

BUILD ON OUR STRENGTH COUNT ON OUR COMMITMENT

LEHIGH VALLEY FOREIGN TRADE ZONE

Foreign-Trade Zone ("FTZ") No. 272

The goal of the FTZ program is to promote economic development through investment and jobs by maintaining and attracting U.S.-based operations of firms participating in international trade.

On April 5, 2007, FTZ # 272 was granted by the U.S. Foreign-Trade Zones Board to Lehigh Valley Economic Development Corporation. The grant covers a multi-location general purpose zone, part of which encompasses 727 acres at Lehigh Valley Industrial Park VII, including the entire 265-acre Saucon Tract (Phases 1 & 2 of the overall development).

Foreign Trade Zone Principal Benefits

Duty Deferral

Imported products admitted to the FTZ are not entered into the Customs territory until their withdrawal from the FTZ. Therefore, users obtain a cash flow savings by deferring Customs duties until the merchandise leaves the FTZ for consumption in the United States.

Duty Reduction

Imported products admitted to the FTZ can be placed in a special status that allows the merchandise to be classified and appraised in its condition as withdrawn from the FTZ. For manufacturers this means that an imported component with a higher rate of duty can be classified and appraised in its finished product form, with a potentially lower rate of duty, thereby reducing the amount of duty owed. Special permission is required from the FTZB prior to accessing duty reduction benefits in FTZs.

Duty Elimination

Imported products admitted to the FTZ and subsequently destroyed in the FTZ or exported from the FTZ are not subject to Customs duties.

Zone-to-Zone Transfers

If the company utilizes more than one FTZ, merchandise may be transferred from zone to zone in order to extend the deferral benefits further. This benefit can be implemented up and down the supply chain by incorporating the activities of suppliers and customers.



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Direct Delivery/Weekly Entry & Export

From a just-in-time inventory perspective, the FTZ program offers significant benefits. Users may obtain permission from Customs to move merchandise directly from the port of arrival to the FTZ avoiding delays at congested ports and minimizing exams. On outgoing merchandise, users may obtain permission to ship unrestricted weekly (24 hours per day, 7 days per week) based on an estimate approved by Customs before the start of the business week. Broker fees and merchandise processing fees paid to Customs may be significantly reduced by filing one entry per week versus daily entries or one per shipment. Goods move in and out of the facility on an expedited basis allowing for a seamless supply chain from vendor to customer without maintaining unnecessarily high levels of inventory.

Production Equipment

Certain duty deferral and reduction benefits also apply on production equipment admitted to the FTZ for assembly and testing prior to use in production.

These are the principal federal benefits of U.S. Foreign-Trade Zones. Other State and Local benefits may apply for new investment and on a case-by-case basis for expansion and retention of existing activity.

Additional Information

If you would be interested in receiving a brief, simplified presentation of how FTZ benefits work, please contact us.

You may obtain more detailed information on the FTZ program through both of the following sources:

- U.S. Foreign-Trade Zones Board- Home page
<http://ia.ita.doc.gov/ftzpage/>
- U.S. Customs - FTZ page
http://www.cbp.gov/xp/cgov/trade/cargo_security/cargo_control/ftz/

