



Foreign 46 Greater Cincinnati
Trade Zones 47 Northern Kentucky

C/O CVG Airport Authority
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41018

gcftz.com

Overview

- 1 → Understanding FTZs
- 2 → FTZ Benefits
- 3 → Getting Started



Recent trends in business show that many companies are using reshoring or nearshoring solutions, such as FTZs, to save money and speed delivery.



Understanding FTZs

Understanding FTZs

- A Foreign-Trade Zone (FTZ) is a secured area within the U.S. that is considered outside of U.S. Customs territory for tariff and U.S. Customs procedures.
- When merchandise enters an FTZ it is not considered to be formally imported into the U.S. and therefore no duty is paid until the merchandise transfers out of the FTZ and into the U.S. commerce stream.

The Foreign Trade Zones Act of 1934 was created to “expedite and encourage foreign commerce” in the U.S..

The foundation for FTZ 46 and 47 was established in 1979 with the goal to assist Greater Cincinnati and Northern Kentucky businesses in the global marketplace.

Foreign ⁴⁶
Trade Zones ⁴⁷

Why FTZs?

- Eliminate, defer, or reduce customs duties to lower operational costs.
- Boost global competitiveness for businesses of all sizes.
- Fuel job creation and support economic development.
- Enhance supply chain efficiency and collaboration.
- Attract investment by fostering a conducive business environment.

KEY PLAYERS

FOREIGN TRADE ZONES BOARD

Reviews applications

Empowered to issue the Grant of Authority

Responsible for overseeing the administration of Foreign Trade Zones

CUSTOMS AND BORDER PROTECTION (CBP)

Responsible for overseeing the activation and operations of FTZs within customs port of entry.

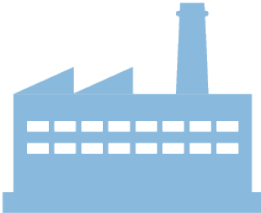
THE GREATER CINCINNATI FTZ & NORTHERN KENTUCKY FTZ BOARDS

The Greater Cincinnati FTZ (46) and Northern Kentucky FTZ (47) are governed by boards of directors consisting of members who represent international trade and economic business leadership in the Greater Cincinnati and Northern Kentucky region.

Our mission is to catalyze regional economic growth in Greater Cincinnati and Northern Kentucky by promoting the benefits of the Foreign Trade Zone program.

