured in a zone 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 a zone exclusively with the use of domestic merchandise, the identity of which has been maintained in accordance with the Second Proviso of Section 3 of the Act, as amended, may, on such importation, be entered as American goods returned. (19 C.F.R. § 146.67(e)). Contact the Zone Operator for more detailed information on this topic.

### Section No. V.18

**Termination-Accrued Obligations/Survival**--All Zone Operator/Users will specifically acknowledge and agree that, upon termination or expiration of tenancy in the foreign-trade zone for any reason whatsoever, Zone Operator/User shall not be released or relieved from fulfilling any and all of its obligations or duties which arose or accrued during the term of its zone usage, and Zone Operator/Users will specifically represent and warrant to Zone Grantee that upon termination or expiration of its zone usage for any reason whatsoever, Zone Operator/User shall completely perform and fulfill any and all of its obligations or duties which arose or accrued during the term of its zone use including the immediate preparation and filing of all necessary reports with the Grantee and the U.S. Customs Service. Specifically, the Zone Operator/User's indemnity obligations, bond obligations, and record and record retention obligations shall survive the termination or expiration of any Agreement and/or zone activity for any such reason. Zone Grantee may require the tender of all such records for safekeeping.

### Section V.19

**Termination-Bankruptcy**--The Foreign-Trade Zone activity or any rights hereunder shall not be subject to involuntary assignment, transfer or sale or to assignment, transfer or sale by operation of law in any manner whatsoever, and any such attempted involuntary assignment, transfer or sale shall be void and of no effect. Without limiting the generality of the foregoing, Zone Operator/User agrees that in the event any proceedings under the Bankruptcy Act or any amendment thereto be commenced by or against Zone Operator/User, and, if against Zone Operator/User, said proceedings shall not be dismissed before either an adjudication in bankruptcy or the confirmation of a composition, arrangement or plan of reorganization, or in the event

## SECTION V - OPERATION OF ZONE

Zone Operator/User be adjudged insolvent or make an assignment for the benefit of its creditors, or if a writ of attachment or execution be levied against any real or personal property owned or leased by Zone Operator /User within the Zone and be not released or satisfied within 15 days thereafter, or if a receiver be appointed in any proceedings or action to which Zone Operator/User is a party with authority to take possession or control of the business conducted thereon by Zone Operator/User and such receiver be not discharged within a period of 15 days after his appointment, any such event or any involuntary assignment shall constitute a termination by the Zone Grantee of the use of the Zone without notice or any other action and also shall terminate all rights hereunder.

### Section V.20

**Termination-Conviction/Abandonment--Foreign-Trade** Zone usage may be terminated if Zone Operator/User shall be convicted under any law of a felony as defined by such law; if the Foreign-Trade Zones Board or U.S. Customs Service should suspend or terminate Zone Operator/User or the activated status of the zone; or if the Zone Operator/User shall voluntarily abandon, desert, or vacate the premises or discontinue its operations. Zone Operator/User shall immediately provide all records and reports for Zone Grantee, the Foreign-Trade Zones Board, and the U.S. Customs Service.

### Section V.21

**Use of Zone by Carriers--**The loading or unloading areas of a zone are intended primarily for the use of vehicles unloading merchandise into the zone or loading merchandise from the zone, and their use for other purposes may be terminated by the Secretary of the Treasury if found to endanger the revenue, or by the Foreign-Trade Zones Board or Zone Grantee if found to interfere with the primary uses of the zone.

## SECTION VI - GENERAL RULES AND REGULATIONS

### Section VI.0

**Agreements**--All firms using the services of a Foreign-Trade Zone Operator must enter into an operating agreement. All Foreign-Trade Zone or Subzone Operators must enter into an agreement with the Zone Grantee. If there is a conflict between the operating agreement and this Schedule, the agreement will prevail. Copies of the agreements are available from the Zone Grantee/Operator(s).

### Section VI.1

#### **Charges--**

- A. For Special Zone Staff Services**--The Zone Operator maintains in the zone an assigned staff of employees to assist in the normal operation of the zone during regular business hours as set forth in Appendix B of this Zone Schedule.

Zone staff services rendered during National holidays, Saturdays and Sundays or during overtime hours, at the specific request to the Zone Operator of the user of zone facilities for such purpose, will be charged to Zone User of such services. A list of said charges outlined in Appendix B of this Zone Schedule.

- B. Government Agencies**--Charges made by government agencies are not included in this Zone Schedule and should be arranged by the Zone User or his agent with the government agency concerned.
- C. How Enforced**--For the purpose of enforcing the payment of charges named in this schedule on merchandise of the zone facilities, the zone may take possession of such merchandise, and remove and store same at the charge, risk, and expense of the owner or consignee thereof and/or may sell the goods by public auction, and/or pursue other remedies as may be provided by law.
- D. Service Charges**--Service fees will be charged on all accounts receivable at 30 days age, checks returned due to "insufficient funds" in an account, etc. A list of such charges is outlined in Appendix B of this Zone Schedule.
- E. When Payable**--Zone charges are due and payable as they accrue.

### Section VI.2

**Communication, Audits, Inspections and Requests for Information**--Zone Operator/User shall inform Zone Grantee of any written or oral communication with the U.S. Customs Service, the Foreign-Trade Zones Board, and any other Federal Agency

## SECTION VI - GENERAL RULES AND REGULATIONS

that involves the merchandise held in the zone with respect to zone activity. All written submissions to the Foreign-Trade Zones Board with respect to the Foreign-Trade Zone activity must be made by Zone Grantee. The Zone Operator/User shall promptly notify Zone Grantee of any oral or written request for information, inspection, spot check, or audit of any kind from the U.S. Customs Service or the Foreign-Trade Zones Board or other reports requested by any government agency and of any audit or investigation commenced by any government agency which directly concerns zone operations, and shall accompany such notification with copies of all letters, requests, reports and investigative documentation to Zone Grantee.

