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.

ZONE SCHEDULE

CHARGES, RATES, RULES AND REGULATIONS

APPLICABLE AT

FOREIGN-TRADE ZONE NO. 272
Northampton & Lehigh Counties, PA

UNDER GRANT OF AUTHORITY OF THE
UNITED STATES FOREIGN-TRADE ZONES BOARD

GRANTEE:

Lehigh Valley Economic Development Corporation

2158 Avenue C, Suite 200
Bethlehem, PA 18017

Issue Date: October 1, 2012

DISCLAIMER: The information and appendices included in this Zone Schedule are for informational purposes only. They reflect laws and regulations in effect at the time of submission of this schedule. Each Operator and/or User is responsible for awareness of and compliance with the laws and regulations currently in effect.

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SECTION I – POINTS OF CONTACT & REFERENCE INFORMATION

Grantee

Lehigh Valley Economic Development Corporation
2158 Avenue C, Suite 200
Bethlehem, PA 18017
610-266-6775
www.lehighvalley.org

Information Regarding Operators Having an Agreement with the Grantee to Offer Services to the Public

U.S. Customs & Border Protection (Customs or CBP)

Lehigh Valley Port of Entry
997 Postal Road
Allentown, PA 18109
610-266-1042

Port Code: 1119

FTZ No. 272 Sites

For a description of currently designated general-purpose zone sites and subzones go to:

www.trade.gov/ftz
Click on “OFIS”
Click “Zone & Site Information”
Select FTZ No. 272

SECTION II – OVERVIEW

Foreign-Trade Zones (FTZs or zones) are restricted-access sites in or near U.S. Customs and Border Protection (Customs or CBP) ports of entry. The zones are licensed by the Foreign-Trade Zones Board (FTZB) and operated under the supervision of CBP. Specifically, zones are physical areas into which foreign and domestic merchandise may be moved for operations involving storage, exhibition, assembly, manufacture or other processing not otherwise prohibited by law. Zone areas “activated” by CBP are considered outside of the U.S. customs territory for purposes of CBP entry procedures. Therefore, the usual formal CBP entry procedure and payment of duties is not required on the foreign merchandise in FTZs unless and until it enters U.S. customs territory for domestic consumption. U.S. duties can be avoided on foreign merchandise re-exported from a FTZ, including after incorporation into a downstream product through activity in the FTZ. 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 FTZB can deny or limit the use of zone procedures in specific cases on public interest grounds.

FTZ No. 272

FTZ No. 272 was granted by the FTZB to Lehigh Valley Economic Development Corporation (LVEDC) on April 5, 2007 (Board Order #1502). The FTZ project was expanded on May 13, 2010 (Board Order #1679) and reorganized under the Alternative Site Framework (ASF) on January 31, 2012 (Board Order #1812). The ASF service area for FTZ No. 272 includes the area encompassed by Lehigh County and Northampton County. LVEDC is the grantee of FTZ No. 272.

Under ASF, FTZ No. 272 maintains general-purpose FTZ magnet sites that are capable of accommodating multiple uses by multiple companies. LVEDC encourages prospective operators/users to locate in existing magnet sites. If it is not feasible for a prospective operator/user to locate in a magnet site, a usage-driven site can be applied for to accommodate an operator/user at its specific location. An operator/user can elect to have its specific location approved as a usage-driven site(s) or a subzone if the site(s) is within LVEDC’s service area. Any sites outside the service area must be applied for as subzones.

In accordance with the FTZB Regulations at 15 CFR Part 400.44, this zone schedule sets forth the rules and policies for the FTZ project, including a statement of the rates and charges (fees) applicable to FTZ operations. A copy of this zone schedule is available for public inspection at the offices of LVEDC and any operator offering FTZ services to the user community.

Uniform fees charged by LVEDC to operators in order to recover the costs of maintaining the FTZ grant of authority are set forth in Section IV. All other charges and costs associated with the operation of a specific FTZ operation are the responsibility of the operator, user and/or property owner.

SECTION III – RULES, REGULATIONS & POLICIES

GENERAL

Principle Governing Laws & Regulations

Foreign-Trade Zones Act (FTZ Act or Act): FTZ No. 272 is governed by the Foreign-Trade Zones Act, 19 United States Code 81a-81u as amended. A copy of the Act can be accessed on the FTZB's website: www.trade.gov/ftz

Foreign-Trade Zones Board Regulations (FTZB Regulations): FTZ No. 272 is regulated by the Foreign-Trade Zones Board under U.S. Code of Federal Regulations, Title 15, Part 400, as amended. Copies of these regulations shall be maintained, referred to and complied with by all operators and users. A copy of the regulations can be accessed on the FTZB's website: www.trade.gov/ftz

U.S. Customs and Border Protection Regulations (CBP or Customs Regulations): FTZ No. 272 is regulated by U.S. Customs and Border Protection under U.S. Code of Federal Regulations, Title 19, Part 146. Copies of these regulations shall be maintained, referred to and complied with by all operators. A copy of the regulations can be accessed on the Government Printing Office's website:
www.gpo.gov/fdsys/browse/collectionCfr.action?collectionCode=CFR

Foreign-Trade Zones Manual (FTZ Manual): U.S. Customs and Border Protection publishes a Foreign-Trade Zones Manual to assist operators with conforming to the Customs Regulations. All operators are required to maintain a current copy of the Foreign-Trade Zones Manual in addition to the Customs Regulations governing FTZs. A copy of the manual can be accessed on CBP's website: www.cbp.gov/xp/cgov/trade/cargo_security/cargo_control/ftz/

Roles of Grantee, Operator, and User:

Grantee: The corporate recipient of a grant of authority for a zone project; the public or private corporation to which the privilege of establishing, operating, or maintaining a foreign-trade zone has been given. LVEDC is the grantee of FTZ No. 272.

Operator: A person that operates within a zone or subzone under the terms of an agreement with LVEDC and with the concurrence of CBP. LVEDC explicitly delegates the responsibility for operation of zone sites to operators who will assume responsibility for compliance with all regulations of CBP, the FTZB, and other relevant government agencies.