Building the Business Case

NATIONAL FTZ STATISTICS



\$387B+
MERCHANDISE
WAREHOUSE/DISTRIBUTION



197
ACTIVE FTZS



500K+
WORKERS
EMPLOYED IN FTZS



361
ACTIVE PRODUCTION
OPERATIONS
(PRODUCED 62% OF ALL ZONE ACTIVITY)



\$1B+
SHIPMENTS
INTO ZONES

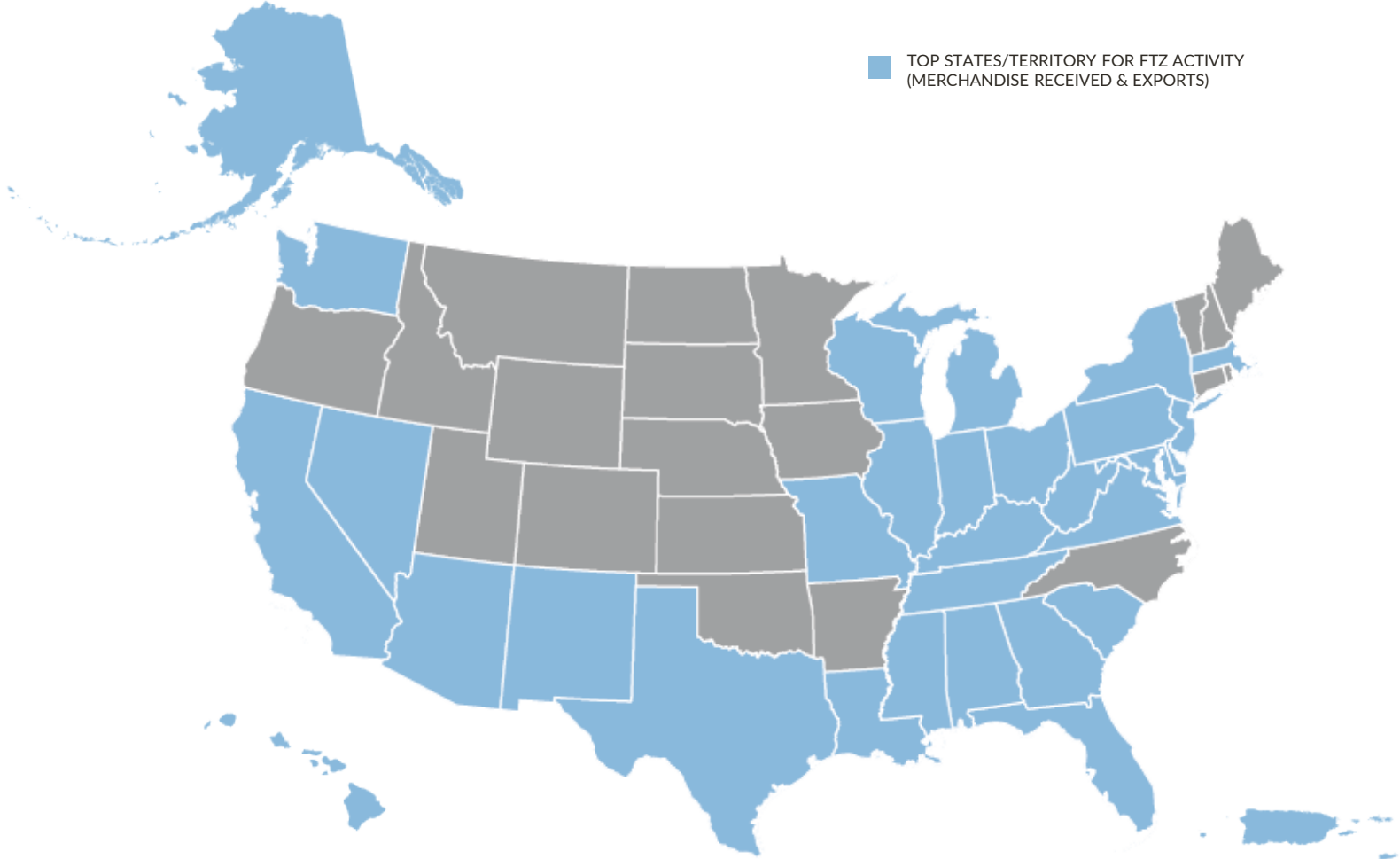


\$162B
IN EXPORTS
OUT OF ZONES

TOP STATES FOR FTZ ACTIVITY

MERCHANDISE RECEIVED (STATE/TERRITORY)

1. Texas
2. Louisiana
3. California
4. Illinois
5. Tennessee
6. South Carolina
7. Arizona
8. Indiana
9. Ohio
10. Puerto Rico
11. Kentucky
12. Pennsylvania
13. Florida
14. Alabama
15. Mississippi
16. Georgia
17. New Jersey
18. Washington
19. New York
20. Maryland
21. Nevada
22. Delaware
23. Hawaii
24. Michigan
25. Alaska

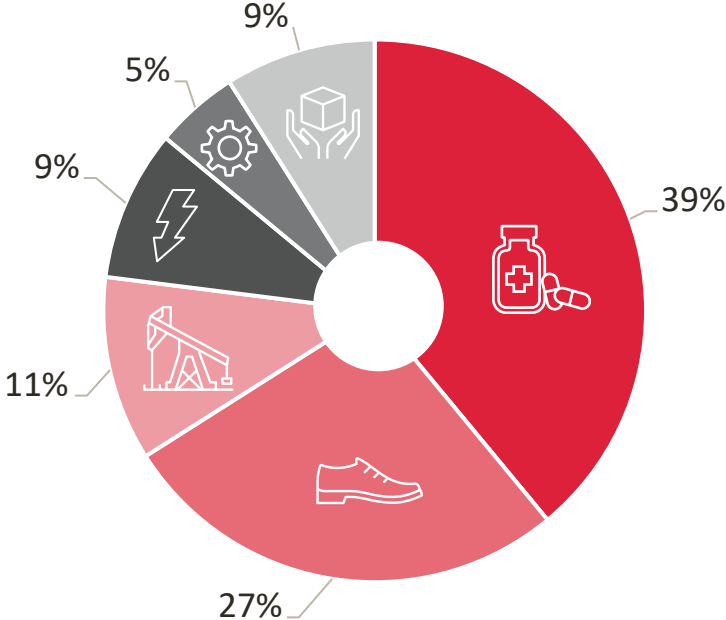


EXPORTS (STATE/TERRITORY)

