



FDTC 2018 – Long Beach

FTZ's and Footwear
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FTZ and Footwear

- ✓ The Reasons

Retaliatory Trade Practices

Section 232 and Section 301 Trade Acts Go Global

Challenge:



Section 232 – 06/01/2018

Section 301 – 07/06/2018, 08/16/2018, 09/20/2018,
01/01/2019



Retaliatory Tariff - 06/20/2018, 07/06/2018,
08/16/2018, 09/18/2018



Retaliatory Tariff - 06/22/2018, 05/23/2021



Retaliatory Tariff - 06/20/2018, 05/23/2021



Retaliatory Tariff – 07/01/2018

Solution:

Unique, integrated trade solutions that address the complexity and challenges of the supply chain while managing the compliance requirements for reduced risk and management of the escalating duty costs to globalization

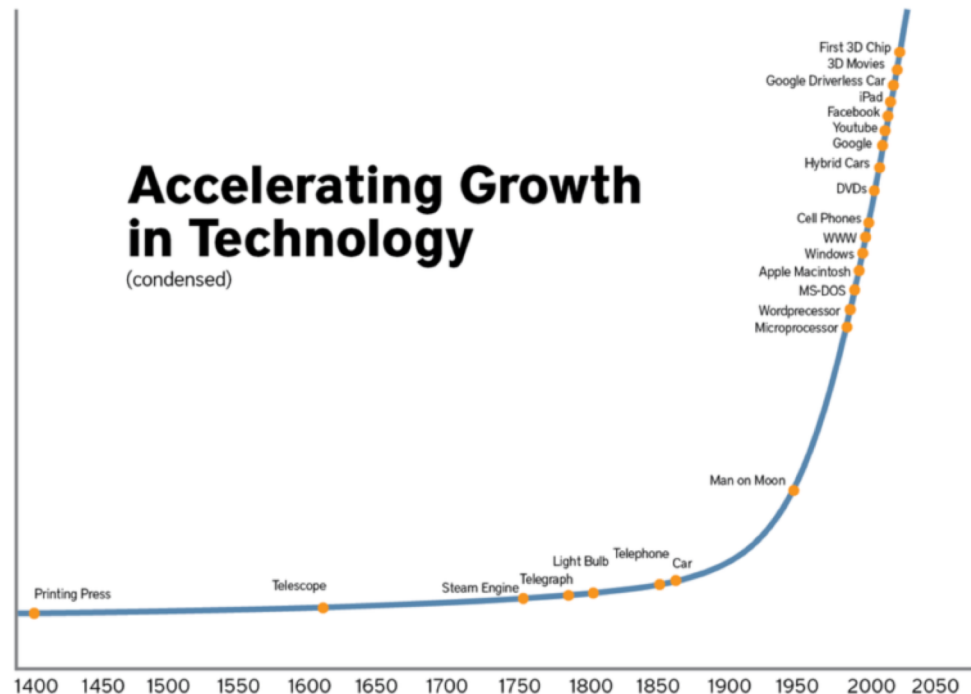
- ✓ Classification Content Integration and Engineering
- ✓ Origin Supplier Management and Analysis
- ✓ **Foreign Trade Zones**
- ✓ Drawback
- ✓ Temporary Importation under Bond

Incorporating FTZ Trade Compliance to the Strategy

Change is Change



Speed of Change



Historical Change is accelerating NOW

- Faster in speed, bigger in scale
- Smarter and more innovative is better
- Everything is connected

Risks are Growing

- More mistakes, “institutional inability”
- New markets, new supply chains, new ways of looking at the old problems
- Everything is connected
- The new Global is Regional or Near Source

The Perceived Approach to Trade Compliance Ideas

Risk Evangelism – The Crossroads of Pretentious, Dull, and Boring



Developing FTZ's are Part of a Supply Chain Strategy

Core strategy + Good Decisions = Goal Attainment

Hope is Not a Strategy, Luck is Not a Factor, Fear is Not an Option





FTZ and Footwear

- ✓ The Case and Benefits

FTZ Benefits for Any Importer

Features and Benefits



Production and Inventory Control

- › Inventory can be located within a specific FTZ near port facilities or even within a port facility
- › Components may be entered as domestic or foreign products for consumption into a finished good
- › Multiple operations can be completed within a foreign trade zone: Store duty free, re-pack, manipulate and label, exhibit, test, destroy, export, assemble, combine import and domestic materials, manufacture
- › Multi-zone facilities can allow product to be moved within a distribution network without duty payment



Reduced Risk Mitigation Opportunities

- › Entry processing is completed weekly (estimate and actual) and can be completed by the FTZ operator or a customs broker
- › MPF is reduced as receipts are made into the FTZ facility and only charged on removal from the FTZ facility (weekly)
- › Products can be labeled and marked within the confines of the FTZ to meet US marking standards
- › FTZ's may be highly integrated with existing manifest, receipt, and inventory WMS which reduces the number of data entry errors



