

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



Requires CBP approval of application

Not considered within U.S. Customs territory



Within U.S. Customs territory

Foreign and domestic goods may be placed in a U.S. FTZ



Only foreign goods may be placed in a bonded warehouse

Manufacturing with tariff inversion



Manufacturing is not permitted*

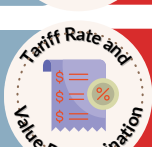
*except in Class 6 warehouse

Duties due only upon entry for U.S. consumption



Duties due prior to release from bonded warehouse

Tariff rate & value determined either at time of admission into FTZ or when goods leave FTZ



Tariff rate & value determined upon entering a bonded warehouse

Unlimited storage time



Storage may not exceed five years

Foreign goods & domestic goods held for export are exempt from state & local inventory taxes



All goods are subject to state and local inventory taxes

Operator has full control of goods 24/7



CBP has primary control of goods. Inspected and transferred only during business hours



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