1. Texas
2. Louisiana
3. California
4. South Carolina
5. Florida
6. Alabama
7. Puerto Rico
8. Indiana
9. Mississippi
10. Tennessee
11. Massachusetts
12. New Mexico
13. Arizona
14. Ohio
15. Washington
16. Kentucky
17. Pennsylvania
18. West Virginia
19. New Jersey
20. Georgia
21. Michigan
22. Wisconsin
23. Virginia
24. Missouri
25. Hawaii

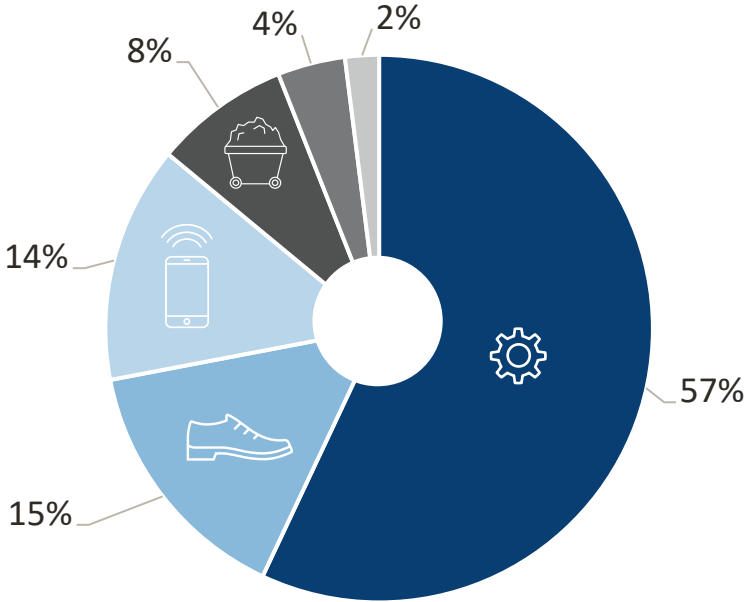
Statewide FTZ Industry Landscape

OHIO



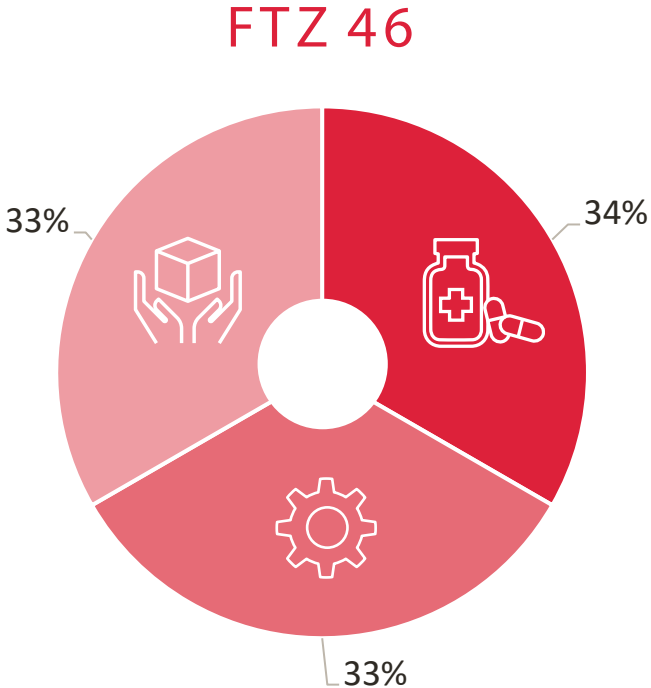
- PHARMACEUTICALS
- TEXTILE / FOOTWARE
- OIL / PETROLEUM
- ELECTRICAL MACHINERY
- MACHINERY / EQUIPMENT
- OTHER

