



BusinessScene

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Foreign Trade Zones Can Save Businesses Money

Depending on the type of business, and the amount of materials that you import, your company could benefit from a Foreign Trade Zone (FTZ) status.

What is an FTZ? Glad you asked. An FTZ is an area designated for or within a business that, for customs duty (fee) purposes, is considered outside of the United States.

How can that help our business? Duty is paid to import items into the U.S. When materials or products are imported for your operations, an FTZ allows the payment of duty to be delayed until products are shipped to your customers or retailers. If you plan to export the items to another country, duty can be avoided altogether.



How is an FTZ designated? The Oxnard Harbor District is the administrator for U.S. FTZ #205, which was created through the Port of Hueneme to assist companies that import/export throughout the Central Coast.



Our business imports items, but not through the Port of Hueneme...can we still apply for an FTZ? Yes. It doesn't matter if materials/products arrive by air, rail, or highway, or are shipped into the U.S. through a site other than the Port of Hueneme, you could still benefit from an FTZ.

Where would we set up an FTZ...would it disrupt our operations? Not likely. An FTZ can take up as little as 100 square feet of area, and is generally contained within a chain-link fence or other enclosure. There is also signage to identify the area. An FTZ might be located adjacent to your loading dock, or in an area outside of the building.

Some government programs can take too much time and paperwork...what's involved with an FTZ? The application only takes about a month for approval, and the annual fee paid to the Port of Hueneme to maintain the FTZ designation is \$5,000.



What is Alternative Site Framework? Two years ago, the Alternative Site Framework (ASF) was created as a new FTZ category to help fast-track applications. Through the ASF, there are 2,000 acres of potential FTZ sites in Ventura County.

Does import duty really add up in Ventura County? Approximately \$2 million in duty fees are assessed through the Port of Hueneme each year. Duty can vary depending on materials or products involved. Importers of clothing may pay up to 15%, while automakers pay around 2%.

Where can we get more information? To learn more about how an FTZ could benefit your company, please contact Will Berg with the Port of Hueneme at 448-3677, or wberg@portofhueneme.org. There is also information on the website at www.portofhueneme.org.