### Section VI.3

**Confidential Relationship**--All foreign-trade zone documentation contains confidential business information that may not be copied or disclosed without the express written permission of the particular party in interest. All information shall be kept confidential except that which is required to be made public by the Foreign-Trade Zones Board or U.S. Customs Service. The Zone Operator is specifically required by 19 C.F.R. 146.4(d)(3) to maintain all transaction records confidential. This document contains trade secrets and commercial and financial information relating to the confidential business of private parties. The Trade Secrets Act (18 U.S.C. 1905) provides penalties for disclosure of such information.

### Section VI.4

**Foreign-Trade Zone Usage**--Zone Operator agrees to place the following language in all lease agreements involving the referenced property:

The Premises are within Foreign-Trade Zone No. 112. If a purchaser, lessee, or tenant wishes to utilize the foreign-trade zone, it must enter into an appropriate Agreement with the Foreign-Trade Zone Grantee or Zone Operator as appropriate.

### Section VI. 5

**Government Agencies**--All lawful regulations regarding U.S. or Colorado government agencies must be complied with by Zone Operator/User. Besides the U.S. Customs Service, many U.S. agencies have specific laws that apply to the import and export of merchandise. The Zone Operator/User and its Customshouse Broker, if applicable, are responsible for assuring compliance. See also Regulations definition in Section 1.

## SECTION VI - GENERAL RULES AND REGULATIONS

### Section VI.6

**Governmental Licenses--**Zone Operators/Users are responsible to obtain, maintain, and keep current any and all licenses, permits, certificates or other authorizations required by any Federal, State, or local government that are or may be necessary in the conduct of business in or from the zone.

### Section VI.7

**Insurance--**All Zone Operators/Users shall secure and maintain throughout the term of their zone tenancy insurance with requirements and limits as required by the Zone Grantee. Zone Operators/Users must furnish certificates of insurance evidencing the required coverage ten (10) business days prior to the commencement of operations. As appropriate insurance shall include statutory workmen's compensation, automobile liability, and general liability.

Zone tenancy may be terminated if, at any time, a Zone Operator/User fails to maintain the required insurance for any period of time or fails to comply with any of the insurance requirements. Detailed insurance requirements may be secured from the Zone Grantee/ Operator. Insurance is carried by Zone Operator on its own property only and does not include insurance on the contents stored therein. Zone User is obligated to put nothing within the zone which will cause the cancellation or forfeiture of the insurance or affect the premium rate thereof on the building or buildings of which the leased premises forms a part. A list of such materials is available in the office of the Zone Operator. Insurance on commodities or other property stored on the leased premises must be carried by and at the expense of Lessee or owner of the commodities or other properties. Merchandise stored, manipulated, or transferred within the zone is not insured by the Zone Operator, and the Zone Schedule rates do not include insurance on merchandise.

### Section VI.8

**Public Interest, Health and Safety--**No operation or process of treatment will be permitted in the zone that, in the judgment of the Foreign-Trade zones Board, Zone Grantee or Zone Operator, is detrimental to the public interest, health and/or safety. Zone management reserves the right to refuse merchandise which would, in the opinion of the zone management, pose unusual or unacceptable problems or hazards to the zone. See also Restricted Merchandise/Operations in Section I. (15 C.F.R. § 400.31(a)).

## SECTION VI - GENERAL RULES AND REGULATIONS

### Section VI.9

**Regulations - General**--All persons and merchandise of every description entering or leaving Foreign-Trade Zone No. 112 for any purpose whatsoever shall be bound by the lawful regulations of the Foreign-Trade Zones Board and by the Board Order issued thereunder, and the U.S. Customs Service and actions of the Port Director of Customs.

Although zones are outside the Customs territory, most Federal laws apply in zones. The extent to which they apply or do not apply depends on their precise wording, their relationship to the Foreign-Trade Zones Act, and the interpretation thereof by the particular Federal Agency affected. State and local laws apply in zones except to the extent they are preempted or modified by Federal laws. The Foreign-Trade Zones Board and the Port Director of Customs cooperate with Federal, State, and local government authorities in the administration of their laws, regulations, and ordinances. The Zone Grantee, Zone Operator, and Zone Users shall allow such authorities access to the zone to carry out their duties. They are, however, subject to admission and departure requirements as noted herein.

### Section VI.10

**Regulations - Zone**--The following rules governing procedure within Foreign-Trade Zone No. 112 are issued in conformity with and supplementary to the Foreign-Trade Zones Board and U.S. Customs Service regulations and such other United States laws and regulations relating to the Port of Entry as are applicable to Foreign-Trade Zone Operations.

## SECTION VII - SPECIAL RULES PERTAINING TO MERCHANDISE

### Section VII.0

**Abandonment, Arrearage, or Insolvency**--If merchandise has been abandoned in the zone, or the person in whose account the merchandise is held in the zone apparently has absconded, is insolvent, or is in serious arrears in payments owed to the operator, the operator must take legal action under the laws of the state in which the zone is located to dispose of the merchandise. If the operator is authorized to sell the merchandise in public auction to recover a debt, the buyer will have title in the goods to dispose of them at his or her option. If the merchandise is to be entered for consumption the owner or purchaser will be held liable for any duties, taxes and deficiencies due. Auction sales will be conducted by the zone operator or representative thereof, and not by Customs or a Customs contractor.