KENTUCKY

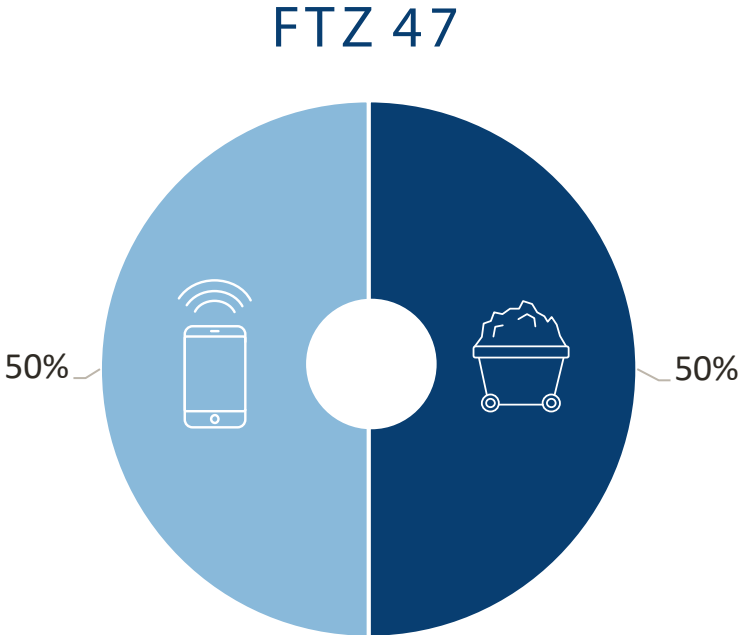


- MACHINERY / EQUIPMENT
- TEXTILE / FOOTWARE
- OTHER ELECTRONICS
- OTHER METALS / MINERALS
- VEHICLE PARTS
- OTHER

FTZ 46 and FTZ 47 Industry Landscape

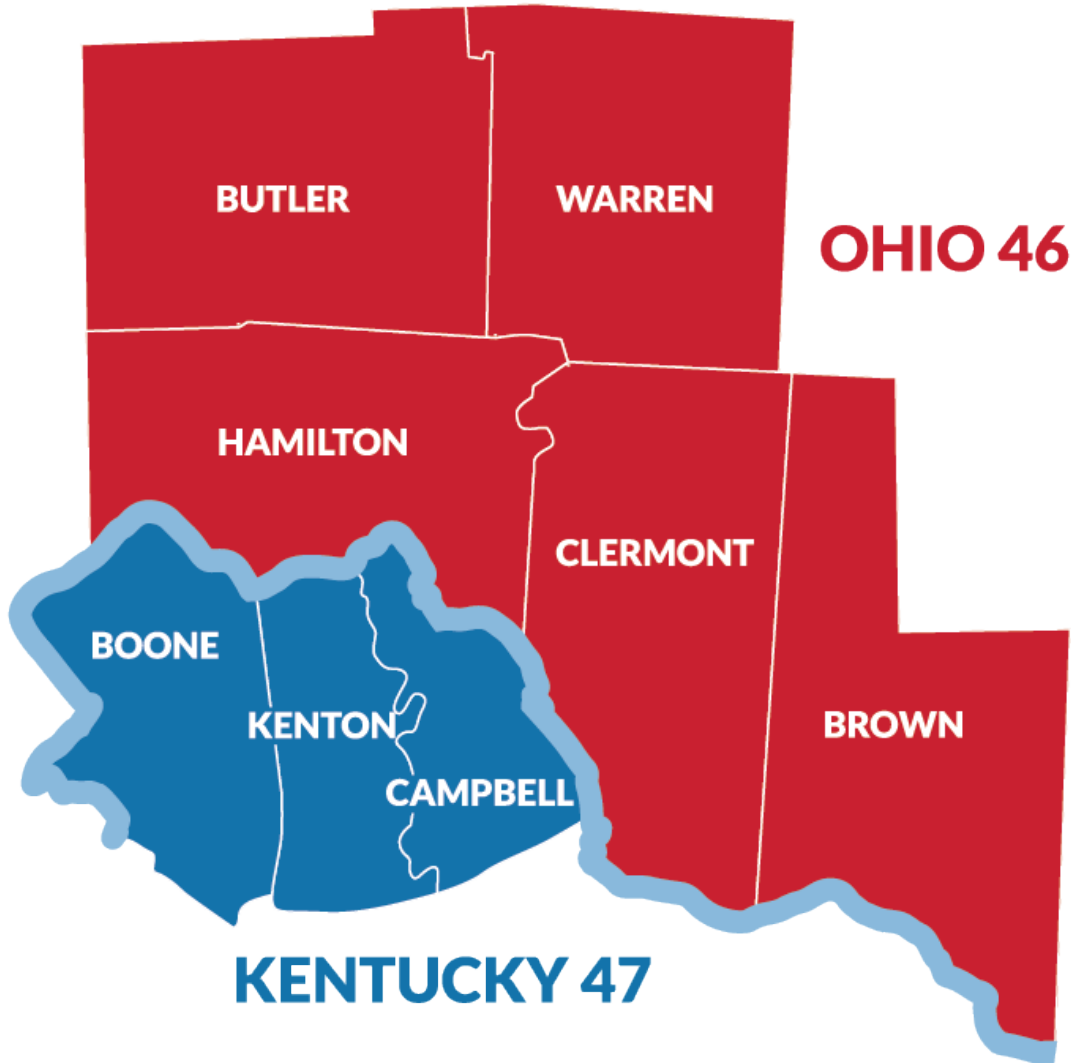


- PHARMACEUTICALS
- MACHINERY / EQUIPMENT
- OTHER



- OTHER METALS / MINERALS
- OTHER ELECTRONICS

FTZ 46 & 47 Region Operators



OHIO 46

- Festo
- Givaudan
- MANE
- Mitsubishi
- Patheon
- Prasco

KENTUCKY 47

- GE Aerospace
- Levi Strauss & Co.
- Marathon Petroleum Corp.
- Mitsubishi
- Trancy Logistics America
- Valeo

Regional Performance

BUSINESS ACTIVITY IN 2022

FTZ 46 – CINCINNATI
REGION

FTZ 47 – NORTHERN
KENTUCKY



\$250-\$500M
MERCHANDISE
RECEIVED



\$50-\$75M
EXPORTS



1,251-1,500
EMPLOYEES



\$50-\$100M
MERCHANDISE
RECEIVED



\$50-\$75M
EXPORTS



751-1,000
EMPLOYEES

A worker wearing a white hard hat and a high-visibility safety vest is seen from the side, holding a handheld electronic device. The background consists of tall stacks of metal shelving or containers in a warehouse or industrial setting. The entire image has a blue color overlay. The text "FTZ Benefits" is centered in white.