User: A party using a zone under agreement with an operator. A party using a zone for storage, handling, or manufacturing/production of merchandise in FTZ status. The operator and user can be the same party. If a user is not the operator and is delegated any of the operator's responsibilities as contained in this zone schedule or the Customs Regulations, a written operator agreement and procedures manual are required.

Availability of Zone: All rates and charges for all services and privileges within the FTZ shall be fair and reasonable, and LVEDC shall afford to all who may apply to make use of or participate in the zone 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. Users are subject to specific rules, rates, and charges of operators.

Grantee Liability: A grant of authority shall not be construed to make LVEDC liable for violations by zone participants. LVEDC's role under the Act and the FTZB Regulations is to provide general management of the zone to ensure that the reasonable needs of the business community are served. LVEDC will not be liable and cannot assume any responsibility for any loss or damage to freight, cargo or merchandise, or other property within the FTZ, or for any loss or damage arising from acts of commission or omission of operators.

Retail Trade: Retail trade is prohibited in activated areas of zones except sales or commercial activity involving domestic, duty-paid and duty-free goods, which may be conducted in activated areas of a zone under permit issued by LVEDC and approved by the FTZB. No permits are necessary for sales involving domestic, duty-paid or duty-free food and non-alcoholic beverage products sold within the zone for consumption on premises by individuals working in the zone.

Fines & Penalties: The FTZB may issue fines for violations of the Act or FTZB Regulations. Each violation is subject to a fine of not more than $1,000, with each day during which a violation continues constituting a separate offense subject to imposition of the fine. Each day during which an operator fails to submit to LVEDC the information required for LVEDC's timely submission of a complete and accurate annual report to the FTZB shall constitute a separate offense subject to a fine of not more than $1,000. The FTZB also can instruct CBP to suspend activated status of all or portion of a zone or subzone.

Residents within Zone: No person will be allowed to reside within an FTZ except federal, state, or municipal officers or agents, whose resident presence is deemed necessary by the FTZB.

Insurance: All operators within FTZ No. 272 shall keep in full force the necessary insurance as required by LVEDC at the expense of the operator. Merchandise stored, manipulated, or transferred within the zone is not insured by LVEDC. A copy of the policy or certificate of insurance shall be delivered to LVEDC upon request.

Access to Zone Sites: Operators and users shall permit federal government officials acting in an official capacity and the grantee to have access to the zone and records during normal business hours and under other reasonable circumstances or as provided by law and regulations.

Zone Schedule: All corporations, partnerships, and persons operating within activated zone space are subject to this zone schedule. The zone schedule shall contain a section listing rates and charges for zone participants with information sufficient for the FTZB or the Executive Secretary to determine whether the rates or charges are reasonable based on other operations in the port of entry area and whether there is uniform treatment under like circumstances among operators and users. Copies of the zone schedule are available from LVEDC. Any updates to this zone schedule will be provided to the FTZB and each operator.

Operator Agreement: Every individual, corporation or entity seeking to operate in FTZ No. 272 must enter into an operator agreement with LVEDC. A copy of the standard operator agreement is available, upon request, from LVEDC. If any conflict with this zone schedule and any operator agreement arises, the operator agreement will prevail. Users may become operators upon proper execution of an agreement with LVEDC. Operators must execute an operator agreement with LVEDC prior to LVEDC issuing an activation concurrence letter.

Property Owner Agreement: All property owners of FTZ No. 272 must enter into a property owner agreement with LVEDC.

ZONE OPERATIONS

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

Merchandise which is specifically 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 laws and regulations applicable to such merchandise.

Activities Permitted in Zone: Merchandise lawfully brought into a zone may, in accordance with the FTZB and Customs Regulations and 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 into new articles of commerce. Production activity may be performed in a zone only if approved by the FTZB prior to commencement of the activity.

Responsibility for Duty and Taxes: Operators and users are responsible and liable for payment of any and all charges, fees, duties or penalties due any agency of the federal, state, or local government arising from use of the zone, including liabilities on merchandise which is not accounted for to the satisfaction of CBP.

Security and Safety Requirements in the Zone: All zone sites, in order to be approved for activation by CBP, must meet certain security and safety requirements. All zone sites are subject to security inspections by CBP and/or LVEDC. Procedures manuals shall include current information on the method of physical as well as cargo security at the zone site. Each zone site will be evaluated separately by CBP who will determine the security measures that are required protect the revenue of the United States based on the specific conditions of each zone site, e.g., description and value of merchandise activities, overall risk assessment, etc.

After a zone site has been activated, all security and safety measures required to achieve the initial activation must be maintained at all times. Spot checks may be conducted by CBP and LVEDC and liquidated damages or notices may be assessed if these requirements are found to be insufficiently met in any way.

No operation or process of treatment will be permitted in the zone that, in the judgment of the FTZB, CBP, or LVEDC, is detrimental to the public interest, health, and safety. Cost of special security devices and other requirements will be the responsibility of the operator.

Inventory Control & Recordkeeping System: Operators will establish and maintain inventory control and recordkeeping systems in accordance with the Customs Regulations at 19 CFR § 146.

Record Retention: Operators are required to retain all records pertaining to zone merchandise for five (5) years after the merchandise is removed from the zone. Records must be readily available for Customs review at the zone. Records must be made available to LVEDC upon request and as outlined in the operator agreement.

Proprietary Information: Operators are required under the Customs Regulations to protect proprietary information in their custody from unauthorized disclosure.

Use of Zone Facilities: Zone facilities will be used for the purposes of receipt, storage, handling, exhibition, manipulation, manufacturing/production, and shipment of foreign and domestic merchandise as considered necessary for the conduct of each operator’s normal business. Operators will not use or permit the FTZ to be used for any other purpose without the prior written consent of LVEDC. Operators will not do or permit anything to be done in or about the FTZ that will in any way obstruct or interfere with the rights of other operators of the zone.