### Section VII.1

**Bureau of Census Reporting**--Certain statistical information is necessary to be provided to the Bureau of the Census on all FTZ admission receipts. If provided to Customs, the CF 214A must be salmon or pink in color and be identified as "Statistical Copy". (19 C.F.R. §146.32(a)). Editions of the CF 214A dated 10-09-81 or prior are obsolete and will not be accepted for transmittal to Census. The current CF 214 to be utilized is available from the Operator. The U.S. Customs Service is responsible for transmitting the CF 214As to Census. This data may be provided to the Bureau of the Census monthly in a number of different automated ways by the Operator pursuant to an agreement with Census, or it may be provided to the U.S. Customs Service by completion and transmittal of the CF 214A. Other means of transmittal may be direct automated submission by the Operator to Census by a monthly diskette, or direct transmission of data. The reports must be received by the Bureau of the Census no later than the tenth calendar day following the month covered by the report. Technical specifications are available from the Bureau of the Census. A request letter to Census for approval authorizing the zone to submit this information directly must be submitted by the Zone Operator.

### Section VII.2

**Customs Bond**--A Customs Form 301, Activity Code 4, is utilized for the foreign-trade zone Operator's Bond. Provisions are set forth at 19 C.F.R. § 113.73.



## SECTION VII - SPECIAL RULES PERTAINING TO MERCHANDISE

### Section VII.3

**Customs Inspection of Merchandise While in Zone**--The Zone Operator/User or his agent shall at all times be immediately available to make the merchandise subject to inspection required by the U. S. 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 Zone Operator/User or his agent is not immediately available for inspection, then the zone personnel shall be authorized to open such packages for the U. S. Customs Service and shall not be liable for any loss or damage for any reason whatsoever to the goods of the consignee. The Zone Operator/User shall be charged for such services at rates established. A list of said charges is available at Appendix B herein.

### Section VII.4

**Customs Permit**--Merchandise will not be delivered to or through Customs territory unless the delivery order is accompanied by a CF 3461/7501 (entry for consumption) or a CF 7512 (entry of transportation or transportation and exportation) or appropriate alternate procedures.

### Section VII.5

**Grantee Knowledge**--Colorado Springs Foreign-Trade Zone, Inc. is currently Grantee and Operator of Foreign-Trade Zone No. 112 and is therefore obligated to, and does intend to monitor the day-to-day zone activity. At such time that Colorado Springs Foreign-Trade Zone, Inc. enters into a contract or contracts with private companies to operate their zone project, Colorado Springs Foreign-Trade Zone, Inc., as the Zone Grantee is not obligated to, and does not intend to, monitor the day-to-day activity of the Foreign-Trade Zone. At that time, the Zone Grantee shall have no knowledge, actual or constructive, of the quantity, character, status designation, identification, or time of admission, transfer, or release of goods into or from the Foreign-Trade Zone.

### Section VII.6

**Handling of Merchandise**--Zone Operator/User will be responsible for the receipt and verification of all merchandise admitted to the Zone on the proper Customs Forms and for handling of all merchandise having activity being performed under the proper Customs Forms. Zone Operator/User will perform all these functions according to all Customs Regulations that apply to these activities. Zone Operator/User will not allow removal of any merchandise located within the Zone without prior approval from Customs under the applicable laws, rules and regulations of the U.S. Customs Service.

## SECTION VII - SPECIAL RULES PERTAINING TO MERCHANDISE

### Section VII.7

**Harbor Maintenance Fee**--The Water Resources Act of 1986 provides for a Harbor Maintenance Fee to be imposed for commercial use of Ports in the United States. All merchandise arriving at deepwater ports is subject to a fee of .125%. The Applicant for admission is liable for payment of the fee and the filing of the CF 349 quarterly is the responsibility of the Zone Operator/User or its Customhouse broker. The CF 350 is used for amendments or refunds.

### Section VII.8

**Hazardous/Objectionable Commodities**--The zone will not be required to accept for storage any commodity that will affect the rate of insurance on other merchandise in storage. Products will not be stored except in locations or areas that are not restricted in the acceptance of any commodity for storage under the insurance rate established on contents stored therein. The Grantee reserves the right to not allow certain merchandise to be stored, processed, or manufactured in the zone.

### Section VII.9

**Indemnification**-- Zone Operator/User will protect, indemnify and hold harmless Zone Grantee and its respective Boards, officers and employees from and against any and all actions, suits, proceedings, claims, demands (including attorneys' fees and costs), whether insured or not, arising out of or incident to Zone Operator/Users obligations and operations hereunder. Zone Grantee/Zone Operator may require a bond at any time Zone Grantee/Zone Operator deems it necessary to adequately protect the parties indemnified hereby.

### Section VII.10

**Indemnity Bond**--Zone Users shall be required, upon notice by the Zone Operator, to post an indemnity bond executed by a U.S. surety on a form and acceptable to the Zone Operator, or other security, payable to the Zone Operator as a guarantee of payment of Customs duty or taxes or other obligations of or to the Zone Operator to protect past, present, or future obligations or liabilities of the Zone Operator.

### Section VII.11

**Marking**--All merchandise handled in the zone, before entry to Customs territory, must be marked in accordance with U.S. Customs Service regulations as to the

## SECTION VII - SPECIAL RULES PERTAINING TO MERCHANDISE

country-of-origin and in accordance with all other government regulations. No merchandise will be permitted by Customs to be transferred from the zone for any purpose that is not properly labeled or carries any false or misleading label or mark. A CF 216 must be filed and approved by the U.S. Customs Service prior to any repacking and labeling which may occur in the zone. A schedule of charges is included in appendix B of this Zone Schedule.

### Section VII.12

**Merchandise Processing (User) Fee**--The current Customs Merchandise Processing (User) Fee of .21% ad valorem is applicable only to the value of foreign non-duty paid merchandise entered into the U.S. from a foreign-trade zone. In 1995, the North American Free Trade Agreement for Canadian NAFTA qualifying merchandise provides that the fee is zero, not .21% as for all other imports. For Mexican NAFTA qualifying merchandise, the fee was eliminated June 30, 1999. It is collected on a Customs entry CF 7501. Merchandise that is exported, scrapped, etc. from the zone is not subject to the Merchandise Processing Fee. The fee has a minimum of \$25 and is capped at \$485 per entry.

