



Foreign-Trade Zone Terminology

Activation: Approval by U.S. Customs and Border Protection's Port Director for operations to begin.

Admission: The physical arrival of goods into a zone. The word "admission" is used instead of "entry" to avoid confusion with Customs entry processes.

Alternative Site Framework (ASF): Created by the FTZ Board in 2009, the ASF program is a streamlined, flexible way to apply for FTZ designation. When a grantee is approved to operate under the ASF program, simplified applications are approved by the FTZ Board in 30 days or less.

Customs Territory: The territory of the U.S. in which the general tariff laws of the U.S. apply. The U.S. Customs territory includes the States, the District of Columbia and Puerto Rico minus any areas within the boundaries of foreign-trade zones.

Deactivation: Voluntary discontinuation of the activation of an entire zone or subzone.

Direct Delivery: A procedure for delivery of merchandise to a zone without prior application and approval on Customs Form 214; designed for low-risk, repetitive shipments whose ordering and timing are under the control of the operator. Pre-approval to utilize direct delivery must be obtained from the Port Director.

Domestic (D) Status: Status of zone merchandise grown, produced or manufactured in the U.S. or the status of zone merchandise previously imported on which all applicable duties have been paid.

Drawback: Import duties or taxes reimbursed by the government, in whole or in part, when the imported goods are exported or used in the manufacture of exported goods.

Entry: Notification to Customs of the arrival of imported goods into the Customs territory of the United States. Merchandise withdrawn from a zone for consumption in the U.S. is entered when it is removed from the zone. (Goods brought into a zone are admitted.)

First In First Out (FIFO): An accounting method based on the assumption that the first layer of merchandise received is the first layer of merchandise used.

Foreign Status: Zone merchandise grown, produced or manufactured outside the U.S. on which no duties have been paid.

General-Purpose Zone (GPZ): A general-purpose zone is established for multiple activities by multiple users. Storage, distribution, testing, repackaging and repair are some of the possible activities in a GPZ. Processing or manufacturing in a GPZ requires the permission of the Foreign-Trade Zones Board.

Grantee: An entity to which the privilege of establishing, operating and maintaining a foreign-trade zone has been granted by the Foreign-Trade Zones Board. Grantees must be either public corporations or private corporations organized for the purpose of establishing a zone project. Qualified grantees must be chartered for this purpose under a law of the state

in which the zone is located. The Columbus Regional Airport Authority is Grantee of Foreign-Trade Zone #138.

Harmonized Tariff Schedule of the United States (HTSUS): Published by the U.S. International Trade Commission, the HTSUS is used in the classification of imported merchandise for rates of duty.

Inverted Tariff Structure: Where imported parts are dutiable at higher rates than the finished product into which they are incorporated.

Magnet Site: A site intended to draw future users to that location/industrial park.

Merchandise: FTZ merchandise includes goods, wares and chattels of every description. Not included is prohibited merchandise, building materials, machinery and supplies for use in the operation of a zone.

Operator: A corporation, partnership or person that operates a zone or subzone under the terms of an agreement with the grantee. A grantee may act as its own operator.

Operator's Bond: A Type 06 bond submitted to Customs on Customs Form 301 to assure compliance with the Customs Regulations as set forth in 19 CFR 113.73.

Port of Entry: An area designated by the U.S. Government in which the Port Director has the authority to accept entries of merchandise, collect duties and enforce the various provisions of the Customs laws.

Production: Formerly referred to as manufacturing, the FTZ Board has defined production as any process that results in a change in HTSUS classification of the merchandise and, therefore, requires prior approval from the FTZ Board.

Service Area: The designated area in which a grantee who operates under the Alternative Site Framework can provide access to FTZ designation. Typically the area is made up of one or more specified counties. The area must be approved by the FTZ Board.

Subzone: A special-purpose zone established as part of a zone project for a limited purpose that cannot be accommodated within an existing General Purpose Zone or is outside the limits of the local Grantee's Service Area.

Usage-Driven Site: Designation used when a Grantee operates under the Alternative Site Framework and is designated for a specific company. The site needs to be within the Grantee's approved Service Area.

User: A company using a zone for storage, handling or processing of merchandise. However, the operator remains responsible to Customs for inventory control unless the user posts its own operator's bond.

Weekly Entry Procedures: A Customs procedure that permits zones and subzones to file a weekly entry on Customs Form 3461 for the estimated removals of merchandise destined for domestic consumption during the following business week. Once the Port Director has approved the entry, the operator may ship the products all week up to the quantity estimated.

Additional questions may be directed to
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