FTZ Operator’s Bond: Operators must maintain, for Customs purposes, an FTZ operator’s bond in the amount required by Customs. This bond is to assure compliance with Customs Regulations. The bond is submitted on Customs & Border Protection Form (CF) 301. The bond conditions are set forth at 19 CFR § 113.73, Customs Regulations. A failure to comply with the regulations may be deemed a “default” by Customs and result in the assessment of liquidated damages under the bond. The FTZ operator’s bond (04) is a separate bond type from an importer’s bond (01).

Permits: Prior to activation, operators must obtain all necessary permits from federal, state and local authorities and comply with the requirements of those authorities.

Procedures Manuals: Operators shall draft and maintain a procedures manual in accordance with the Customs Regulations as a condition of activation. The manual shall describe the inventory control and recordkeeping system(s) that will be used in the zone in compliance with the Customs Regulations.

FTZ APPLICATIONS

New Zone Sites

If a company is interested in taking advantage of the benefits of FTZ No. 272 at a location other than the currently approved sites, the company may request that an application for minor modification, expansion, or subzone be filed by LVEDC.

Production Authority

Production in a zone site is any activity involving the substantial transformation of a foreign article resulting in a new and different article having a different name, character, and use, or activity involving a change in the condition of the article which results in a change in the customs classification of the article or in its eligibility for entry for consumption. Production activity must be approved in advance by the FTZB before the activity may commence using zone procedures. The company undertaking the activity must prepare a production notification to be submitted to the FTZB by LVEDC or the company may submit the production notification to the FTZB directly with copy to LVEDC and CBP.

Types of Applications to the Foreign-Trade Zones Board

There are several types of FTZ applications:

- Minor Boundary Modification (including Usage-Driven Sites)
- Expansion (New/Expanded Magnet Sites)
- Subzone

Production notifications to the FTZB requesting production authority can be made as part of an application for a new zone site or can be filed separately for an existing zone site. If the FTZB determines that further review of a production notification is necessary, the zone participant will be notified and a production application will be required.

Additional information on the requirements for each type of application may be found on the FTZB website at:

www.trade.gov/ftz

Procedures for Filing Applications to the Foreign-Trade Zones Board

LVEDC will assist prospective operators/users with determining the type of application(s) that is appropriate to accommodate the company's needs.

All applications, except production notifications, must be submitted to LVEDC for review and approval prior to submission to the FTZB. LVEDC will issue required transmittal/concurrence letters as appropriate.

FTZ ACTIVATION & DEACTIVATION & ALTERATION

Activation

When an operator desires to apply for activation with CBP, the operator will complete the steps outlined in 19 CFR § 146.6.

An operator agreement between the operator and LVEDC will be executed prior to LVEDC issuing a grantee activation concurrence letter.

Prior to submitting an activation request to CBP, the operator will provide LVEDC with a copy of the activation application, procedures manual and blueprint of the area to be activated for review by LVEDC. Once LVEDC reviews the activation application and if an operator agreement has been executed, LVEDC will issue a grantee activation concurrence letter.

If the operator conducts production activity at the zone site as defined by the FTZB, a copy of the FTZB production authority will be provided to LVEDC or the user's plan for obtaining production authority will be described prior to LVEDC issuing a grantee activation concurrence letter.

As a condition of activation, all operators must agree to satisfy the requirements of CBP automated systems.

Deactivation/Reactivation

An operator may deactivate or reactivate its zone site. The operator must notify and obtain written approval from LVEDC prior to requesting deactivation or reactivation with CBP.

Alteration

An operator may increase or decrease the amount of activated space within an authorized zone site, activate a separate site of an already activated zone with the same operator at the same port, or relocate an already activated site with the same operator. The operator must notify and obtain written approval from LVEDC prior to requesting alteration with CBP. The operator shall provide a copy of the alteration request and CBP approval to LVEDC including an updated blueprint of the activated area(s).

FOREIGN-TRADE ZONES BOARD ANNUAL REPORT

LVEDC is responsible for preparing and submitting to the FTZB an annual report summarizing all zone activity from January 1 - December 31 of each year. The report will be submitted by LVEDC to the FTZB by March 31 of the following year pursuant to the current requirements of the FTZB, which can be found at www.trade.gov/ftz.

In order for LVEDC to meet its responsibility in this regard, each operator will complete a report so that sufficient data is available to LVEDC to complete the FTZB Annual Report. The operator will complete the report based on the FTZB requirements and guidelines, and submit it to LVEDC by **February 15** of each year.

SECTION IV – FEE SCHEDULE

Grantee Application Fees

LVEDC charges an application fee to cover the costs of reviewing and processing the necessary Grantee documentation for FTZ applications. The fee is **$5,000**.

Grantee Annual Fees

Operators shall pay to LVEDC an annual FTZ administration fee for the privilege of operating under zone procedures and as reimbursement for the services provided by LVEDC. The fee is **$10,000** annually per site.

Operator Fees

FTZ No. 272 does not currently have activated operators offering FTZ services to users.

U.S. Customs and Border Protection Fees

At the time of issue of this zone schedule, no fees are charged by CBP for normal zone services. Should any fees or charges be imposed in the future, all such fees and charges shall be payable by the operator of the affected zone site including any charges for overtime and other special services provided at the request of an operator. Under no circumstances will LVEDC be liable or responsible for any such CBP fees or charges.

Foreign-Trade Zones Board Fees

Any fees or charges imposed by the FTZB shall be payable by the operator/user of the affected zone site, or as apportioned by LVEDC among the zone sites when appropriate. Under no circumstances will LVEDC be liable or responsible for any FTZB fees or charges incurred on behalf of companies seeking to operate or use the zone.

Presently the following FTZB fees apply for certain types of applications. Applications combining requests for more than one type of approval are subject to the fee for each category.

(1) Additional General-Purpose Zones in a Customs Port of Entry	**$3,200**
(2) Special-Purpose Subzones:	
(i) non-manufacturing/processing or less than three products	**$4,000**
(ii) manufacturing/processing three or more products	**$6,500**
(3) Expansions	**$1,600**

Harbor Maintenance Fees (HMF)

The Water Resources Development Act of 1986 provides for a Harbor Maintenance Fee to be imposed for commercial use of Ports in the United States. This fee is provided for in title XIV (Revenue Provisions) of the Act and is cited as the Harbor Maintenance Revenue Act of 1986. The purpose of the fee is to provide the Army Corps of Engineers with a dedicated source of revenue for funding Corps Port Project. CBP has been mandated to act as the collection agency for this fee. Date of implementation of the fee was April l, 1987. The fee is assessed on water-borne cargo. Merchandise received into the zone will be assessed this fee upon entry when applicable. Payment is due by the importer of record on a quarterly basis on admitted merchandise. The current rate of the Harbor Maintenance Fee is .125% of the value of the commercial cargo.