### Section VII.13

**Permission to Manipulate, Manufacture, Exhibit, Repack or Destroy**--Before merchandise may be manipulated, repacked, manufactured, exhibited, or destroyed within the zone application on CF 216 must be presented to the Zone Operator for concurrence. The Zone Operator will then forward the application to U.S. Customs Service. On approval by the U.S. Customs Service, the contemplated activity will then be permitted. The Zone Operator maintains a schedule of charges.

### Section VII.14

**Record Deficiencies**--In the event that any audit, inspection, or examination by U.S. Customs Service, the Foreign-Trade Zones Board, Zone Grantee or Zone Operator discloses that books, records or operational procedures of Zone Operator/User are not in conformance with the requirements of Federal, State and/or local law and the Operator's Agreement, the U.S. Customs Service, the Foreign-Trade Zones Board, Zone Grantee or Zone Operator may order the immediate correction of the documents or procedures. In the event that it is anticipated that such correction will take in excess of five (5) working days, a plan of performance will be submitted to responsible party(s) for the correction of such discrepancy which shall be approved if necessary, by the Foreign-Trade Zones Board and the U.S. Customs Service, and shall proceed with all due diligence to correct the deficiency as described in the approved plan.

## **SECTION VII - SPECIAL RULES PERTAINING TO MERCHANDISE**

### **Section VII.15**

**Record Retention**--All financial and accounting records of Zone Operator/User concerning zone operations shall be retained for five (5) years after the act or occurrence recorded or after the merchandise covered by such records has been forwarded from the Zone, whichever is longer, and all such records shall be available for inspection and audit by any appropriate government agency and by Zone Grantee during normal business hours.

### **Section VII.16**

**Reports to Governmental Agencies**--The Zone Operator is required to submit periodic reports to the Grantee and the U.S. Customs Service, or may be required to perform other acts as the Zone Operator of the zone in compliance with governmental regulations. Zone Users are required to and shall cooperate with the Zone Operator in the creation and maintenance of procedures, systems, regulations, or programs, and provide information and statistics which the Zone Operator considers necessary to ensure compliance with governmental requirements. An Annual Report to the Foreign-Trade Zones Board as of September 30 of each year must be filed by the Zone Grantee. Each Zone or Subzone Operator and Zone User must cooperate in providing the necessary data (15 C.F.R. § 400.46(d)). An Annual Reconciliation and Annual Internal Review is required of each Foreign-Trade Zone or Subzone Operator. (19 C.F.R. § 146.25, 146.26). A letter notification must be forwarded to the Customs Port Director within ninety (90) days of the end of the zone year.

### **Section VII.17**

**Right of Entry**--Representatives of the Zone Grantee, Zone Operator, Zone User, the Foreign-Trade Zones Board, the U.S. Customs Service and other authorized U.S. Government officers, shall have the right of access to enter the Zone for the authorized and lawful purpose of examining same, conferring with Zone Operator/User, its agents, invitees, and employees on such premises, inspecting and checking operations, supplies, equipment and merchandise, and determining whether the business is being conducted in accordance with the procedures established for the operation and management of the zone.

### **Section VII.18**

**Temporary Removal**--Merchandise held in the zone may be temporarily removed from the zone for the limited purposes of repair, restoration, or any incidental operation which would not constitute a "manufacture or production" under drawback law, 19 U.S.C. 1313, and then returned to the zone. Application on a CF 216 must be

## **SECTION VII - SPECIAL RULES PERTAINING TO MERCHANDISE**

presented to the Zone Operator and then to the U.S. Customs Service for concurrence. See Customs Headquarters Ruling 214189 (August 31, 1982), Ruling 218458 (January 27, 1986), Customs Directive 3260-20 (August 4, 1986) and Section 9.2 of the U.S. Customs Service FTZ Manual for a more detailed description of this limited provision.

### **Section VII.19**

**Trucking and Lighterage**--Transfer of foreign merchandise from the first Port of arrival through Customs territory to the zone and from the zone to the port of export must be made by Customs bonded trucks, rail cars, airplanes, lighters or other carriers and subject to U.S. Customs Service regulations. Alternate procedures for transfer of merchandise under the Foreign-Trade Operators Bond (see 19 C.F.R. § 146.40(b)), not on bonded carriers, may be available with Customs approval.

## **SECTION VIII - CHARGES**

### **Section VIII.0**

**Charges** - Each General Purpose Zone Operator that makes its facilities available to multiple zone user firms is responsible for preparing and submitting to the Grantee and Appendix which sets out the rules, rates and charges at the zone site. Each Zone Operator assumes responsibility for maintaining a complete and current Zone Schedule. Each Zone Operator will provide an Appendix of their charges to the Grantee and any changes and/or revisions to the Appendix upon implementation. Additionally, firms utilizing the General Purpose Zone may act as their own Zone Operator. No other charges will be levied other than those in Appendix A. Under these circumstances, the zone sites will operate under the Rules and Regulations and Grantee Rates and charges as set out herein.

### **Section VIII.1**

**Uniform Pricing**--All customers having similar volume and circumstances will be afforded the same contractual terms.

## GRANTEE CHARGES

### APPLICATION, ACTIVATION, AND ANNUAL FEES--

(a) Foreign-Trade Zones Board Application Fees--Zone Applications submitted to the Foreign-Trade Zones Board must be accompanied with a check in the following amount, as required by 15 C.F.R. § 400.29:

- (1) Additional General Purpose Zones (15 C.F.R. § 400.24 and 400.21 (a)(2))..... \$3,200
- (2) Special Purpose Subzones (15 C.F.R. § 400.25)
  - (i) Non-manufacturing/processing or less than three products..... \$4,000
  - (ii) Manufacturing/processing three or more products..... \$6,500
- (3) Expansions (15 C.F.R. § 400.26(b)).....\$1,600

These fees are payable by the Zone Operator of the appropriate site as described in 1, 2, and 3 above. The Zone Grantee will not be liable for any such fees. Note that no fees are payable to the Foreign-Trade Zones Board for Boundary Modifications.

