

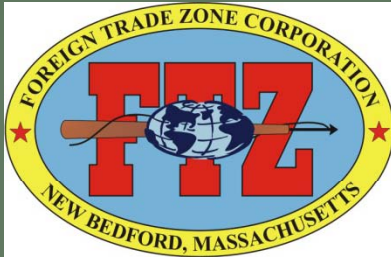




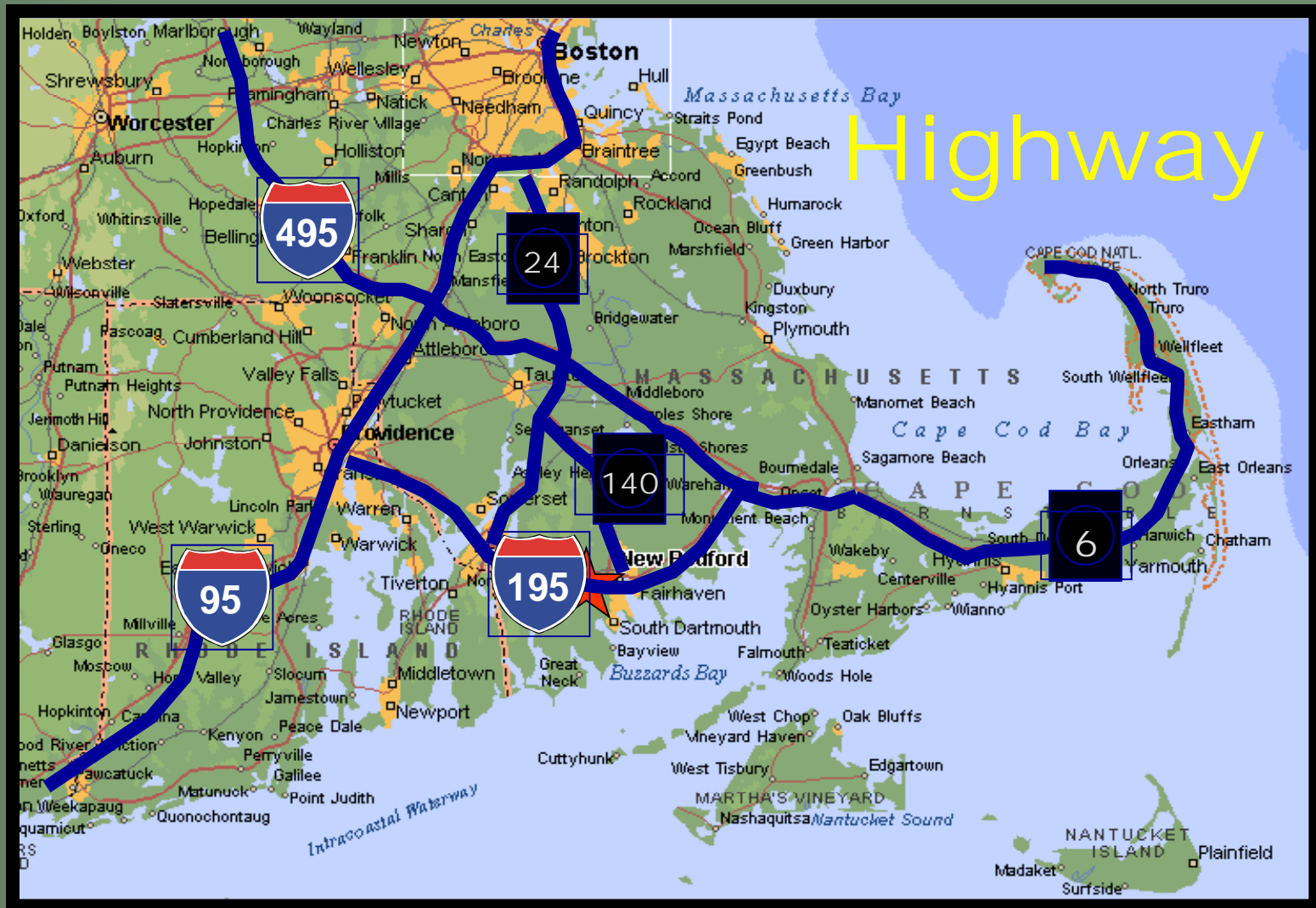
Your Zone of Opportunity

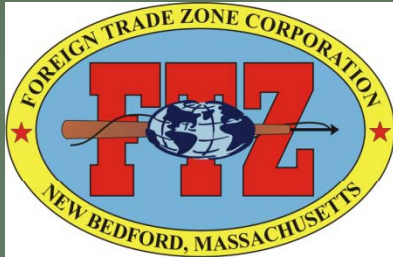
Foreign Trade Zone # 28 located in New Bedford, Massachusetts is your zone of opportunity

- Home to a number of businesses active in the Global Market
- Easy access to the Intermodal Transportation Center of Southeastern Massachusetts
- Oldest continuously operating Customs Office in the United States
- Highly trainable and reliable work-force
- Lower Cost of Living - Higher Quality of Life