Merchandise Processing Fees (MPF)

Merchandise that is formally entered or released is subject to the payment to Customs of an ad valorem fee of .21%. The fee shall be due and payable to Customs by the importer of record of the merchandise at the time of presentation of the entry summary and shall be based on the value of the merchandise as determined under 19 U.S.C. 1401a. The fee charged shall not exceed $485 and shall not be less than $25.

On October 21, 2011, Public Law No: 112-40 was adopted. The law temporarily increases the merchandise processing fee from .21% to .3464% from October 1, 2011 - November 30, 2015. The MPF rate reverts to .21% from December 1, 2015 - September 30, 2016. The law temporarily decreases the merchandise processing fee from .21% to .1740% from October 1, 2016 - September 30, 2019. The MPF rate reverts to .21% after September 30, 2019. The cap of $485 per entry remains unchanged.

Other Government Agency Fees

Charges for services of other government agencies should be arranged for and paid by the operator who requires the use of such services. Under no circumstances will LVEDC be liable or responsible for any other government agencies' fees or charges.

Fines, Penalties and Liquidated Damages

LVEDC will not be involved in the day-to-day operations of the zone project. CBP fines, penalties, or liquidated damage claims affecting zone merchandise or zone activities will be paid by the operator of the affected zone site. The same is true of any other fines, penalties, or liquidated damage claims by other government agencies concerning operations at the zone site. Under no circumstances will LVEDC be liable or responsible for any fines, penalties, forfeiture, or liquidated damage claims.

APPENDIX – DEFINITIONS OF TERMS

Act: The Foreign-Trade Zones Act of June 18, 1934 (19 USC 81a-81u), as amended.

Activation: Written approval by the grantee and Customs Port Director for FTZ operations to commence and for the admission and handling of merchandise in FTZ status. Activation can only take place in approved areas under the grant of authority by the FTZB. Prior to activation, an operator must enter into a written agreement with the grantee.

Adjacency: According to Section 400.11(b) of the Foreign-Trade Zones Board Regulations, general-purpose zone sites must be within 60 statute miles or 90 minutes driving time from the outer limits of a U.S. Customs Port of Entry boundary. Subzones are not subject to the same distance standard but must be able to have proper Customs oversight accomplished by physical and electronic means and merchandise must be presented for examination at a Customs site selected by Customs.

Administrator: An entity designated by the grantee to serve as a point of contact for information on the zone project and to provide oversight, marketing and management support.

Admission/Admit: Physical arrival of goods into the Foreign-Trade Zone under FTZ status with the approval of Customs. The word "admission" is to be used instead of "entry" of goods in an FTZ to avoid confusion with Customs entry processes under Parts 141-144 of the U. S. Customs Regulations.

Alteration: A change in the boundaries of an activated zone site; activation of a separate site of an already activated zone with the same operator at the same port; or the relocation of an already activated site with the same operator.

Alternative Site Framework (ASF): An optional approach to designation and management of zone sites allowing Grantees greater flexibility and responsiveness to serve single-operator/user locations.

Annual Reconciliation: A report required of activated operators by Customs within 90 days after the end of the zone year unless the Port Director authorizes an extension for reasonable cause. See 19 CFR Section 146.25 for more information.

Annual Report: A report required by the FTZB from each grantee due March 31st of each year. Each operator must provide information to the grantee as requested and by the grantee's established deadline in order for the grantee to aggregate the information and file the federal report on time each year.

Annual Systems Review: A review by the operator required by Customs to identify system deficiencies to ensure that the inventory control and recordkeeping system(s) meets the requirements of Customs. See 19 CFR Section 146.26 for more information.

Antidumping/Countervailing Duties: As a matter of FTZB policy, zone procedures shall not be used to circumvent antidumping and countervailing duties. As such, merchandise subject to AD/CVD must be placed in privileged foreign status upon admission to an FTZ.

Applicant: A corporation, entity or individual applying for the right to operate an FTZ site under the jurisdiction of FTZ No. 272.

Audit-Inspection Procedures: These procedures provide the framework for Customs to reduce on-site supervision of FTZs and for operators to maintain efficiency of operations through the audit-inspection method of supervision. The systems may be manual, computerized, or a combination of both. These procedures are designed to meet the requirements of the U.S. Customs Regulations (T.D. 86-16) for Audit-Inspection Procedures in FTZs. Under the regulations, the operator maintains the inventory records. Customs is relieved of the obligation of actually keeping the records, but maintains assurance of the system's accuracy by selective examinations of merchandise, spot checks and audits of FTZ operations.

Authorized Inventory Method: A Customs authorized inventory method other than a lot system (specific identification of merchandise); e.g., First-In-First-Out (FIFO). No lot file is required but the operator shall maintain a file of all CBPF 214s in sequential order. [19 CFR § 146.37(2)]

Bond: A surety bond is a contract whereby one party, the surety, guarantees the performance of a second party, the principal, for the benefit of a third party, the obligee (the Federal government, in the case of Customs bonds). Should the principal fail to perform his agreement with the obligee, the surety will be required to pay liquidated damages, and will have the right to obtain reimbursement from the defaulting principal. "Customs bonds" - all bonds required to be given under Customs laws or regulations shall be known as Customs bonds. [19 CFR § 113.4(a)]

Boundary Modifications: A change of the area of a federally designated zone made by proper application to the U.S. Foreign-Trade Zones Board. [FTZ Manual, Section 4.4] Boundary modifications may be minor or major; zone expansions may be considered major boundary modifications [15 CFR § 400.24].

