

FTZ ACTIVATION PROCEDURES

2017

While the Foreign-Trade Zones Board is reviewing a company's Minor Boundary Modification application, the following information provides a "next steps" summary of Customs and Border Protection (CBP) requirements. FTZ activation consists of the following items:

- Written application to the Port Director of CBP
This is a standard letter from FTZ Grantee formally requesting activation and expressing Grantee concurrence to the activation.
- Blueprint of the area approved by the FTZ Board
Should show area measurements, openings, buildings, outlets, inlets, pipelines to storage tanks (if any). Regulations also call for a gauge table if tanks are on site.
- Procedures manual describing the inventory control and recordkeeping system to be used in the zone. Generally, needs to follow 19 CFR Part 146 Subpart B. (see Code reference info below) Submitted to FTZ Grantee. Furnished to CBP for use in conducting compliance reviews and audits.
- Background investigations submitted to CBP
- Cargo Security Survey by CBP
CBP officer will visit the facility to review the security, suitability and fitness of the facility to receive merchandise in zone status.
- Operator Agreement and Fees
Both the Operator Agreement and Schedule of Fees are still in draft form for the City of Memphis. They should be finalized in mid-2011.
- FTZ Operator's Bond



Bond amount is set by CBP based on Customs duties and fees owed on the average value of foreign status non-duty paid merchandise held in the zone.

- Forms 214 and 216

Form 214--Domestic and duty-paid merchandise in the zone at the time of activation will be treated as domestic status. Customs Form 214 will be required for merchandise not qualifying for domestic status which is in the area at the time of activation and admitted under the procedures outlined in 19 CFR 146.32.

Form 216--A Blanket Application using Customs Form 216 is required for the approval of "manipulation, manufacture, exhibition or destruction" of merchandise in the zone and must be filed with the CBP Port Director prior to any action in the zone. See 19 CFR 146.52.

- FTZ signage.

It is recommended that zone operator officials become very familiar with the Code of Federal Regulations Title 19: Customs Duties; Part 146: Foreign-Trade Zones. This is located electronically at:

<http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr;sid=83a99c534325274048f7577cecace51d;rgn=div6;view=text;node=19%3A2.0.1.1.6.1;idno=19;cc=ecfr>

- Subpart A is "General Provisions" which include definitions and Operator responsibilities.
- Subpart B is the "Inventory Control and Recordkeeping System" requirements.
- Subpart C is "Admission of Merchandise to a Zone"
- Subpart D is "Status of Merchandise in a Zone"
- Subpart E is "Handling of Merchandise in a Zone"
- Subpart F is "Transfer of Merchandise from a Zone"
- Subpart G is "Penalties; Suspension; Revocation"
- Subpart H is "Petroleum Refineries in Foreign-Trade Subzones"



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