(b) U.S. Customs Service Activation and Annual Fee--These fees were suspended pursuant to the Omnibus Budget Reconciliation Act of 1987 (Public Law 100-203).

(c) The Zone Grantee charges each Zone Operator fees based upon services rendered. Fees may be adjusted from time to time by the Grantee by issuance of a correction to the Schedule.

- (1) Annual Fee/Firms Acting as their own Operator--An administrative annual fee is charged by the Zone Grantee for each general purpose zone and special purpose subzone acting as their own Zone Operator.

The fee amounts are:

General Purpose Zone	\$5,000
Special Purpose Subzone	\$5,000

Dates payable, etc. are specified in the Operations Agreement between the Zone Grantee and Zone Operator of the General Purpose Zone and/or Special Purpose Subzone.

## GRANTEE CHARGES

- (2) Annual Fee/Firms serving as Zone Operator for Zone User--An annual fee is payable to the Zone Grantee by the Zone User to cover their expenses for oversight of the zone project. An additional administrative fee may be payable to the company serving as the Zone Operator for the Zone User for expenses to oversee the Zone User's operations. The fee amounts may be negotiated.

Annual Fee to Zone Grantee                      \$5,000

Dates payable, services provided, etc. are specified in the Operation's Agreement between the Zone Operator and the Zone User.

- (3) Applicants are responsible for costs associated with any application filed with the Foreign-Trade Zones Board or any activation filed with the U.S. Customs Service in conjunction with Foreign-Trade Zone No. 112.



**OPERATOR CHARGES**

**THERE ARE NO CHARGES APPLICABLE AT THIS TIME.  
WHEN NECESSARY, A LIST OF CHARGES WILL BE COMPLETED AND  
ADDED AS A CORRECTION TO THIS ZONE SCHEDULE.**

**FOREIGN-TRADE ZONES ACT  
19 U.S.C. § 81**

# FOREIGN-TRADE ZONES ACT

## CHAPTER 1A--FOREIGN TRADE ZONES

### 19 U.S.C. § 81a Definitions

When used in this Act [19 U.S.C. §§ 81a et seq.]--

(a) The term "Secretary" means the Secretary of Commerce;

(b) The term "Board" means the Board which is hereby established to carry out the provisions of this Act [19 U.S.C. §§ 81a et seq.]. The Board shall consist of the Secretary of Commerce, who shall be chairman and executive officer of the Board, and the Secretary of the Treasury;

(c) The term "State" includes any State, the District of Columbia, and Puerto Rico;

(d) The term "corporation" means a public corporation and a private corporation, as defined in this Act [19 U.S.C. §§ 81a et seq.];

(e) The term "public corporation" means a State, political subdivision thereof, a municipality, a public agency of a State, political subdivision thereof, or municipality, or a corporate municipal instrumentality of one or more States;

(f) The term "private corporation" means any corporation (other than public corporation) which is organized for the purpose of establishing, operating, and maintaining a foreign-trade zone and which is chartered under special Act enacted after the date of enactment of this Act [enacted June 18, 1934] of the State or States within which it is to operate such zone;

(g) The term "applicant" means a corporation applying for the right to establish, operate, and maintain a foreign-trade zone;

(h) The term "grantee" means a corporation to which the privilege of establishing, operating, and maintaining a foreign-trade zone has been granted;

(i) The term "zone" means a "foreign-trade zone" as provided in this Act [19 U.S.C. §§ 81a et seq.].

### 19 U.S.C. § 81b Establishment of zones

#### (a) Board authorization to grant zones

The Board is authorized, subject to the conditions and restrictions of this chapter and of the rules and regulations made thereunder, upon application as hereinafter provided, to grant to corporations the privilege of establishing, operating, and maintaining foreign-trade zones in or adjacent to ports of entry under the jurisdiction of the United States.

#### (b) Number of zones per port of entry

Each port of entry shall be entitled to at least one zone, but when a port of entry is located within the confines of more than one State such port of entry shall be entitled to a zone in each of such States, and when two cities separated by water are embraced in one port of entry, a zone may be authorized in each of said cities or in territory adjacent thereto. Zones in addition to those to which a port of entry is entitled shall be authorized only if the Board finds that existing or authorized zones will not adequately serve the convenience of commerce.

#### (c) Preference to public corporations

In granting applications preference shall be given to public corporations.

#### (d) Ownership of harbor facilities by State

In case of any State in which harbor facilities of any port of entry are owned and controlled by the State and in which State harbor facilities of any other port of entry are owned and controlled by a municipality, the Board shall not grant an application by any public corporation for the establishment of any zone in such State, unless such application has been authorized by an Act of the legislature of such State (enacted after June 18, 1934).

### 19 U.S.C. § 81c Admission of foreign merchandise; treatment: shipment to customs territory; appraisal; reshipment to zone