Commingling: Physically combined or mixed. [19 CFR § 102.1(b)] Regarding fungible goods from different countries, which are commingled, the country or countries of origin may be determined on the basis of an inventory management method of the Customs regulations. [19 CFR § 102.12(b)]

Conditionally Admissible Merchandise: Merchandise that may be imported into the U.S. under certain conditions. Merchandise that is subject to permits or licenses, or that must be reconditioned to bring it into compliance with the laws administered by various Federal agencies, is an example of Conditionally Admissible Merchandise [19 CFR § 146.1(b)].

Constructive Transfer: A legal fiction that permits acceptance of a Customs entry for merchandise in a zone before its physical transfer to the Customs territory [19 CFR §146.1(b)]. If the entry is thereafter rejected or canceled, the merchandise will be considered at that time to be constructively transferred back into the zone in its previous zone status [19 CFR § 146.61].

Country of Origin: The country of manufacture, production or growth of any article of foreign origin entering the United States. Further work or material added to an article in another country must effect a substantial transformation in order to render such other country the "country of origin". For a good of a NAFTA country, the NAFTA Marking Rules will determine the country of origin [19 CFR § 134.1(b)].

Country of Origin Marking: Unless excepted by law, every article of foreign origin (or its container), imported into the United States shall be marked in a conspicuous place as legibly, indelibly, and permanently as the nature of the article (or container) will permit in such manner as to indicate to an ultimate purchaser in the United States the English name of the country of origin of the article [19 CFR §134.11]. Goods leaving a zone for entry into the United States must be properly marked with the applicable country of origin unless excepted under Customs Regulations. If an imported article undergoes a substantial transformation while in the foreign-trade zone, that is, such processing that the resultant product is one having a name, character or use differing from that of the article that was admitted into the foreign-trade zone, the final product may no longer be considered to be of foreign origin. Authorization of the use of the legend "Made in USA" is beyond the scope of Customs; it is within the jurisdiction of the Federal Trade Commission. If no transformation occurs, the requirements of Section 304 of the Tariff Act must be met upon entry of the merchandise into the Customs territory.

Customs-Trade Partnership Against Terrorism (C-TPAT): A voluntary government-business initiative to build cooperative relationships that strengthen and improve overall international supply chain and U.S. border security.

Customs & Border Protection: On March 1, 2003, the border inspection functions of the U.S. Customs Service, the Immigration and Naturalization Service, and the Agriculture and Plant Health Inspection Service, along with the U.S. Border Patrol, were transferred to U.S. Customs & Border Protection. Customs is an official agency of the Department of Homeland Security. Customs & Border Protection is responsible for carrying out the Tariff Act and various other laws and regulations in respect to foreign-trade zones.

Customs Broker: A person who is licensed to transact customs business on behalf of others [19 CFR §111.1]. A firm, representative, or individual who acts on behalf of the operator and/or the importer of record under an authorized power of attorney.

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

Customs Territory of the United States: The territory of the U.S. in which the general tariff laws of the U.S. apply. "Customs territory of the United States" includes only the States, the District of Columbia, and Puerto Rico [General Note 2, Harmonized Tariff Schedule of the

United States (19 USC 1202)], [19 CFR § 146.1(b)]. Zone status merchandise in a FTZ is considered to be outside of the Customs territory of the United States.

Deactivation: Voluntary discontinuation of the activation of an entire zone or subzone by the grantee or operator. Discontinuance of the activated status of only a part of a zone site is an alteration [19 CFR § 146.1(b)].

Default: An act or omission that will result in a claim for duties, taxes, charges, or liquidated damages under the FTZ Operator's Bond.

Destruction: Destruction means the complete destruction of articles or merchandise to the extent that they have no commercial value. Any residue from destruction within a zone, which is determined to be without commercial value, may be removed to Customs territory for disposal [19 CFR § 146.52(e)]. Destruction in a zone may be performed only under approved permit from the Port Director of U.S. Customs & Border Protection.

Direct Delivery: A procedure for delivery of merchandise to an FTZ without prior application and approval on CBPF 214; designed for shipments where ordering and timing are under the control of the operator. Approval to utilize direct delivery must be obtained from the Port Director (19 CFR §146.39).

Domestic Status Merchandise (DOM): Merchandise that has been (i) grown, produced or manufactured in the U.S. and not exported therefrom, (ii) previously entered into the commerce of the United States as duty and tax free or (iii) previously imported into Customs territory and properly released from Customs custody. This means imported merchandise on which all necessary duties and taxes, if applicable, have been paid, and if upon which no drawback has been claimed, is considered Domestic status merchandise when admitted to a foreign-trade zone [19 CFR § 146.43].

Dutiable Value: For material imported from a foreign country, the price actually paid or payable for the foreign sourced material in the transaction that caused the material to be admitted into the zone, less, if included, international shipment and insurance costs and U.S. inland freight costs. The dutiable value is used to calculate duty payments [19 CFR § 146.65(b)(2)].

Duty: A tax on imports. In a foreign-trade zone, duties are not payable until the merchandise exits the zone and is entered into the commerce of the United States.

Entry: To bring merchandise into the Customs territory of the United States. Documentation required by 19 CFR § 142.3 to be filed with the appropriate Customs officer to secure the release of imported merchandise from Customs custody, or the act of filing that documentation [19 CFR § 141.0a(a)].

Estimated Weekly Entry: An estimated entry, made on CBPF 3461 and officially accepted, estimating the removals of merchandise during a 7 day period [19 CFR § 146.63(c)(1)].

Estimated Weekly Removals (Application for Weekly Zone Permit): An estimate of weekly in-bond removals may be made on CBPF 7512 and officially accepted, estimating the in-bond removal of during a 7 day period [19 CFR § 146.68(a)]. This procedure may be used for exports or zone-to-zone transfers from a zone and requires a weekly reconciliation report. Alternatively, electronic in-bonds using QP/WP procedures may be used.

Expansion: Expand the physical dimensions of an approved zone area as it relates to the scope of operations envisioned in the original plan [15 CFR § 400.24].

