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## **Ways The U.S. Foreign-Trade Zone Program Can Help Combat Illicit Trade, Including Goods Made With Forced Labor**

The problem of illicit trade, which includes importation of products violating laws on health, safety, the environment/conservation, forced/child labor, and protection of intellectual-property rights (IPR), is a growing concern both in the United States and globally. Preventing illicit trade from entering the U.S. market, especially products made with forced labor, is a significant challenge for policy leaders looking for effective enforcement mechanisms and companies importing into the United States needing viable and manageable options to help meet their compliance obligations. An effective response to these challenges will require solutions that employ a variety of tools. The U.S. Foreign-Trade Zones Program is one existing CBP-managed system that can help support better and more effective enforcement and compliance in this effort.

In the fight against illicit trade, a key piece of bi-partisan legislation currently before Congress is the “Uyghur Forced Labor Prevention Act” to prevent trade in products made with the forced labor of Uyghur Muslims in China’s Xinjiang Province. The National Association of Foreign-Trade Zones (NAFTZ) has been working with U.S. Customs and Border Protection (CBP) and the bill’s sponsors on a proposal to allow targeted merchandise to be stored securely in a U.S. foreign-trade zone (FTZ) under Customs supervision during the pendency of a decision whether the goods may be allowed into U.S. commerce.

CBP Headquarters has verbally indicated that it will support this proposal because it: (1) provides the agency better assurances that targeted merchandise can be held securely under its supervision and control; (2) lowers the risk that such merchandise subject to a CBP withhold release order (WRO) could enter the U.S. market before a determination on its forced-labor status has been rendered; and (3) allows for the proper disposition of violative products under FTZ procedures and CBP supervision.

Companies also support this proposal because it provides them a wider array of cost-effective options if they choose to contest a WRO on one of their products by presenting evidence to CBP that the product was, in fact, not produced with forced labor. Instead of having to rely on a limited selection of high-cost and privately-operated bonded warehouses, companies would have the more widely available alternative of storing the goods securely and safely in their or another company’s FTZ facility.

Finally, because the U.S. FTZ program imposes stricter enforcement and compliance requirements, CBP views it as a highly compliant program and an effective model and tool to help reduce the risk of trade in illicit and forced labor goods.