(a) [Caution: See note below for applicability of Dec. 8, 1993 amendments to this section.] Foreign and domestic merchandise of every description, except such as is prohibited by law, may, without being subject to the customs laws of the United States, except as otherwise provided in this Act [19 U.S.C. §§ 81a et seq.], be brought into a zone and may be stored, sold, exhibited, broken up, repacked, assembled, distributed, sorted, graded, cleaned, mixed with foreign or domestic merchandise, or otherwise manipulated, or be manufactured except as otherwise provided in this Act [19 U.S.C. §§ 81a et seq.], and be exported, destroyed, or sent into customs territory of the United States therefrom, in the original package or otherwise; but when foreign merchandise is so sent from a zone into customs territory of the United States it shall be subject to the laws and regulations of the United States affecting imported merchandise: *Provided*, That whenever the privilege shall be requested and there has been no manipulation or manufacture effecting a change in tariff classification, the appropriate customs officer shall take under supervision any lot or part of a lot of foreign merchandise in a zone, cause it to be appraised and taxes determined and duties liquidated thereon. Merchandise so taken under supervision may be stored, manipulated, or manufactured under the supervision and regulations prescribed by the Secretary of the Treasury, and whether mixed or manufactured with domestic merchandise or not may, under regulations prescribed by the Secretary of the Treasury, be exported or destroyed, or may be sent into customs territory upon the payment of such liquidated duties and determined taxes thereon. If merchandise so taken under supervision has been manipulated or manufactured, such duties and taxes shall be payable on the quantity of such foreign merchandise used in the manipulation or manufacture of the entered article. Allowance shall be made for recoverable and irrecoverable waste; and if recoverable waste is sent into customs territory, it shall be dutiable and taxable in its condition and quantity and at its weight at the time of entry. Where two or more products result from the manipulation or manufacture of merchandise in a zone the liquidated duties and determined taxes shall be distributed to the several products in accordance with their relative value at the time of separation with due allowance for waste as provided for above: *Provided further*, That subject to such regulations respecting identity and the safeguarding of the revenue as the Secretary of the Treasury may deem necessary, articles, the

growth, product, or manufacture of the United States, on which all internal-revenue taxes have been paid, if subject thereto, and articles previously imported on which duty and/or tax has been paid, or which have been admitted free of duty and tax, may be taken into a zone from the customs territory of the United States, placed under the supervision of the appropriate customs officer, and whether or not they have been combined with or made part, while in such zone, of other articles, may be brought back thereto free of quotas, duty, or tax: *Provided further*, That if in the opinion of the Secretary of the Treasury their identity has been lost, such articles not entitled to free entry by reason of noncompliance with the requirements made hereunder by the Secretary of the Treasury shall be treated when they re-enter customs territory of the United States as foreign merchandise under the provisions of the tariff and internal-revenue laws in force at that time: *Provided further*, That under the rules and regulations of the controlling Federal agencies, articles which have been taken into a zone from customs territory for the sole purpose of exportation, destruction (except destruction of distilled spirits, wines, and fermented malt liquors), or storage shall be considered to be exported for the purpose of--

(1) the draw-back, warehousing, and bonding, or any other provisions of the Tariff Act of 1930, as amended, and the regulations thereunder; and

(2) the statutes and bonds exacted for the payment of draw-back, refund, or exemption from liability for internal-revenue taxes and for the purposes of the internal-revenue laws generally and the regulations thereunder.

Such a transfer may also be considered an exportation for the purposes of other Federal laws insofar as Federal agencies charged with the enforcement of those laws deem it advisable. Such articles may not be returned to customs territory for domestic consumption except where the Foreign-Trade Zones Board deems such return to be in the public interest, in which event the articles shall be subject to the provisions of paragraph 1615(f) of the Tariff Act of 1930, as amended: *Provided further*, That no operation involving any foreign or domestic merchandise brought into a zone which operation would be subject to any provision or provisions of section 1807, chapter 15, chapter 16, chapter 17, chapter 21, chapter 23, chapter 24, chapter 25, chapter 26, or chapter 32 of the Internal Revenue Code if performed in customs territory, or involving the manufacture of any article provided for in paragraph 367 or paragraph 368 of the Tariff Act of 1930, shall be permitted in a zone except those operations (other than rectification of distilled spirits and wines, or the manufacture or production of alcoholic products unfit for beverage purposes) which were permissible under this Act [19 U.S.C. §§ 81a et seq.] prior to July 1, 1949: *Provided further*, That articles produced or manufactured in a zone 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 a zone exclusively with the use of domestic merchandise, the identity of which has been maintained in accordance with the second proviso of this section, may, on such importation, be entered as American goods returned: *Provided further*, That no merchandise that consists of goods subject to NAFTA drawback, as defined in section 203(a) of the North American Free Trade Agreement Implementation Act [19 U.S.C. § 3333 (a)], that is manufactured or otherwise changed in condition

shall be exported to a NAFTA country, as defined in section 2(4) of that Act [19 U.S.C. § 3301 (4)], without an assessment of a duty on the merchandise in its condition and quantity, and at its weight, at the time of its exportation (or if the privilege in the first proviso to this subsection was requested, an assessment of a duty on the merchandise in its condition and quantity, and at its weight, at the time of its admission into the zone) and the payment of the assessed duty before the 61st day after the date of exportation of the article, except that upon the presentation, before such 61st day, of satisfactory evidence of the amount of any customs duties paid or owed to the NAFTA country on the article, the customs duty may be waived or reduced (subject to section 508(b)(2)(B) of the Tariff Act of 1930 [19 U.S.C. § 1508 (b)(2)(B)]) in an amount that does not exceed the lesser of (1) the total amount of customs duties paid or owed on the merchandise on importation into the United States, or (2) the total amount of customs duties paid on the article to the NAFTA country: *Provided further*, That, if Canada ceases to be a NAFTA country and the suspension of the operation of the United States-Canada Free-Trade Agreement thereafter terminates, with the exception of drawback eligible goods under section 204(a) of the United States-Canada Free-Trade Agreement Implementation Act of 1988 [19 U.S.C. § 2112 note], no article manufactured or otherwise changed in condition (except a change by cleaning, testing or repacking) shall be exported to Canada during the period such Agreement is in operation without the payment of a duty that shall be payable on the article in its condition and quantity, and at its weight, at the time of its exportation to Canada unless the privilege in the first proviso to this subsection was requested.

(b) The exemption from the customs laws of the United States provided under subsection (a) shall not be available on or before December 31, 1992, to bicycle component parts unless such parts are reexported from the United States, whether in the original package, as components of a completely assembled bicycle, or otherwise.

