



Michigan Foreign-Trade Zones

- Top Foreign-Status Products by Value
 - Vehicle Parts (39%)
 - Other Electronics (22%)
 - Pharmaceuticals (18%)
 - Oil/Petroleum (9%)
 - Chemicals (4%)
 - Other (8%)



Foreign-Trade Zone No. 16

Sault Ste. Marie, Michigan

- **Grantee:** Sault Ste. Marie Economic Development Corporation
- **Zone Approved:** June 11, 1973
- **ASF**
- **Service Area:** Chippewa County
- **Site 1:** Sault Ste. Marie Industrial Park – Easterday Avenue & 12th Street West, Sault Ste. Marie, Michigan – 16 acres



Who is Eligible?

- Foreign-trade zones stimulate American economic growth and development because they encourage companies to continue and to expand their operations in the United States.
- Foreign-trade zones are located in all 50 states and Puerto Rico.
- A company must have a facility in the United States that imports either parts, materials or components for manufacturing and finished goods or parts for distributions.
- The finished good is then exported or sold in the United States market.



What is a Foreign-Trade Zone?

- Foreign-trade zones are restricted-access sites that are considered outside the U.S. Customs territory, but are physically located in the United States.
- Companies that operate in foreign-trade zones can defer, reduce, or eliminate Customs duties on foreign products admitted into zones for storage, exhibition, assembly, manufacture, and processing.



Who Benefits?

- Companies that Import and Export Merchandise
- Warehouse Operators
- Manufacturers
- Third Party Logistics Providers

FTZ Industry Use

- **OIL REFINING** – CITGO, ConocoPhillips, Chevron, Exxon Mobil, Lion Oil Company, Motiva Enterprises, Shell Oil, Sunoco, Tesoro Refining & Marketing Company, U.S. Department of Energy Strategic Petroleum Reserve, and Valero – 94 approved.
 - 2013 Dollar Volume - \$182.6 Billion
- **MOTOR VEHICLES** – BMW, Chrysler, Ford, GM, Honda, Hyundai, Kawasaki, Kia, Mercedes, Volkswagen, Nissan – 124 approved.
 - 2013 Dollar Volume - \$24.2 Billion
- **ELECTRONICS** – AZ Electronics, Canon, Dell, HP, Intel, Lucent, Ricoh, and Sony – 74 approved.
 - 2013 Dollar Volume - \$20.5 Billion
- **PHARMACEUTICAL INDUSTRY** – Abbott Laboratories, AstraZeneca, Baxter Health Care, BMS, Eli Lilly, GlaxoSmithKline, IPR Pharmaceuticals, Merck, Pfizer, Sanofi and others – 85 approved.
 - 2013 Dollar Volume - \$4.4 Billion
- **CONSUMER GOODS** – Conair, GE Appliance, Eastman Kodak, Movado Group, Pier 1 Imports, Fuji Photo Film – 56 approved.
 - 2013 Dollar Volume - \$4.9 Billion



Primary Financial Savings

- Inverted Duty – 6.8% → 0%, 5% → 2.5%
- Cash Flow
- Exports
- Staged Duty Reductions
- Direct Delivery
- U.S. Labor/Overhead/Profit
- Scrap/Waste/Obsolete Material
- Weekly Entry
 - Merchandise Processing Fee Savings
 - Customs Brokerage Expense Savings
 - Paperwork Reduction



Application for Activation

- Site Plans
 - A legal description and site plan detailing the area for which activation is requested.
- Purpose of Activation
 - A description of the proposed zone activity.
- Procedures Manual
 - A manual that describes how the zone operation will be conducted.

Application for Activation

- Concurrence of Grantee Organization
 - A letter from the Grantee organization that acknowledges the activation of the operator.
- Background Investigation
 - Certain information on key employees must be submitted for Customs to conduct background investigations.
- Security Inspection
 - A description of the security features of a zone operation.