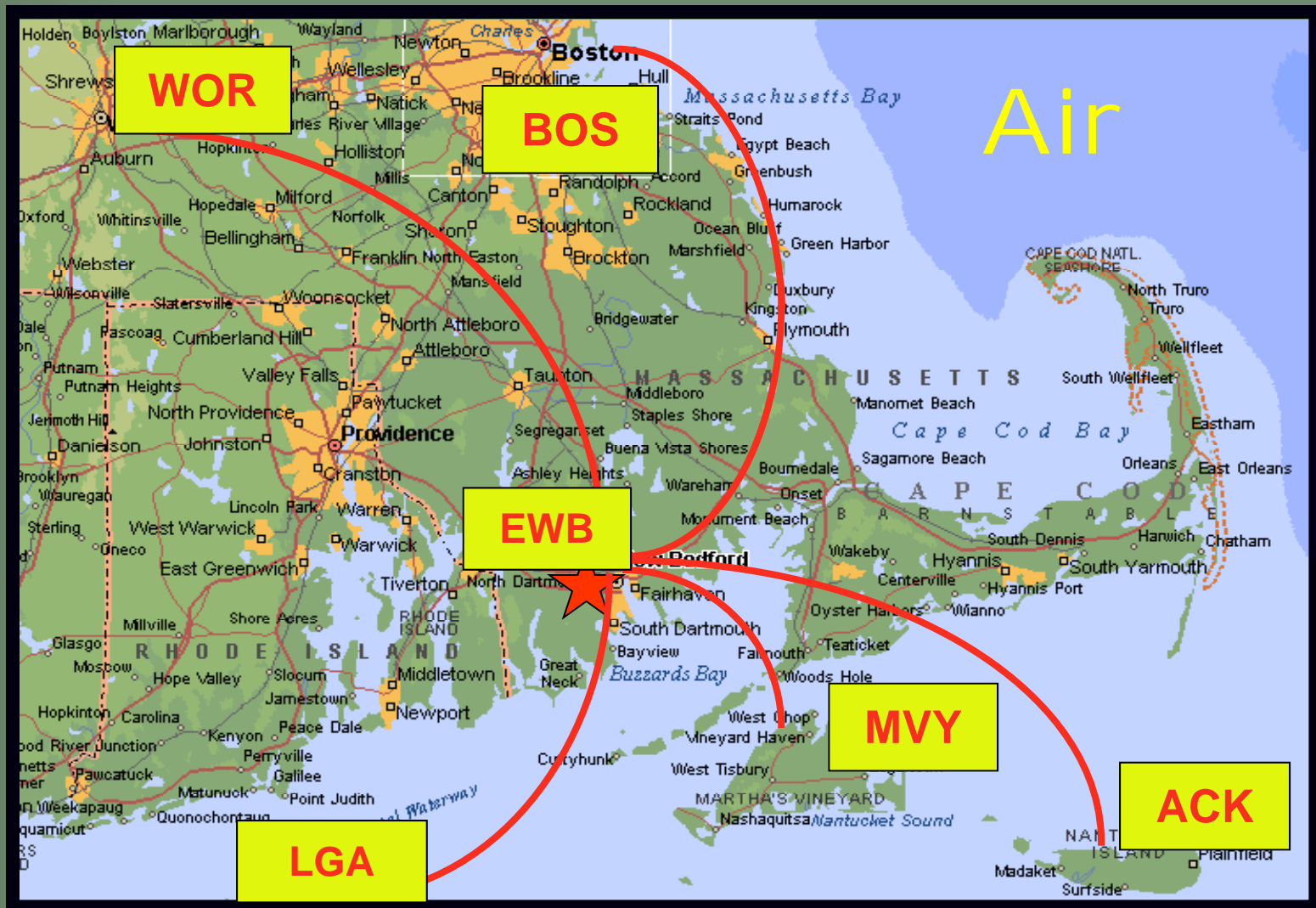


A Regional Transportation System





A Regional Transportation System



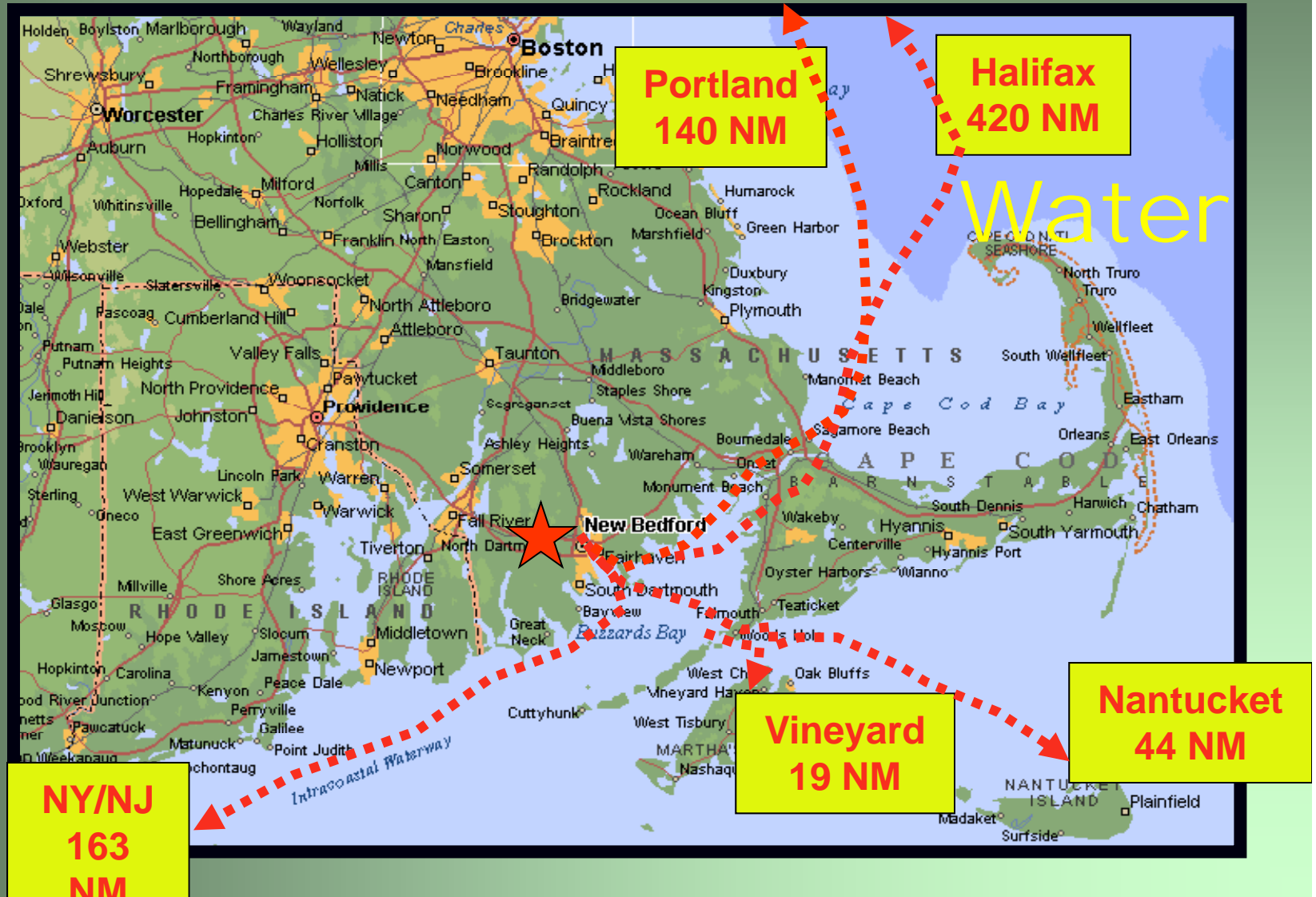


A Regional Transportation System





A Regional Transportation System





What is An "FTZ" ?

- Secure Area located at or near a Port of Entry
- Legally outside the Customs territory of the U.S.
- In an FTZ merchandise may be:
 - Assembled , manufactured or processed
 - Sampled or Mixed
 - Relabeled, Repacked or Repaired
 - Destroyed



What is An "FTZ" ?

- Concept of FTZs is as old as civilization
- Created in U.S. on June 18, 1934 as part of the New Deal
- Purpose:
 - to encourage and expedite U.S. participation in international trade;
 - to defer payment of duties until goods are entered into the commerce of the U.S.



What is An "FTZ" ?

- Two Basic Types of FTZs
 - General Purpose Zone
 - New Bedford Airport
 - Port of New Bedford
 - Portion of New Bedford Business Park
 - Subzone
 - single purpose site when the operations cannot feasibly be moved to, or accommodated in a general purpose zone



*Financial Benefits Of
Using an FTZ*

- Duty Deferral
