

**NWX-US DEPT OF COMMERCE (US)**

**Moderator: Robin Wyvill  
October 17, 2012  
12:00 pm CT**

Coordinator: Welcome and thank you for standing by. At this time all participants are in a listen-only mode. During the question and answer session please press star 1 to ask a question.

Today's conference is being recorded, if you have any objections you may disconnect at this time. And now I would like to turn the call over to your host, Jennifer Smits, ma'am you may begin.

Jennifer Smits: Good afternoon, I'm Jennifer Smits from the Census Bureau's Public Information Office. I'd like to welcome everyone listening in on the phones and following the Webinar on their computer to the final installment in the foreign trade Webinar series, the Fundamentals of Exporting.

Today's topic is Where Is The Foreign Trade Zone And How Can It Help You. Census bureau statistics are how America knows what America needs. As we continue to measure the nation's people, places and economy we're very excited to familiarize you with foreign trade zones.

Our presenter today is Wendy Peebles, she's from the Data Collection Coordination Branch in the Foreign Trade Division at the U.S. Census Bureau.

We look forward to continuing this conversation with you and the public and you can keep the conversation going after today's Webinar on Twitter by using hashtag foreigntrade.

This Webinar is the final one in an eight part series. If you're interested in seeing one of the previous presentations use the link on the screen to see the list of archive Webinar's.

Just a quick housekeeping note before we begin. Once our speaker has completed her presentation we'll open up the Webinar for Q&A from the media and then follow up with questions from the general public.

Without further delay I'll turn it over to Wendy.

Wendy Peebles: Good afternoon I'm Wendy Peebles, the Foreign Trade Division. The Foreign Trade Division is the official source for U.S. export and import statistics and is responsible for issuing regulations governing the reporting of all export shipments from the United States.

That's what we'll be discussing during today's Webinar. The export filing guidelines that govern the physical movement of goods from the United States as well as implementing some best practices for your company.

Today's topics - the topics that I will be addressing will ensure that you have the proper reporting requirements for submitting your shipments accurately,

completely and in accordance with the foreign trade regulations. Let's review the topics for today.

What is a foreign trade zone? Types of foreign trade zones, foreign trade zone filing requirements, foreign trade zone benefits, best practices and last but not least resources available to you for assisting your company with export filings.

What is a foreign trade zone? A foreign trade zone can be defined as a restricted access site in or adjacent to a customs port of entry but legally defined as outside the customs territory of the United States.

Foreign trade zones are operated by the public or private corporation as authorized by the foreign trade zone board and under supervision of U.S. customs and border protection.

What is a foreign trade zone? Foreign and domestic merchandise may be admitted into foreign trade zones. Merchandise within a zone may be used for storage, assembly for exhibits, manufacture and processing. Merchandise may be stored into a zone for an unlimited amount of time.

As you can see there are many uses of merchandise within a zone and your company could be expanding your business to reflect these uses if you are not currently doing so. This is a snapshot of an aerial view of a foreign trade zone. You can see the restricted access in or adjacent to a customs port entry.

Types of foreign trade zones. Let's turn our attention to the types of foreign trade zones. There are two types, general purpose and sub-zone. First I will discuss general-purpose zone.

A general-purpose zone is established for multiple activities and multiple users. They are most commonly ports for industrial parks used by small to medium sized businesses for warehousing, distribution and some processing or assembly. Examples of merchandise that is admitted into a foreign trade zone may include electronics, machine parts, and retail items to name a few.

The next type of zone are sub-zones. Sub-zones are sponsored by general-purpose zones but typically involve a single company site, which is used for more extensive manufacturing processing that can be accomplished that cannot - excuse me that cannot be accomplished in a general purpose zone. For example an automobile plant would be an example of a sub-zone.

Interestingly foreign trade zones are very valuable to the U.S. economy. There are approximately 250 general-purpose zones and 300 sub-zones.

Let's turn our focus to the statistical filing requirements. There are three reporting scenario's that I would like to address over the next three slides. I'll begin with the reporting requirements for customs and border protection, which is commonly called CBP, which is listed here on the slide.

There are two filing options available, paper or electronic. Customs Form 214 or 214A is the paper equivalent form. Then we have CBP Electronic E214 system for admitting merchandise into a zone. Please note the term admitted versus entered into a zone.

In the trade community, it is correct to say foreign trade zone admission with appropriate approval of the zone grantee and customs and border protection agency. The word admission is used in place of the word entry to avoid confusion with customs and border protection entry process under parts 141 through 144 of customs and border protection code of federal regulations.