FTZ Benefits

Strategic Benefits



DUTY SAVINGS: DEFERRAL, REDUCTION, ELIMINATION

Duties can be deferred, reduced and even eliminated depending on the type of business being conducted in the FTZ.



WEEKLY ENTRY

Companies using FTZ sites can be allowed weekly entry transactions with preapproval from U.S. Customs. Avoids individual merchandise processing fees (MPF). Entry fees are paid on a single weekly basis rather than per entrance.



ZONE TO ZONE TRANSFERS

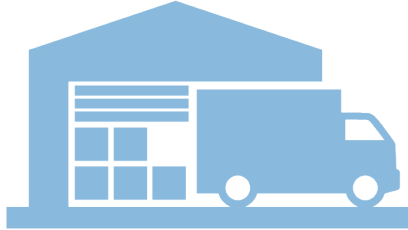
Merchandise can transfer between FTZs without duty expenses because it is being transferred in-bond. Duty can be delayed until the product is removed from the final zone.



DIRECT DELIVERY

Companies can experience direct import delivery to the FTZ with pre-approval from U.S. Customs. This benefit avoids Customs delays which can facilitate a more efficient flow of goods in and out of the U.S.

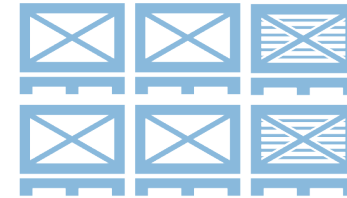
Duty Deferral



Duties not paid until goods physically leave the FTZ site to enter the U.S. Customs stream of commerce.