- Duty Elimination on Exports
- Duty Reduction (Inverted Tariff)



Duty Deferral

- Customs duty & federal excise tax only paid when merchandise is transferred out of the FTZ for domestic consumption



Duty Deferral

- Let's Look At An Example

\$ Volume of imports

÷ Inventory Turns/Year

x Duty Rate

x Opportunity Cost of Capital

= Savings



Duty Deferral

- Let's Look At An Example

Volume of imports	\$50,000,000.00
Inventory Turns/Year	÷ 2
Duty Rate	x 5%
Opportunity Cost of Capital	x 6%
Savings	\$75,000.00



Duty Elimination

- Goods may be exported from the FTZ free of duty and federal excise tax
- Goods may be destroyed in an FTZ without payment of duty or federal excise tax
- Duty is not paid on waste or scrap in an FTZ



Duty Elimination

- Let's Look At An Example

Exported goods are never entered into to commerce of the United States, thus import duties are never assessed



Duty Elimination

- Let's Look At An Example

Volume of imports	\$50,000,000
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Duty Rate	x 5%
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Duty	\$2,500,000
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Volume of imports	\$50,000,000
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Duty Rate	x 0%
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Duty	\$0
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Duty Reduction

- In an FTZ you decide which duty rate to pay
 - the rate on the component parts as admitted to the FTZ
 - the rate on the finished product as removed from the FTZ
(Inverted Tariff)



Duty Reduction

- Let's Look At An Example

Imported components duty rate	5%
Finished product duty rate	2%

$$\$50,000,000 \times 5\% = \$2,500,000$$

$$\$50,000,000 \times 2\% = \$1,000,000$$

$$\text{Savings} = \$1,500,000$$



Community benefits

- Retain existing jobs and attract new jobs
- Promotes corporate investment in our community
- Local improvements to infrastructure
- Increased local purchase of goods and services



Other benefits

- Relief From Quota Limits
- No Constraints on Storage
- Lower Administrative Costs
- Lower Security & Insurance Costs
- Improved Inventory Control



FTZ Contacts

- Scott W. Lang – Mayor
- Matthew Morrissey- New Bedford Economic Development Corporation Director