Mandatory filing of E214 in the works - there is discussion that it may become mandatory in the near future. I would advise that you consult with your CBP official or follow federal register notices for updates on mandatory filing.

Next when merchandise is removed or withdrawn from a foreign trade zone and enters U.S. consumption, merchandise must be filed either by the automated broker interface, ABI or customs form 7501. This tracks the flow of goods into the U.S.

The last statistical filing requirement, which is very critical to the monitoring and analysis of the staff at the Census Bureau, is Foreign trade zone export, which refers to merchandise exiting the zone for shipment to other countries, Puerto Rico and the Virgin Islands.

The automated export system and AESDirect, which are efficient electronic systems that contribute to the ease of reporting quality and timely data to the Census Bureau. You may have participated in other Webinars that discussed the Automated Export System or AESDirect. Feel free to review our archive of prior Webinars for additional information on those electronic systems.

Advantages of foreign trade zones. Foreign and domestic merchandise may be admitted into foreign trade zone. Merchandise can be stored, assembled, manufactured and processed. Foreign trade zones help create employment opportunity.

Merchandise within foreign trade zones are not subject to duties and tariff's unless and until the foreign merchandise enters customs territory for U.S. consumption. And last but not least foreign trade zones help facilitate and expedite international trade.

As you can see there are many advantages for using or operating a foreign trade zone. Foreign trade zones are aligned with President Obama's export initiative of doubling exports and stimulating trade in the U.S.

Foreign trade benefits for electronic filing of the E214 system. A few slides ago, I mentioned the E214 system. The benefits of the E214 system include that it provides paperless transmission, provides edits and validates data, provides cost efficiencies.

While we examine the benefits of electronic filing, it provides the Census Bureau with more accurate data that contributes to the monthly trade statistics. Many businesses rely on this to make business decisions. There are a number of vendors that offer Software packages for FTZ filing.

I mentioned that the vendors that are available, for in the near future the electronic filing of the E214 will become mandatory. As you are aware filing electronically is faster and more efficient, offering tremendous benefits to the Census Bureau as well as to your company.

What is an In Bond Code? Often times, foreign trade zones are associated with In Bond Code. Let's review the definition of an In Bond Code. An In Bond Code is a two-digit number identifying the in bond movement of merchandise. It does not include spaces, hyphens, slashes or other special characters.

Special definition of In Bond types can be found in the automated export reporting statistical guideline. This document details the export reporting requirement.

In Bond types - if you are an AESDirect filer, this screenshot should look familiar to you. This is a screen capture that details the In Bond type. This is where you would select the In Bond type and then enter the import entry number as it applies.

In Bond type 36, warehouse withdrawal for IE, In Bond type 37, warehouse withdrawal for T&E, In Bond type 67 foreign trade zone withdrawal for I&E and 68 foreign trade zone withdrawal for T&E and In Bond type 67 is where I would like to place emphasis on for today.

In Bond type claims - the In Bond type 67 and 68, which was previously displayed on the prior screen. If In Bond type 67 or 68 is selected the foreign trade zone identifier must be reported. In summary, the key take-a-ways from this slide is that if you make an In Bond claim of type 67 or 68 the foreign trade zone identifier must be reported.

As a filer it is your responsibility to make the claim, or if an authorized forwarding agent issues that is filing on behalf, make sure the proper claim is communicated to that authorized forwarder. This will ensure correct filings of the electronic export information or the EEI as it is commonly called.

Foreign trade zone identifier - I'm placing special emphasis on when merchandise is exported from a zone today. Staff in the foreign trade division have been conducting analysis of data reported. And staff have learned that a number of filers are not informed on the foreign trade zone identifier field and thus are reporting incorrect entries that impact our trade statistics.

Allow me to share with you the composition of the foreign trade zone identifier. Each foreign trade zone has its own special identification number or foreign trade zone ID. The key aspect of it's make up consists of - is that it is

five digits in length, the first three digits are numeric to zone identifier and the last two are alphanumeric representing the sub-zone identifier.

I have listed here on the screen two examples, so please pay close attention to the format. Notice in example one, if we have a zone of 167 the correct - excuse me zone 167 without a sub-zone, the correct reporting would be listed as 167 with two zeros following.