Goods can remain in an FTZ site for an indefinite amount of time before entering the U.S. Customs stream of commerce.



Foreign and domestic-sourced merchandise can be co-mingled.

Duty Reduction

EXAMPLE:



Automobile radios imported at **8%** duty rate.



Radios admitted into the FTZ are then installed into a finished automobile.

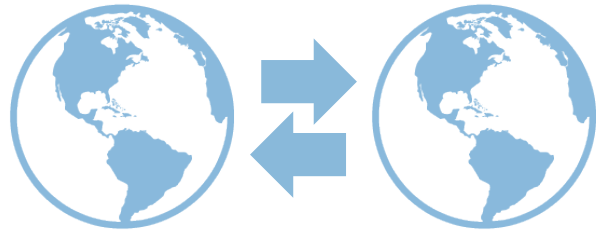


What leaves the FTZ is an automobile, which is **dutiable at 2.5%**.



This **reduces the duty** liability on each automobile radio by **5.5%**.

Duty Elimination



RE-EXPORT

For goods that never enter the U.S. stream of commerce, no duty is paid.



DUTY DRAWBACK

When merchandise is ready for export, the need to apply for duty drawback on import fees previously collected is eliminated.



SCRAP/WASTE

No duties are paid on scrap or defective goods destroyed in an FTZ.

Weekly Entry Scenario

NON-FTZ SCENARIO

20 shipments enter U.S..
Broker files 20 separate entries.
Each shipment is subject to an MPF,
ranging from \$31.67 - \$614.35.



20 shipments x \$614.35 MPF =
\$12,287.00 MPF weekly cost

FTZ SCENARIO

20 shipments enter U.S..
No MPF per shipment.
Only one entry per week, maximum of \$614.35.

