

OVERVIEW

Foreign Trade Zones (FTZs) were created in the United States to provide special customs procedures to U.S. plants engaged in international trade-related activities. Duty-free treatment is accorded items that are processed in FTZs and then re-exported, and duty payment is deferred on items until they are brought out of the FTZ for sale in the U.S. market. This helps to offset customs advantages available to overseas producers who compete with domestic industry.

The Foreign-Trade Zones Board provides oversight, approval and monitoring of all FTZs in the U.S.

How can companies benefit from using FTZs?

FTZs are considered to be outside of U.S. Customs Territory for the purpose of customs duty payment. Therefore, goods entering FTZs are not subject to customs tariffs until the goods leave the zone and are formally entered into U.S. Customs Territory. Merchandise that is shipped to foreign countries from FTZs is exempt from duty payments. This provision is especially useful to firms that import components in order to manufacture finished products for export.

There is no time limit on goods stored inside a FTZ and certain foreign and domestic merchandise held in FTZs may be exempted from state and local inventory taxes. This allows firms to minimize their costs while their products are waiting to be shipped. In addition, quota restrictions are in some cases waived for items entering an FTZ; however, the restrictions would apply if the items were to enter the U.S. market.

A variety of activities can be conducted in a zone, including assembling, packaging, destroying, storing, cleaning, exhibiting, re-packing, distributing, sorting, grading, testing, labeling, repairing, combining with foreign or domestic content, or processing.

Currently in Wisconsin, there are three FTZs.

FTZ NO. 41 MILWAUKEE

Grantee: Port of Milwaukee

2323 S. Lincoln Memorial Dr., Milwaukee, WI 53207

Korey Garceau

(414) 286-8133

kgarce@milwaukee.gov

FTZ NO. 167 BROWN COUNTY

Grantee: Brown County, Wisconsin
2561 South Broadway, Green Bay, WI 54304
Dean Haen
(920) 492-4950
dean.haen@browncounty.wi.gov

FTZ NO. 266 DANE COUNTY

Grantee: Dane County, Wisconsin
4000 International Lane, Madison, WI 53704
Adam Ussher
(608) 246-3388
Ussher.Adam@msnairport.com

For more information, please contact
the global trade and investment team:
intl@wedc.org