Export: The transportation of merchandise out of the U.S. for the purpose of being entered into the commerce of a foreign country. [19 CFR § 192.1]

First In-First Out (FIFO): The FIFO is the method by which fungible merchandise is identified by recordkeeping on the basis of the first merchandise received into the inventory. Under this method, withdrawals are from the oldest (first-in) merchandise in inventory at the time of withdrawal.

Foreign-First (FOFI): An accounting method based on the assumption that foreign status merchandise is decremented first.

Foreign Merchandise: Imported merchandise of every description (except articles specifically and absolutely prohibited by statute) that has not been released from U.S. Customs custody into the U.S. Customs territory. Imported merchandise upon which duty and taxes, if applicable, have not been paid. [19 CFR § 146.1(b)]

Foreign-Trade Zone (FTZ): A foreign-trade zone is one or more restricted-access sites, including subzones, in or adjacent to a Customs port of entry, operated as a public utility under the sponsorship of a zone grantee authorized by the Foreign-Trade Zones Board, with zone operations under the supervision of Customs & Border Protection [15 CFR § 400.2].

Foreign-Trade Zones Act: The Foreign-Trade Zones Act of June 18, 1934 (19 USC 81a-81u), as amended, that established the Foreign-Trade Zones Board and the Foreign-Trade Zones Board Regulations. This statute is administered through 15 CFR § 400 (Foreign-Trade Zones Board Regulations) and throughout 19 CFR (Customs Regulations).

Foreign-Trade Zones Board (FTZB): The Board that was established to carry out the provisions of the Foreign-Trade Zones Act of 1934, codified in Title 19, Sections 81a through 81u. The Board consists of the Secretary of Commerce, who is chairman and executive officer of the Board, and the Secretary of the Treasury, or their designated alternatives [19 USC § 81a; 15 CFR § 400.2]. The Board staff is responsible for administering the FTZ program on behalf of the Board. The Executive Secretary of the Board staff represents the Board in administrative, regulatory, operational, and public affairs matters. The Executive Secretary serves as the director of the staff.

Foreign-Trade Zone Number: A number assigned by the Foreign-Trade Zones Board upon establishment of a foreign-trade zone.

<u>Foreign-Trade Zone Forms/Reports</u>: Forms/reports used in the operation of foreign-trade zones are designated by Customs. These forms/reports may be completed by either the operator/user as the Importer of Record, its duly assigned Customhouse broker, or the operator. In addition to forms/reports used generally for bonded movements, imports and exports, the main FTZ forms/reports required by Customs include:

Customs Form 214 (CBPF 214)	Application for FTZ Admission and/or Status Designation
Customs Form 216 (CBPF 216)	Application for FTZ Activity Permit

<u>Fungible Merchandise</u>: Merchandise that for commercial purposes is identical and interchangeable in all situations. [19 CFR § 191.2(b)] In an FTZ, fungible merchandise may be identified by an inventory method authorized by Customs, which is consistently applied, such as First-In-First-Out (FIFO) and using a unique identifier. [19 CFR § 146.23(2)]

<u>Grant of Authority:</u> A document issued by the Foreign-Trade Zones Board that authorizes a zone grantee to establish, operate and maintain a zone, subject to limitations and conditions specified in 15 CFR Part 400 and 19 CFR Part 146. The authority to establish a zone includes the responsibility to manage it.

<u>Grantee</u>: A Grantee is the corporate recipient of a grant of authority for a zone project [15 CFR § 400.2]. A Grantee is a public or private corporation to which the privilege of establishing, operating, or maintaining a foreign-trade zone has been given [FTZ Manual, Section 3.10].

<u>Harbor Maintenance Fee (HMF)</u>: A port use fee of 0.125 percent of a cargo's value may be payable by commercial vessels unloading cargo at a port that is authorized to charge HMF [19 CFR § 24.24]. The applicant for admission of cargo unloaded in a foreign-trade zone must pay the HMF due on a quarterly basis [19 CFR § 24.24(e)(2)(iii)]. HMF payment must be received no later than 31 days after the close of the quarter being paid. Quarterly periods end on the last day of March, June, September and December.

<u>Imports</u>: Foreign merchandise of every description (except articles specifically and absolutely prohibited by statute) entered into Customs territory to become a part of the domestic supply for the purpose of domestic commerce or consumption, and particularly that which is entered into Customs territory through the zone and foreign merchandise which, under the laws and regulations of various other federal agencies having jurisdiction with the zone, is said to be "imported" into foreign-trade zones, Customs bonded warehouses, or Customs custody. This latter merchandise, in relation to operations in the zone, is considered to be foreign merchandise until its entry into the commerce of the United States.

<u>In-Bond Merchandise:</u> Any merchandise, other than explosives and merchandise the importation of which is prohibited, arriving at a port of entry in the United States may be entered, under such rules and regulations as the Secretary of the Treasury may prescribe, for transportation in-bond without appraisement to any other port of entry designated by the consignee, or his agent, and by such bonded carrier as he designates, there to be entered in accordance with the provisions of this chapter. Pursuant to Public Resolution 108, of June 19, 1936, (19 USC 1551, 1551a) and subject to compliance with all other applicable provisions, the Port Director, upon the request of the party in interest, may permit merchandise entered and examined for Customs purposes to be transported in-bond between ports by bonded cartmen or lightermen duly qualified if the Port Director is satisfied that the transportation of such merchandise in this manner will not endanger the revenue [19 CFR § 18.1(b)]. Foreign status merchandise that is moved to or from another port other than the port in which the zone is located must be moved in-bond.

Lapse Provision: Authority for a zone or a subzone shall lapse unless the zone (in the case of subzones, the subzone facility) is activated, pursuant to 19 CFR Part 146, and in operation not later than five years from the authorization of the zone or subzone, subject to the provisions of Board Order 849.

Magnet Site: A site intended to serve or attract multiple operators under the Foreign-Trade Zones Board's Alternative Site Framework (ASF).

Manipulation: Activity described as manipulation is generally considered to include cleaning, sorting and/or repacking or otherwise changing condition but not manufacture/production.

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 are not considered "merchandise".)

