

Case Study

How an importer is using the benefits of being in Foreign-Trade Zone 138 to reduce the scope and risk of its duty drawback program, while deferring duty and reducing merchandise processing fees.



Company:

Burton Snowboards

Industry:

Importer/Operator

Business challenge

Burton Snowboards had moved its North American distribution center to Ohio in 2014 in an effort to position its distribution hub in a more central location based on its customer ship-to locations, both in the wholesale and ecommerce business channels for the U.S. and Canada. With the Ohio location servicing all of Burton's U.S. and Canada distribution, Burton was looking to reduce the administration, cost and risk of its duty drawback program for goods shipped from the distribution center and exported to Canada, and leaving the commerce of the U.S. As a result of the volume of import entries, Burton was also paying a high amount in merchandise processing fees (MPF).

Results

- Activated a total of 222,320 square feet at a facility located in Pataskala, Ohio, placing Burton in Foreign-Trade Zone 138; the total space includes 172,000 square feet of interior warehouse space and 50,320 square feet of an exterior truck yard. The exterior truck yard allows Burton to hold a container until the seal can be broken and the goods are received into inventory.
- Ability to bring in goods and defer duty until those goods are later withdrawn from inventory and enter the commerce of the U.S.
- Reduced its brokerage fees, as well as the MPF paid, due to the reduction of entries by filing one weekly entry for all withdrawals within that timeframe.
- Significantly reduced its duty drawback program by exporting goods in-bond from the FTZ to Canada.
- Recognized improved inventory controls and compliance at the facility.

The company

Founded in 1977, Burton Snowboards has become the global leader within the sport of snowboarding. Today, Burton leads the industry with the most extensive, highest-quality selection of snowboard equipment and apparel. Burton is headquartered in Burlington, Vermont, and has global subsidiaries located in Australia, Austria, Canada, China and Japan. Burton operates multiple retail locations in the U.S. and directly employs 600 U.S. workers.

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