(c) (1) Notwithstanding the provisions of the fifth proviso of subsection (a), any article (within the meaning of section 5002(a)(14) of the Internal Revenue Code of 1986 [26 U.S.C. § 5002 (a)(14)]) may be manufactured or produced from denatured distilled spirits which have been withdrawn free of tax from a distilled spirits plant (within the meaning of section 5002(a)(1) of the Internal Revenue Code of 1986 [26 U.S.C. § 5002 (a)(1)]), and articles thereof, in a zone.

(2) Notwithstanding the provisions of the fifth proviso of subsection (a), distilled spirits which have been removed from a distilled spirits plant (as defined in section 5002(a)(1) of the Internal Revenue Code of 1986 [26 U.S.C. § 5002 (a)(1)]) upon payment or determination of tax may be used in the manufacture or production of medicines, medicinal preparation, food products, flavors, or flavoring extracts, which are unfit for beverage purposes, in a zone. Such products will be eligible for drawback under the internal revenue laws under the same conditions applicable to similar manufacturing or production operations occurring in customs territory.

(d) In regard to the calculation of relative values in the operations of petroleum refineries in a foreign trade zone, the time of separation is defined as the entire manufacturing period. The price of products required for computing relative values shall be the average per unit value of each product for the manufacturing period. Definition and attribution of

products to feedstocks for petroleum manufacturing may be either in accordance with Industry Standards of Potential Production on a Practical Operating Basis as verified and adopted by the Secretary of the Treasury (known as producibility) or such other inventory control method as approved by the Secretary of the Treasury that protects the revenue.

(e) Production equipment. (1) In general. Notwithstanding any other provision of law, if all applicable customs laws are complied with (except as otherwise provided in this subsection), merchandise which is admitted into a foreign trade zone for use within such zone as production equipment or as parts for such equipment, shall not be subject to duty until such merchandise is completely assembled, installed, tested, and used in the production for which it was admitted.

(2) Admission procedures. The person who admits the merchandise described in paragraph (1) into the zone shall, at the time of such admission, certify to the Customs Service that the merchandise is admitted into the zone pursuant to this subsection for use within the zone as production equipment or as parts for such equipment and that the merchandise will be entered and estimated duties deposited when use of the merchandise in production begins.

(3) Entry procedures. At the time use of the merchandise in production begins, the merchandise shall be entered, as provided for in section 484 of the Tariff Act of 1930 [19 U.S.C. § 1484 ], and estimated duties shall be deposited with the Customs Service. The merchandise shall be subject to tariff classification according to its character, condition, and quantity, and at the rate of duty applicable, at the time use of the merchandise in production begins.

(4) Foreign trade zone. For purposes of this subsection, the term "foreign trade zone" includes a subzone.

#### **19 U.S.C. § 81d Customs officers and guards**

The Secretary of the Treasury shall assign to the zone the necessary customs officers and guards to protect the revenue and to provide for the admission of foreign merchandise into customs territory.

#### **19 U.S.C. § 81e Vessels entering or leaving zone: coastwise trade**

Vessels entering or leaving a zone shall be subject to the operation of all the laws of the United States, except as otherwise provided in this chapter, and vessels leaving a zone and arriving in customs territory of the United States shall be subject to such regulations to protect the revenue as may be prescribed by the Secretary of the Treasury. Nothing in this chapter shall be construed in any manner so as to permit vessels under foreign flags to carry goods or merchandise shipped from one foreign trade zone to another zone or port in the protected coastwise trade of the United States.

#### **19 U.S.C. § 81f Application for establishment and expansion of zone**

(a) Application for establishment; requirements  
Each application shall state in detail--

(1) The location and qualifications of the area in which it is proposed to establish a zone, showing (A) the land and water or land or water area or land area alone if the application is for its establishment in or adjacent to an interior

port; (B) the means of segregation from customs territory; (C) the fitness of the area for a zone; and (D) the possibilities of expansion of the zone area;

(2) The facilities and appurtenances which it is proposed to provide and the preliminary plans and estimate of the cost thereof, and the existing facilities and appurtenances which it is proposed to utilize;

(3) The time within which the applicant proposes to commence and complete the construction of the zone and facilities and appurtenances;

(4) The methods proposed to finance the undertaking;

(5) Such other information as the Board may require.

(b) Amendment of application; expansion of zone

The Board may upon its own initiative or upon request permit the amendment of the application. Any expansion of the area of an established zone shall be made and approved in the same manner as an original application.

#### **19 U.S.C. § 81g Granting of application**

If the Board finds that the proposed plans and location are suitable for the accomplishment of the purpose of a foreign trade zone under this chapter, and that the facilities and appurtenances which it is proposed to provide are sufficient it shall make the grant.

#### **19 U.S.C. § 81h Rules and regulations**

The Board shall prescribe such rules and regulations not inconsistent with the provisions of this chapter or the rules and regulations of the Secretary of the Treasury made hereunder and as may be necessary to carry out this chapter.

#### **19 U.S.C. § 81i Cooperation of Board with other agencies**

The Board shall cooperate with the State, subdivision, and municipality in which the zone is located in the exercise of their police, sanitary, and other powers in and in connection with the free zone. It shall also cooperate with the United States Customs Service, the United States Postal Service, the Public Health Service, the Immigration and Naturalization Service, and such other Federal agencies as have jurisdiction in ports of entry described in section 81b of this title.

#### **19 U.S.C. § 81j Cooperation of other agencies with Board**

For the purpose of facilitating the investigations of the Board and its work in the granting of the privilege, in the establishment, operation, and maintenance of a zone, the President may direct the executive departments and other establishments of the Government to cooperate with the Board, and for such purpose each of the several departments and establishments is authorized, upon direction of the President, to furnish to the Board such records, papers, and information in their possession as may be required by him, and temporarily to detail to the service of the Board such officers, experts, or engineers as may be necessary.