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

Merchandise Processing Fee (MPF): Generally, merchandise that is formally entered or released is subject to the payment to Customs of an ad valorem fee of 0.21 percent. The fee shall be due and payable to Customs by the importer of record of the merchandise at the time of presentation of the entry summary and shall be based on the value of the merchandise. Per entry, the ad valorem fee (MPF) shall not exceed $485 and shall not be less than $25. This fee is assessed differently for formal and for informal entries or releases. An ad valorem fee and other charges are applicable according to the provisions of 19 CFR § 24.23. On October 21, 2011, Public Law No: 112-40 was adopted. The law temporarily increases the merchandise processing fee from .21% to .3464% from October 1, 2011 - November 30, 2015. The MPF rate reverts to .21% from December 1, 2015 - September 30, 2016. The law temporarily decreases the merchandise processing fee from .21% to .1740% from October 1, 2016 - September 30, 2019. The MPF rate reverts to .21% after September 30, 2019. The cap of $485 per entry remains unchanged.

Nonprivileged Foreign Status (NPF): Merchandise subject to tariff classification according to its character, condition and quantity as constructively transferred to Customs territory at the time the entry or entry summary is filed with Customs. In other words, a status of merchandise for tariff purposes that provides for classification and appraisement in accordance with the condition of merchandise when constructively transferred to the Customs territory of the United States [19 CFR § 146.42 & § 146.65(a)(2)]. In a zone, NPF merchandise may be changed to Privileged

Foreign (PF) or Zone Restricted (ZR) status before any processing/manufacturing has occurred, at the option of the zone user and with approval by Customs [FTZ Manual, Section 5.6]. Waste recovered from any manipulation or manufacture of PF or NPF merchandise in a zone has NPF status. NPF status is selected when the duty rate of the finished product is lower than the duty rate of the imported foreign components in a manufacturing environment.

Operator: An operator is a person that operates within a zone or subzone under the terms of an agreement with the grantee (or third party on behalf of the grantee), with the concurrence of Customs [15 CFR § 400.2].

Operator Agreement: Prior to activation, an agreement between the operator and grantee will be executed. Activation cannot occur without execution of an operator agreement and issuance of an activation concurrence letter by the grantee.

Operator's Bond: All operators must submit to Customs a bond to assure compliance with Customs regulations. The bond is submitted on Customs Form (CF) 301. The bond provisions are set forth at 19 C.F.R. 113.73, Customs Regulations. A failure to comply with the regulations may be deemed a "default" by Customs and result in the assessment of liquidated damages under the bond.

Penalties/Fines: Merchandise introduced into the United States contrary to law may subject the responsible parties to penalty actions. If merchandise is entered, introduced, or attempted to be entered or introduced by a false document, oral or written statement, or act or omission which is the result of fraud, gross negligence or negligence, the person(s) responsible may be liable for a civil monetary penalty as provided in 19 USC 1592. Upon violation of the FTZ Act, or any regulation issued under the Act, the person responsible shall be subject to a fine of not more than $1,000. Each day during which a violation continues may constitute a separate offense. Liquidated damages, where applicable, will be imposed in addition to the fine.

Permit to Transfer (PTT): The request and Customs authorization procedures for within port movements of cargo. Bonded cargo destined for a foreign-trade zone can be moved on a Customs-authorized PTT that is transmitted to Customs electronically through the electronic CBPF 214 process or using a manual CBPF 214 or CBPF 6043.

Port Director: The principal Customs official of a designated port of entry (except for the Headquarters Port). Under certain contexts, refers to whomever the Port Director delegates to act in his or her authority and thus may refer to any Customs officer [FTZ Manual, Section 1.5].

Port of Entry: A port of entry in the United States, as defined by part 101 of the regulations of Customs (19 CFR Part 101), or a user fee airport authorized under 19 USC 58b and listed in part 122 of the regulations of Customs (19 CFR Part 122) [15 CFR § 400.2].

Privileged Foreign Status (PF): Merchandise subject to tariff classification according to its character, condition and quantity at the rate of duty and tax in force on the date of filing the CBPF 214. In other words, a status that, upon proper application and approval anytime preceding manufacture or manipulation within a zone, is granted to an imported input, allowing the zone user the privilege of treating the input, for tariff purposes, as remaining in its original condition at the time of admission to the zone [19 CFR § 146.41; 146.65(a)(1); FTZ Manual, Section 5.5]. Once established, Privileged Foreign status cannot be changed except in the case of recoverable waste (see 19 CFR § 146.42). PF merchandise may be exported or withdrawn for supplies, equipment, or repair material of vessels or aircraft without the payment of taxes and duties in accordance with CFR § 146.67 and 146.69.

Production: As defined by the Foreign-Trade Zones Board Regulations means activity involving the substantial transformation of a foreign article resulting in a new and different article having a different name, character, and use, or activity involving a change in the condition of the article which results in a change in the customs classification of the article or in its eligibility for entry for consumption [15 CFR § 400.2]. The Foreign-Trade Zones Board requires that specific prior authorization be obtained for production operations in the activated zone.

Prohibited Merchandise/Operations: Merchandise that is prohibited by law to be imported on grounds of public policy or morals, or any merchandise that is excluded from a zone by order of the Board. Books urging treason or insurrection against the U.S., obscene pictures, and lottery tickets are examples of Prohibited Merchandise [19 CFR § 146.1(b)]. Prohibited operations include, but are not limited to, manufacturing of alcohol products, tobacco products and firearms. Any activities determined by federal, state, or local authorities to be detrimental to the public health and safety, and retail trade are not permitted in a zone.

Property Owner Agreement: Prior to FTZ designation of any site, an agreement between the property owner of the proposed site and the grantee will be executed.

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

Restricted Merchandise/Operations: Merchandise that may not be authorized for delivery from Customs' custody without a special permit, or a waiver thereof, by an agency of the U.S. Government. Also, the Foreign-Trade Zones Board and U.S. Customs & Border Protection have restricted certain operations in a zone involving the following products: steel, textiles, sugar, petroleum products, explosives, firearms, meat processing, pigments & printers ink, tires, chain saws, golf carts, television tubes, and pistachios/nuts. The restrictions may vary on a case-by-case basis. See FTZ Manual 11.6 for more information.

