U.S. Foreign-Trade Zone vs. Bonded Warehouse

When companies import goods into the U.S., they face a crucial decision regarding storage options: foreign-trade zones (FTZs) or bonded warehouses. Each choice offers distinct advantages that can impact cost, efficiency, and compliance. Understanding these options is essential for optimizing supply chain operations and financial strategies.

U.S. FOREIGN-TRADE ZONE		BONDED WAREHOUSE
Requires U.S. FTZ Board approval and CBP activation	Approvals	Requires CBP approval of application
Not considered within U.S Customs territory	Customs Territory	Within U.S. Customs territory
Foreign and domestic goods may be placed in a U.S. FTZ	Permitted Merchandise	Only foreign goods may be placed in a bonded warehouse
Manufacturing with tariff inversion	Manufacturing	Manufacturing is not permitted* *except in Class 6 warehouse
Duties due only upon entry for U.S. consumption	Duty Payment	Duties due prior to realease from bonded warehouse
Tariff rate & value determined either at time of admission into FTZ or when goods leave FTZ	Tariff Rate and Value Determination	Tariff rate & value determined upon entering a bonded warehouse
Unlimited storage time	Storage Period	Storage may not exceed five years
Foreign goods & domestic goods held for export are exempt from state & local inventory taxes	Tax Exemptions	All goods are subject to state and local inventory taxes
Operator has full control of goods 24/7	Control of Goods	CBP has primary control of goods. Inspected and transferred only during business hours

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