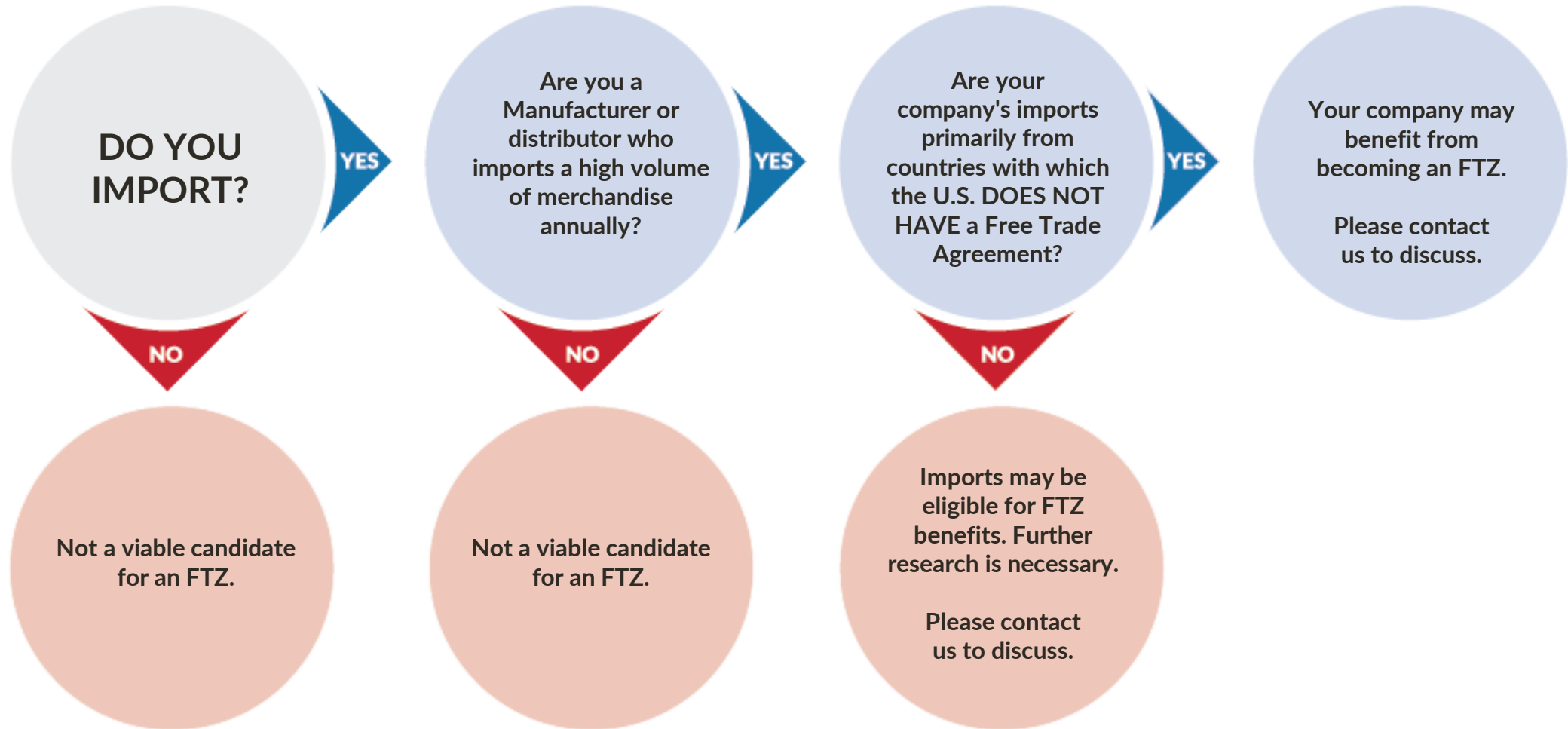


\$12,287.00 (Non-FTZ MPF weekly) - \$614.35 (FTZ MPF) =
\$11,672.65 weekly savings
\$11,672.65 x 52 = \$606,977.80 annual savings

Getting Started



Do You Qualify for an FTZ?



Apply Now



Cost-Benefit Analysis

Determine if your company can save with an FTZ by conducting a cost-benefit analysis.

**CVG can assist with the initial application and can direct companies to specialized consultants for a detailed evaluation of risks and benefits.*



Application Process

The company submits an application to FTZ 46 or FTZ 47, along with a \$500 application fee.

An executed Operator Agreement is required upon approval from the FTZ Board.



Approval

Upon the federal Foreign Trade Zones Board's approval of the application, the company is permitted to participate in the FTZ program.



Start Using FTZ

Once approved for activation by Customs and Border Protection, FTZ activity may begin.

Governance

National Foreign-Trade Zones Board

Comprised of the Secretary of Commerce and the Secretary of Treasury. These officials or their designee are empowered to issue to appropriate applicants the Grant of Authority to establish, maintain and operate FTZ projects.

Port Director of Customs and Border Protection (CBP)

Customs official with responsibility for overseeing the activation and operations of zone projects within his/her customs port of entry. CBP Field Officers conduct the onsite FTZ responsibilities.



Local Governance

Local Foreign-Trade Zones Board

The Greater Cincinnati FTZ (46) and Northern Kentucky FTZ (47) are separately governed by a board of directors, referred to as the GCFTZ & the NKFTZ Boards, whose 12 members represent international trade and economic business leadership in the Cincinnati region.

CVG Airport Authority

- Operates the Cincinnati/Northern Kentucky International Airport (CVG), a major player in U.S. aviation and economic development.
- In 2023, CVG became the 6th largest cargo airport in North America and 12 largest globally.

REDI Cincinnati

- Primary contact for companies considering locating to or expanding within the 3-state, 15-county Cincinnati MSA, encompassing southwest Ohio, northern Kentucky and southeast Indiana.
- Supported by top business leaders, aims to unite the Cincinnati region to compete globally.

Support

FOR ADMINISTRATIVE GUIDANCE, REACH OUT TO:

Angela Cook

Business Administration- Program Manager, CVG

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859-279-5528

FOR BUSINESS DEVELOPMENT, REACH OUT TO:

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Senior Project Manager, REDI Cincinnati

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FOR FURTHER INFORMATION VISIT OUR WEBSITE AT:

<https://gcftz.com/>

A blue-tinted photograph of a worker in a warehouse. The worker is wearing a dark long-sleeved shirt and light-colored cargo pants, and is using a pallet jack to move a pallet. The pallet is loaded with several boxes, some of which are wrapped in clear plastic. In the background, there are more stacks of boxes and the open back of a truck. The overall scene is dimly lit, with a strong blue color cast.

Thank You