
Table of Contents

FOREIGN TRADE ZONES MANUAL

CHAPTER 1—INTRODUCTION, PURPOSE, AND INTERPRETATIONS

Sec.		Page
1.1	Introduction.	3
1.2	Purpose.	3
1.3	Referenced material.	3
1.4	Instructions vs. Guidelines.	4
1.5	Port Director Authority.	4
1.6	Customs Issuances.	4
1.7	Rulings and Disagreements.	4
1.8	Disclosure of Information.	4
1.9	Local Customs Procedures.	4
1.10	Automated Procedures.	4

CHAPTER 2—LAWS, REGULATIONS, ORGANIZATION, DUTIES, AND GENERAL INFORMATION CONCERNING FOREIGN TRADE ZONES

2.1.	Laws, and Regulations.	7
2.2	Foreign-Trade Zones Board.	8
2.3	Grantee, Operator, and User Duties and Responsibilities.	10
2.4	Subzones.	10
2.5	Vessels and Other Carriers.	11
2.6	Supplies Used in Zone.	11
2.7	Production Equipment	11
2.8	Customs Forms.	11
2.9	Place of Filing and Merchandise Examination.	12

CHAPTER 3—SUPERVISION OF FOREIGN-TRADE ZONES, GRANTEE AND OPERATOR RESPONSIBILITIES, AND CUSTOMS FEES

3.1	General.	13
3.2	Audit-Inspection Supervision.	13
3.3	Customs Supervision	13
3.4	Audits.	14
3.5	Compliance Reviews. (Formerly Spot Checks)	14
3.6	Coordination of Audits and Compliance Reviews. (Formerly Spot Checks)	15
3.7	Monitoring Foreign Trade Zone Regulations.	15
3.8	Supervision by Operator.	15
3.9	Operator Responsibilities	16
3.10	Grantee Liability.	16
3.11	Customs Reimbursement and Fees.	16

CHAPTER 4—ESTABLISHMENT, ACTIVATION, ALTERATION, AND OTHER CHANGES

Sec.		Page
4.1	General.	19
4.2	Application and Approval of Foreign-Trade.	19
4.3	Grant Limits Lapse and Termination.	22
4.4	Expansion or Boundary Modification.	22
4.5	Other Changes to the Zone Project.	22
4.6	Commencement of Operations.	22
4.7	Application for Activation.	22
4.8	Application for Alteration.	25
4.9	Deactivation of Zone Site.	26
4.10	Reactivation.	26
4.11	New Bond.	26
4.12	New Zone Operator.	26
4.13	Other Changes.	26
4.14	Permanent File Requirements.	27

CHAPTER 5—ZONE STATUS

5.1	General.	29
5.2	Merchandise Not in Zone Status.	29
5.3	Application for Zone Status or Status Change.	29
5.4	Foreign Status Merchandise.	29
5.5	Privileged Foreign Status.	29
5.6	Nonprivileged Foreign Status	30
5.7	Domestic Status.	31
5.8	Zone-Restricted Status	32

CHAPTER 6—ADMISSION OF MERCHANDISE

6.1	General.	35
6.2	Prohibited Merchandise.	35
6.3	Conditionally Admissible Merchandise.	35
6.4	Time of Admission.	35
6.5	Non-Zone Status Transactions.	35
6.6	Arrival and Retention of Merchandise.	37
6.7	Application for Admission and Permit.	37
6.8	Transfer to Zone.	42
6.9	Receipt into Zone.	42
6.10	Direct Delivery of Merchandise.	44
6.11	Certificate of Arrival.	47
6.12	BATF Requirements.	47
6.13	Drawback upon Admission.	48
6.14	Harbor Maintenance Fee.	49

CHAPTER 7—OPERATOR RECORDKEEPING AND REPORTING RESPONSIBILITIES

Sec.		Page
7.1	General.	51
7.2	Authority for Operator Recordkeeping.	51
7.3	Authority for Importer Recordkeeping.	51
7.4	Customs Authority to Examine Zone Records.	51
7.5	Foreign-Trade Zone Board Authority to Examine Zone Records.	51
7.6	Accessibility and Retention of Records.	51
7.7	Safekeeping of Records and Proprietary Information.	52
7.8	Inventory Control and Recordkeeping System	52
7.9	Zone Admission File Maintenance.	57
7.10	Transfer of Merchandise History to Another Zone.	59
7.11	Record of Foreign-Trade Zone Activity Under Customs Permit.	59
7.12	Reporting of Merchandise Discrepancies.	59
7.13	Grantee Responsibilities.	59