Recall the first three digits are numeric and the last two positions are alphanumeric, but in the first example there is no sub-zone so it is still with two zeros. In the second example zone 20 with a sub-zone of 8 is displayed as O2008. All the characters together comprise the foreign trade zone identifier.

Completing the EEI in AESDirect, again if you are an AESDirect filer this screenshot should look familiar to you as well. The location of the arrow is where you would enter the foreign trade zone five position field. When filling out the electronic export information the appropriate foreign trade zone code should be entered.

Please note that the foreign trade zone identifier is a conditional field but can become required, if so the In Bond types are selected and those In Bond types are type 67 or 68. Recall we just mentioned those two In Bond types a few screens ago.

Common reporting errors - here at the Census Bureau we regularly monitor and perform data analysis. In fact, we examine data reported from 2011 through 2012 and these are some prior historical shipments.

On this slide, it shows some of our findings of misreporting entries in the foreign trade zone identifier. Our analysis reveal the following occurrences:



first beginning with reporting a non-find foreign trade zone identifier. These are actual examples of what has been reported in our data.

We've seen occurrences of state codes or names of cities, zip code or port codes, dollar value, country code or UNKN, which is used for unknown carrier code listed in the foreign trade zone identifier field and these are all unacceptable entries that - or invalid entries that have been reported.

Next we've seen occurrences of reporting an In Bond code without the correct foreign trade zone identifier. And lastly we've seen reports of the foreign trade zone identifier reported in the - in an incorrect format as displayed here below.

So please, I'd like to caution you to make a special effort to ensure the correct code is reported and that it is in the proper format. In the future, the code will become mandatory and you will receive a fatal error message if an invalid entry is reported.

The fatal error messages will impact the report card for the compliance report that you receive on a monthly basis from the Census Bureau, foreign trade division automated export system. So I caution you to get into practice of reporting the foreign trade zone identifier.

And towards the end of the presentation, I will provide you with some links that provide you where you can go and actually look up to ensure that you do have the valid foreign trade zone identifier.

Implement best practices - document the processes, create standard operating procedures or manuals that are clear and concise. It is important that employees within your company are equipped to carry out the rules and tasks in the absence of another employee.

Participate in refresher training sessions, conferences and Webinar's at least twice a year, conduct cross training among the staff. Establish clear communications with staff, customs officers, freight forwarder's, other government agencies and trade associations.

It's important to establish positive working relations with the private sector as well as agency representatives. Implementing these best practices will result in reducing and eliminating risk and increase compliance within your company.

I'd like to provide you with some additional best practices that you can implement within your company. Retain records for at least five years, ensure ready access to files, be prepared to respond to requests from government employees, such as the U.S. Customs and Border Protection or the U.S. Census Bureau.

Notify participating government agencies of staff change so contact information is updated and this is particularly important so that when you receive your compliance reports or if we're trying to conduct outreach and education we can readily reach individuals within your company. Keep freight forwarders informed and provide accurate information and ensure filing accuracy.

References - here are a listing of references that will assist you with your export filing guidelines. We have AESDirect, the free Internet application that has a support center and user guides available for AESDirect and AES PC link users.

We have the NAFTZ, which is the National Association of Foreign Trade Zone. There is a wealth of information listed on their Web site to include their conferences that they offer in the screen and a host of Webinars that they offer as well.

We have the customs and border protection agency's Web site listed here. We have regulatory - for reviewing regulatory requirements and speaking guidance.

Foreign Trade Zone video - this is a creative video with helpful tips and instructions that addresses export filing requirements. Again we have a lot of useful information that is available for you and I want to mention one additional Web site that is not listed here but you can certainly Google it following today's Webinar and it's called OFIS.

And OFIS stands for Online Foreign Trade Zone - excuse me OFIS, O-F-I-S and it stands for Online Foreign Trade Zone Information and it's a very useful tool for foreign trade zone users.

And recently we just did a Blog article about a month ago, if you go to our Web site and look through our archive it was posted on September 19, 2012. So again we have a lot of useful resources to assist you with accurately and completing your electronic export information.

The 2012 foreign trade division customer service survey. Each year staff in the foreign trade division send out a customer service survey to you in the export trade community. We're interested in hearing your feedback. What are we doing well? What areas can we improve? Please go to the following link to complete the short survey. We thank you in advance for your input.

Additional training tools - we have videos that are located on You Tube, the foreign trade division site and here are the links listed on the slide. We have developed about 25 training videos that cover a wide range of useful topics for you and the trade community.

