



## History of the FTZ Program

In 1934, the U.S. Congress passed the Foreign-Trade Zones Act “to expedite and encourage foreign commerce.” The intent of the Act was to stimulate international trade and create jobs and investment in the U.S. The Act sets out rules for the authorization of zones and the regulation of activities in FTZs. When the Act was originally passed, FTZs were envisioned as centers for storage and distribution. The program has adapted over the years, through congressional and regulatory action, so that FTZs can continue to promote economic development and jobs in a rapidly changing economic environment.

### Legislative & Regulatory Timeline:

- 1950:** Amendment to the FTZ Act that allowed manufacturing and exhibition.
- 1952:** Foreign-Trade subzones authorized by Board Order.
- 1980:** Amendment to the U.S. Customs Regulations that excluded processing costs including labor, overhead and profit occurring in FTZs from valuation for purposes of calculating Customs duty.
- 1986:** New Customs FTZ Regulations authorized, among other things, “direct delivery” and “weekly entry” for import and export.
- 1988:** Amendment to the FTZ Act that acknowledged “producibility” as an acceptable Customs accounting method for the petroleum refining industry.
- 1995:** Finalization of the Customs FTZ Oil Refinery Regulations standardizing the treatment of petroleum refinery foreign-trade zones.
- 1996:** H.R. 3815 clarifying that the merchandise processing fee (MPF) is to be assessed only against foreign status merchandise entered into the U.S. Customs territory from an FTZ.
- 1996:** H.R. 3815 allowing for the deferral of duty on foreign production equipment admitted to the zone until such equipment is completely assembled, installed, tested and turned-on for use in full-scale production.
- 2000:** Trade and Development Act of 2000 provides for the weekly entry of merchandise for all types of FTZs.
- 2004:** Foreign-Trade Zones Board introduces Temporary/Interim Manufacturing (T/IM) to help reduce the FTZ program costs and provide quicker access to FTZ benefits for small and medium-sized manufacturers (SMMs).
- 2005:** Customs & Border Protection launches e-214 electronic admission pilot providing a means to completely automate the FTZ admission process for cargo destined for an FTZ.
- 2009:** Foreign-Trade Zones Board introduces Alternative Site Framework (ASF) as an optional framework for grantees to organize their zone projects. ASF provides new flexibility to grantees and prospective zone users by allowing for a simpler, less costly and less time-intensive process to designate FTZ sites within designated service areas.
- 2010:** Foreign-Trade Zones Board releases proposed new FTZ regulations for the first time in 20-years. The proposed regulations are currently in public comment period, which closes on May 26th.

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