CHAPTER 8—OPERATIONS IN ZONES

8.1	General.	61
8.2	Storage Conditions	61
8.3	Manipulation, Processing, or Manufacture.	62
8.4	Destruction Under Permit.	64
8.5	Merchandise Marking Requirements.	65
8.6	Abandonment, Bankruptcy, and Absconding.	65
8.7	Security of Zone.	66

CHAPTER 9—TRANSFER OF MERCHANDISE FROM ZONE

9.1	General.	69
9.2	Temporary Removal.	69
9.3	Domestic Status Merchandise.	70
9.4	Articles Exempt from Entry Requirements.	70
9.5	Constructive Transfer.	70
9.6	Entry Procedures.	70
9.7	Entry for Consumption.	71
9.8	Weekly Entries for other than Quota Class Merchandise.	77
9.9	Entries for Bonded Warehouse, TIB, Trade Fair, or U.S. Government Importations.	78
9.10	Entries for Diplomatic and Foreign Military Use.	79
9.11	Transfer to Another Zone or Port	80
9.12	Transfer from Zone for Exportation.	83
9.13	Weekly Entry for Transportation or Exportation.	87
9.14	Transfers for Vessel or Aircraft Supply	88
9.15	Transfer of Zone-Restricted Status Merchandise.	91
9.16	Release and Transfer from Zone.	91
9.17	Retention or Return of Zone Merchandise.	92
9.18	Drawback on Zone Merchandise.	94

CHAPTER 10—DISCREPANCY REPORTING AND LIABILITY

Sec.		Page
10.1	General.	95
10.2	Foreign-Trade Zone Operator Responsibility.	95
10.3	Sealing of Containers and Conveyances.	95
10.4	Discrepancies Found upon Receipt.	95
10.5	Discrepancies Found After Admission.	97
10.6	Discrepancies Found Upon Transfer to Customs Territory.	99
10.7	Discrepancy Recordkeeping.	100

CHAPTER 11—PROHIBITIONS, RESTRICTIONS, AND SPECIAL MERCHANDISE PROVISIONS

11.1	General.	101
11.2	Prohibited Merchandise.	101
11.3	Public Interest Exclusion.	101
11.4	Limitations to Scope of Authorit.	101
11.5	Prohibitions and Restrictions on Admission.	101
11.6	Prohibitions and Restrictions on Zone Activities.	102
11.7	Restrictions on Transfer to Customs Territory.	107
11.8	Time Limits on Grant.	108
11.9	Space Limits on Grants.	108
11.10	Special Merchandise Provisions.	109

CHAPTER 12—BONDS AND LIQUIDATED DAMAGES

12.1	General.	111
12.2	Bond Administration.	111
12.3	Agreements of Zone User in Importation and Entry Bond.	111
12.4	Agreement of Operator in Foreign-Trade Zone Operator's Bond.	112
12.5	Consequences of Default.	112
12.6	What Constitutes Merchandise Default.	113
12.7	What Constitutes Non-Merchandise Default.	113
12.8	What Constitutes Restricted Merchandise.	113
12.9	Value of Merchandise.	113
12.10	Payment of Duties by Operator on Missing Merchandise.	113
12.11	Issuance of Claims of Liquidated Damages.	114
12.12	Waiver or Cancellation of Claim Without Payment.	114
12.13	Prior Disclosure.	116
12.14	Cancellation upon Payment of Smaller Amount (Foreign-Trade Zone Operator's Bond).	116
12.15	Cancellation upon Payment of Smaller Amount (Entry Bond).	117
12.16	Offers in Compromise.	118
12.17	Suspension of Activation for Nonpayment of Claim.	118

CHAPTER 13—FOREIGN-TRADE ZONE ENFORCEMENT ACTIONS

Sec.		Page
13.1	General.	119
13.2	Warning Notices.	119
13.3	Assessment of Liquidated Damages.	119
13.4	Fines.	119
13.5	Revocation of Blanket Permit.	119
13.6	Physical Supervision.	120
13.7	New Bond Requirement.	120
13.8	Suspension Procedure.	120
13.9	Suspension of Privilege.	121
13.10	Suspension of Activation.	122
13.11	Revocation of Activated Status or Privilege.	122
13.12	Revocation of Grant.	122
13.13	Removal of Merchandise.	123
13.14	Responsibility of Operator After Removal.	123
13.15	Penalties for Fraud, Gross Negligence, or Negligence.	123
13.16	Criminal Violation.	124
13.17	Search, Arrest, and Seizure.	125
GLOSSARY OF FOREIGN-TRADE ZONE TERMINOLOGY		127

This Page Intentionally Left Blank