



Economic Development
Belvidere-Boone County, IL

Foreign Trade Zone #176

WHAT IS A FOREIGN -TRADE ZONE (FTZ)?

The FTZ program is a **partnership of the U.S. government and private companies**. Each approved location is specially-designated and considered to be **outside of U.S. Customs territory**. When cargo arrives in the country for an FTZ operator, it does not clear Customs at the Port of Entry. The **cargo receives preferential treatment with duties deferred, reduced or eliminated**. In addition, there are **supply chain, inventory control and other savings** realized.

WHAT ARE THE BENEFITS OF USING A FTZ?

CASH FLOW

Defer, reduce or even eliminate duties and fees paid on imported product

- There is **significant deferral** on the average inventory during the first year in the FTZ program
- Foreign merchandise in the zone may be re-exported **free of duty and federal excise tax**
- Returns of foreign merchandise to exporters pay **no duties** on these products
- Value added to merchandise in an FTZ subzone/site is **not dutiable**
- Certain **duty deferral and reduction benefits** apply on production equipment
- The insurable value of foreign merchandise in an FTZ subzone/site will not include customs duties already paid, reducing insurance premiums.

SUPPLY CHAIN TIMELINE

Product is not held at the port of entry for customs clearance, often resulting in a **one to three day reduction in the supply chain**. With prior approval by Customs, FTZ operators can facilitate the movement of foreign product: **Customs officers do not need to be present to break seals or ship products**. This benefit is especially valuable to 3PL's and large distribution centers with cross dock operations.

INVENTORY CONTROL

- **FTZ demands accurate reporting** to follow foreign merchandise from receipt and processing to shipment for export or entry into U.S. customs territory
- Reduces inaccurate inventory, emergency shipments and tracking of import receipts from the point of origin to the final destination. Increased accountability will reduce staff time needed to deal with government regulations.
- Fungible inventory accounting methods, such as FIFO and FOFI (foreign first), are approved for zone operations.

WILL MY COMPANY BENEFIT?

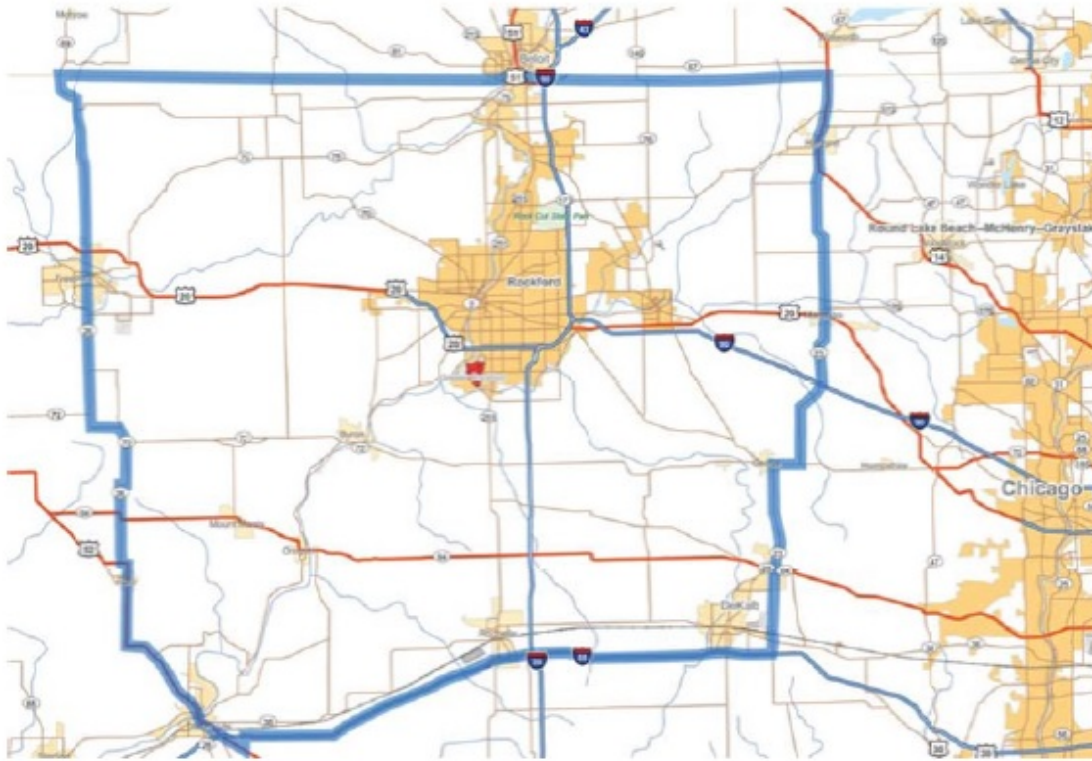
Indicators that your company should consider FTZ include:

- You are **located within 60 miles or 90 minutes of the Rockford Port of Entry (POE)** - see map below
- You **import significant value of product**, and/or **expect imports to grow**
- You **re-export a substantial percentage of imports**
- You **hold significant value of inventory**

FOR MORE INFORMATION CONTACT:

Carrie Zethmayr
Administrator of FTZ #176
t: 815.969.4263 f: 815.987.8129 c: 630.640.7437
email: CZethmayr@rockfordil.com

ROCKFORD PORT OF ENTRY (POE)



Key Map