#### **19 U.S.C. § 81k Agreements as to use of property**

If the title to or right of user of any of the property to be included in a zone is in the United States, an agreement to use

such property for zone purposes may be entered into between the grantee and the department or officer of the United States having control of the same, under such conditions, approved by the Board and such department or officer, as may be agreed upon.

**19 U.S.C. § 81l      Facilities to be provided and maintained**

Each grantee shall provide and maintain in connection with the zone--

(a) Adequate slips, docks, wharves, warehouses, loading and unloading and mooring facilities where the zone is adjacent to water; or, in the case of an inland zone, adequate loading, unloading, and warehouse facilities;

(b) Adequate transportation connections with the surrounding territory and with all parts of the United States, so arranged as to permit of proper guarding and inspection for the protection of the revenue;

(c) Adequate facilities for coal or other fuel and for light and power;

(d) Adequate water and sewer mains;

(e) Adequate quarters and facilities for the officers and employees of the United States, State, and municipality whose duties may require their presence within the zone;

(f) Adequate enclosures to segregate the zone from customs territory for protection of the revenue, together with suitable provisions for ingress and egress of persons, conveyances, vessels, and merchandise;

(g) Such other facilities as may be required by the Board.

**19 U.S.C. § 81m      Permission to others to use zone**

The grantee may, with the approval of the Board, and under reasonable and uniform regulations for like conditions and circumstances to be prescribed by it, permit other persons, firms, corporations, or associations to erect such buildings and other structures within the zone as will meet their particular requirements: *Provided*, That such permission shall not constitute a vested right as against the United States, nor interfere with the regulation of the grantee or the permittee by the United States, nor interfere with or complicate the revocation of the grant by the United States: And provided further, That in the event of the United States or the grantee desiring to acquire the property of the permittee no good will shall be considered as accruing from the privilege granted to the zone: *And provided further*, That such permits shall not be granted on terms that conflict with the public use of the zone as set forth in this chapter.

**19 U.S.C. § 81n      Operation of zone as public utility; cost of customs service**

Each zone shall be operated as a public utility, and all rates and charges for all services or privileges within the zone shall be fair and reasonable, and the grantee 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 and the cost of maintaining the additional customs service required under this chapter shall be paid by the operator of the zone.

**19 U.S.C. § 81o      Residents of zone**

**(a) Persons allowed to reside in zone**

No person shall be allowed to reside within the zone except Federal, State, or municipal officers or agents whose resident presence is deemed necessary by the Board.

**(b) Rules and regulations for employees entering and leaving zone**

The Board shall prescribe rules and regulations regarding employees and other persons entering and leaving the zone. All rules and regulations concerning the protection of the revenue shall be approved by the Secretary of the Treasury.

**(c) Exclusion from zone of goods or process of treatment**

The Board may at any time order the exclusion from the zone of any goods or process of treatment that in its judgment is detrimental to the public interest, health, or safety.

**(d) Retail trade within zone**

No retail trade shall be conducted within the zone except under permits issued by the grantee and approved by the Board. Such permittees shall sell no goods except such domestic or duty-paid or duty-free goods as are brought into the zone from customs territory.

(e) Exemption from State and local ad valorem taxation of tangible personal property Tangible personal property imported from outside the United States and held in a zone for the purpose of storage, sale, exhibition, repackaging, assembly, distribution, sorting, grading, cleaning, mixing, display, manufacturing, or processing, and tangible personal property produced in the United States and held in a zone for exportation, either in its original form or as altered by any of the above processes, shall be exempt from State and local ad valorem taxation.

**19 U.S.C. § 81p      Accounts and recordkeeping**

**(a) Manner of keeping accounts**

The form and manner of keeping the accounts of each zone shall be prescribed by the Board.

**(b) Annual report by grantee**

Each grantee shall make to the Board annually, and at such other times as it may prescribe, reports on zone operations.

**(c) Report to Congress**

The Board shall make a report to Congress annually containing a summary of zone operations.

**19 U.S.C. § 81q      Transfer of grant**

The grant shall not be sold, conveyed, transferred, set over, or assigned.

**19 U.S.C. § 81r      Revocation of grants**

**(a) Procedure for revocation**

In the event of repeated willful violations of any of the provisions of this chapter by the grantee, the Board may revoke the grant after four months' notice to the grantee and affording it an opportunity to be heard. The testimony taken before the Board shall be reduced to writing and filed in the records of the Board together with the decision reached thereon.

**(b) Attendance of witnesses and production of evidence**

In the conduct of any proceeding under this section for the revocation of a grant the Board may compel the attendance of witnesses and the giving of testimony and the production of

Documentary evidence, and for such purpose may invoke the aid of the district courts of the United States.

**(c) Nature of order of revocation; appeal**

An order under the provisions of this section revoking the grant issued by the Board shall be final and conclusive, unless within ninety days after its service the grantee appeals to the court of appeals for the circuit in which the zone is located by filing with the clerk of said court a written petition praying that the order of the Board be set aside. Such order shall be stayed pending the disposition of appellate proceedings by the court. The clerk of the court in which such a petition is filed shall immediately cause a copy thereof to be delivered to the Board and it shall thereupon file in the court the record in the proceedings held before it under this section, as provided in section 2112 of title 28. The testimony and evidence taken or submitted before the Board, duly certified and filed as a part of the record, shall be considered by the court as the evidence in the case.

**19 U.S.C. § 81s      Offenses**

In case of a violation of this chapter, or any regulation

under this chapter, by the grantee, any officer, agent or employee thereof responsible for or permitting any such violation shall be subject to a fine of not more than \$1,000. Each day during which a violation continues shall constitute a separate offense.

**19 U.S.C. § 81t      Separability**

If any provision of this chapter or the application of such provision to certain circumstances be held invalid, the remainder of this chapter and the application of such provisions to circumstances other than those as to which it is held invalid shall not be affected thereby.

**19 U.S.C. § 81u      Right to alter, amend, or repeal chapter**

The right to alter, amend, or repeal this chapter is reserved.