Some of the videos cover reporting in the automated export system, an overview of the foreign trade regulations, the rules of a forwarder, foreign trade zone tools, how to use our trade data to help you expand your market. A lot of useful information created and available to you.

We also have a Blog called Global Reach. This is another outreach tool from the foreign trade division to provide you helpful information on a wide range of topics related to trade. We normally post an article once a week, we recently posted our August 2012 trade figures.

We have posted information on detail and routed export transactions, certificate of origins and other guidance on different export requirements, again this is a very useful site.

This completes my portion of the presentation, it has been my pleasure to provide you a presentation on foreign trade zone. Jennifer will return with a few additional slides.

Jennifer Smits: Thanks Wendy. Before we begin the question and answer portion, I just wanted to remind everyone we have a new mobile app available that provides statistics from 16 key economic indicators from the Census Bureau - Bureau of Economic Analysis and Bureau of Labor Statistics. It is available for both Android and Apple devices. You can visit [www.census.gov/mobile](http://www.census.gov/mobile) for more information and to download the app.

And also before we get the question and answer I just wanted to take you to our Web site so you can see where you can get more information and find the archives Webinar, which will be posted within 24 hours.

So we'll got out to census.gov real quick and from census.gov if you go ahead and you click on Slider number 6, it's just on the screen and then click on see more and then as the site is coming up this is the last of the foreign trade Webinar series but if you scroll down to the bottom you'll see that all of the previous Webinars are listed here.

So if you click on the link and expand it you can actually view the archives of the previous Webinar. So if you missed one of the earlier ones and you want to check it out, this is where you go.

We'll go back to the slide. And finally before we begin the Q&A, after today's Webinar if you have additional questions feel free to contact us with the numbers on your screen. For more information, media can dial our public information office at 301-763-3030 or if you are the general public please contact the foreign trade division call center directly by dialing 1-800-549-0595.

At this time we'll go ahead and do questions. Operator do we have any questions.

Coordinator: I will remind participants to ask a question please press star 1 and to withdraw the question please press star 2. One moment please.

Jennifer Smits: And just a quick reminder we'll be taking questions from the media first, followed by the general public. We ask that you state your name and the media affiliation or company and as a reminder, we want everybody to have

an opportunity to ask a question. So we'll allow one question and one follow up.

Coordinator: And the first question today comes from Michael O'Bierne of Colorado Foreign Trade, your line is open.

(Michael O'Bierne: Thank you I'd like to ask, it was earlier mentioned that foreign trade zones fit the Obama Administrations export initiative. Can you emphasize what exactly that means?

Jennifer Smits: Well we're here to talk about the foreign trade statistics and foreign trade regulations today so we can't get into that but if you want more information you can go to our Web site to find out about foreign trade.

(Michael O'Biern): Thank you.

Coordinator: And once again to ask a question please press star1, to withdraw the question star 2. The next question comes from (Rebecca Gazean) from INUSA INC, your line is open.

(Rebecca Gazean): Yes I'm calling because I signed up for the Webinar mainly to do with the subject of customs - of duties and taxes and I don't think you touched on that all.

Wendy Peebles: The Webinar for today was specifically relating to foreign trade zones and the benefits of foreign trade zones and providing export filing guidelines when merchandise is withdrawn or removed from a foreign trade zone.

That is the description that went out with the broadcast notice that was sent out a week prior to this Webinar.

(Rebecca Gazean): Well, that's not really the description I got online, I'm just letting you know because online it definitely say's, you know, where foreign commercial merchandise may be held without being subject to customs, duties and other taxes and that's...

Wendy Peebles: Yes, yes ma'am that is one of the advantages of operating a foreign trade zone and if you want specific details the type of merchandise that's going to be admitted into the zone and the duties that may apply, I would recommend that you consult with customs and border protection. But today's Webinar was strictly high level just touching upon some of the advantages of merchandise that's submitted into the zone and that is one of the benefits for operating within a foreign trade zone but not the specific details on the day, rates and tariff.

(Rebecca Gazean): Okay.

Coordinator: And at this time I show no further questions in the queue.

Jennifer Smits: Okay thank you, well if we don't have any more questions thank you for joining us today for the eight part - for the final Webinar in the eight part series on the Fundamentals of Exporting.

As a reminder you can find the previous archived Webinars in the series by going to [census.gov](http://census.gov) and clicking on Slider number 8. With that we will conclude today's Webinar.

Coordinator: And thank you for participating in today's conference call. You may all disconnect at this time.

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