Inventory Cost Management and Deferral

- › Duty is paid when products are removed from the FTZ into US consumption (cost of cash benefits on duty)
 - Products may move in-bond between FTZ DC's or production centers
- › Products exported or imported product that is scrapped is duty free
- › Weekly entries eliminate broker fees
- › Products may remain in an FTZ longer than any other entry standard (storage / returns)
- › Tax benefits are offered in new developments

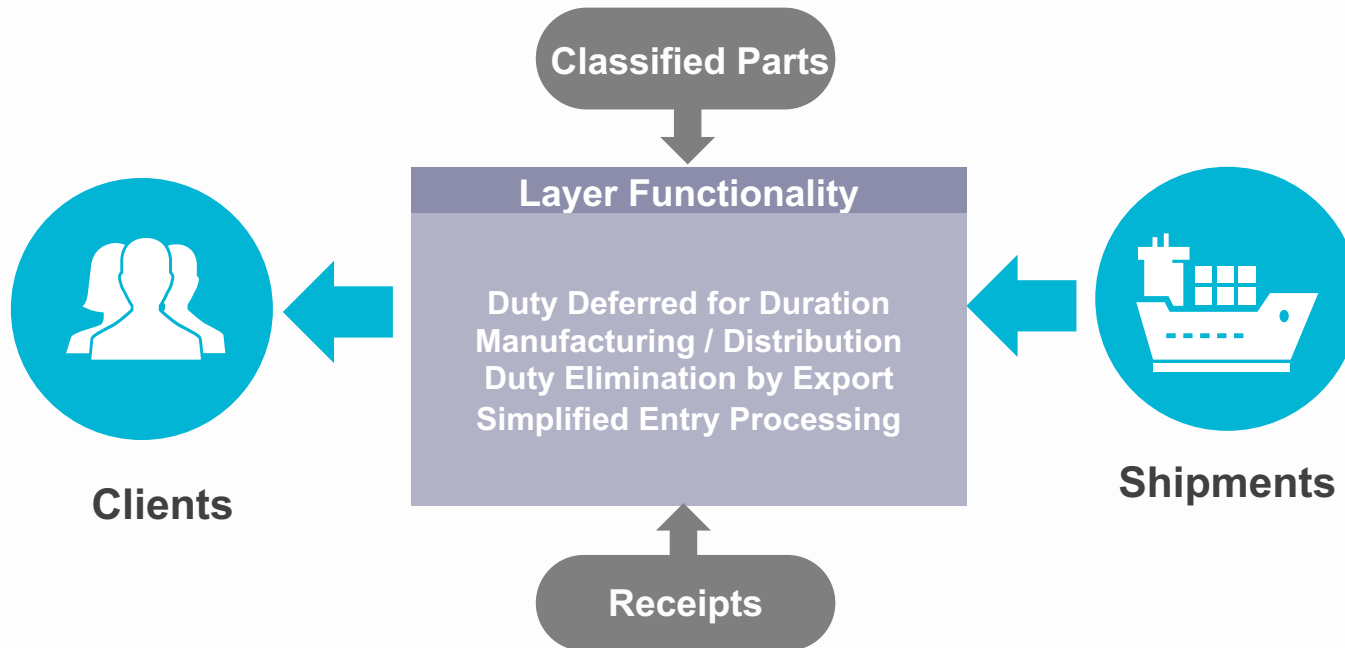


FTZ and Footwear

- ✓ The Operational Flow

The High Level Flow of an FTZ

Deferral For Low Turnover Inventory



FTZ Option: Duty Deferral

- Product entered within an FTZ is not within US commerce (duty paid) until it is removed from an FTZ facility
- Export and In-bond QP/WP may be integrated to allow exported product to pass duty free
- Existing supplier integration is possible with zone to zone transfers
- Section 301 Trade Act products are subject only to additional duties as consumed from component parts (exclude export and scrap products)
- Processing can be highly automated within client specific manufacturing or distribution scenarios



FTZ and Footwear

- ✓ The Approval Process

FTZ Startup Process and Timeline

Comprehensive Review of Every Trade Partner



Feasibility Assessment (FTZ Consultant)

Consultants can confirm the objectives and help make the business case for the savings and the effort



Applications for FTZ Status (FTZ Consultant, Bond Company)

Multiple applications are required in addition to an operating manual that needs to be submitted for the approval process to begin



Approvals and Visits (FTZ Consultant, Port Authority, CBP)

Approval process involves the Grantee for the location of the FTZ and CBP; CBP will arrange a visit and the consultant can assist in making recommendations on the requirements for the existing facility



Software and Filing Integration (Software Provider)

Software can integrate multiple sources and leverage existing efforts IT efforts by eliminating redundant process or enhance new systems; CBP filings can be completed within a few “clicks” from existing data streams



Feasibility and Review Process

30 – 60 days (Contingent on Urgency)



Approval and Inspection Process

30 – 60 days (Contingent on Relationships)



Software Implementation and Training

90 - 180 days (Contingent on Systems)



One Trade Platform | **Globally**