Reactivation: A resumption of the activated status of an entire area that was previously deactivated without any change in the operator or the area boundaries. If the boundaries are different, the action is an alteration. If the operator is different, it is a new activation.

Service Area: The jurisdiction(s) within which a grantee proposes to be able to designate sites via minor boundary modifications under the ASF.

Specific Identification: Method for physical inventory control in an FTZ as opposed to record identity; controlled by exact unit of merchandise, by model and number.

<u>Subzone</u>: A site (or group of sites) established for a specific purpose. The term "zone" also applies to a subzone, unless specified otherwise [19 CFR § 146.1(b); 15 CFR § 400.2].

<u>Sunset Limits:</u> FTZ designation self-removes if there is no FTZ activity at the site before the sunset date. For magnet sites, the default sunset period is 5 years (with variation possible based on circumstances, including possible permanent designation for one magnet site). Usage-driven sites have a three-year sunset period. FTZ activity at a site during the sunset period resets the sunset date for an additional 5 years (magnet) or additional 3 years (usage-driven).

<u>Time of Admission</u>: Generally, merchandise is admitted to a zone upon the Port Director's signature of an application for admission, i.e., the filing of the CBPF 214 or through concurrence of the e214. [FTZ Manual, Section 6.4]

<u>Time of Entry:</u> Generally, merchandise is entered into the Customs territory of the United States when the appropriate Customs officer authorizes the release of the merchandise or any part of the merchandise covered by the entry documentation. [19 CFR § 141.68(a)]

<u>Total Zone Value</u>: The total zone value shall be that price actually paid or payable to the zone seller in the transaction that caused the merchandise to be transferred from the zone. Where there is no price paid or payable, the total zone value shall be the cost of all materials and zone processing costs related to the merchandise transferred from the zone. [19 CFR §146.65(b)(1)]

<u>Transfer</u>: To withdraw merchandise in zone status from an FTZ for consumption, transportation, exportation, warehousing, cartage or lighterage, vessel supplies and equipment, admission to another FTZ, and like purposes.

<u>Transferee</u>: A person or entity to which right is transferred. As applied to FTZ, it refers to a transfer of the right to make entry and remove merchandise from an FTZ.

<u>Unique Identifier Number (UIN)</u>: A material UIN will be the product identification number for a specific material. "Unique identifier" means the numbers, letters, or combination of numbers and letters that identify merchandise admitted to a zone with zone status. [19 CFR § 146.1(b)(2)] The UIN will be used in the FTZ accounting system and for inventory purposes. The relief of merchandise from a UIN layer in the FTZ accounting system is what triggers duty payment for companies operating in an FTZ.

<u>United States</u>: The United States, District of Columbia and Puerto Rico. The term "United States" includes all territories and possessions of the United States, except the U.S. Virgin Islands, Guam, American Samoa, Wake Island, Midway Islands, and Johnston Atoll.

<u>Usage-Driven Site:</u> A site tied to a single operator or user under the Foreign-Trade Zones Board's Alternative Site Framework (ASF).

<u>User</u>: A party using a zone under agreement with the zone operator [15 CFR § 400.2]. An

Operator may also be a User.

<u>Waste and Scrap</u>: That which must be measured (in addition to by-products) to account for the difference between input and output to and from a zone. Waste may be recoverable and attributed to non-privileged status under certain circumstances [FTZ Manual, Section 5.6(b)].

<u>Weekly Entry Summary</u>: The entry document, executed on CBPF 7501, of the actual entries into the Customs territory of the United States. The CBPF 7501 will identify the actual quantity, value, and HTS for the product entered. "Entry Summary" means any other documentation necessary to enable Customs to assess duties and collect statistics on imported merchandise, and determine whether other requirements of law or regulation are met [19 CFR § 141.0a(b); FTZ Manual, Section 9.8(c)].

<u>Zone</u>: A foreign-trade zone established under the provisions of the FTZ Act and regulations. The term also includes subzones, unless the context indicates otherwise [15 CFR § 400.2].

<u>Zone Inventory System(s) (ZIS):</u> Automated, non-automated, or combination inventory control and recordkeeping system(s) used for operation of a zone. ZIS is referred to by Customs as ICRS or inventory control and recordkeeping system(s).

<u>Zone Plan:</u> Includes all of the zone sites that a single grantee is authorized to establish [15 CFR § 400.2].

<u>Zone Restricted Status (ZR)</u>: Merchandise taken into a zone for the sole purpose of exportation, destruction (except destruction of distilled spirits, wines, and fermented malt liquors), or storage will be given Zone Restricted status on proper application. ZR status can be requested at any time that the merchandise is located in the zone but cannot be abandoned once granted except by order of the Board. Merchandise in Zone Restricted status may not be removed to Customs territory for domestic consumption except where the Board determines the return to be in the public interest [19 CFR § 146.44(a)].

<u>Zone Site</u>: The physical location of a zone or subzone. A site is composed of one or more generally contiguous parcels of land organized and functioning as an integrated unit, such as all or part of an industrial park or airport facility.

<u>Zone Status</u>: The legal status of merchandise that has been admitted to an FTZ, thereby becoming subject to the provisions of the FTZ Act. Zone status distinguishes between merchandise which has already cleared Customs or is a product of the United States (domestic status) and merchandise which was imported and has not yet cleared Customs (nonprivileged and privileged foreign status), or is being held in a zone pending exportation or destruction (zone restricted status). The choice of which type of zone status is applicable to merchandise is, to a large extent, at the option of the applicant for admission or the owner of merchandise in the FTZ. However, in some cases, the type of status is dictated by law because of the definition of the status in the U.S. Customs regulations, the operation of other laws in conjunction with the FTZ Act, or special condition in the FTZ grant.

<u>Zone-to-Zone Transfer</u>: Merchandise transferred from one zone in a port to another zone in that same port or to a zone within a different port. Each type of transfer requires different reports and procedures as specified in 19 CFR § 146.66.

<u>Zone Week</u>: The user's business week for FTZ weekly entry reporting purposes.

<u>Zone Year</u>: The operator's business year for CBP annual reconciliation and systems review purposes.