

| Term                             | Definition  |
|----------------------------------|---|
| ABI                              | The Automated Broker Interface (ABI) is the name for the data bridge which members of the trade community use to transmit data to and retrieve data from CBP's ACE system.  |
| ACE                              | The Automated Commercial Environment (ACE) is the name for the information system that CBP uses to track and monitor imports and exports.   |
| Act                              | The Foreign-Trade Zones Act of June 18, 1934, as amended (48 Stat. 998-1003; 19 U.S.C. 81a-u).  |
| Activation                       | Once a zone or subzone site is approved by the FTZ Board, an application must be made to the local CBP office, with the concurrence of the FTZ grantee, to operate the zone/subzone site (or portion thereof) under FTZ procedures. This CBP process is known as activation generally includes steps such as background checks, a written procedures manual, posting a bond with CBP, as well as a review of the security of the site(s) and the inventory control methods. |
| Activation Limit                 | The size of the physical area of a particular zone or subzone authorized by the Board to be simultaneously in activated status with CBP pursuant to 19 CFR 146.6. The activation limit for a particular zone/subzone is a figure explicitly specified by the Board in authorizing the zone (commonly 2,000 acres) or subzone or, in the absence of a specified figure, the total of the sizes of the approved sites of the zone/subzone                                     |
| AD / CVD                         | Anti Dumping / Countervailing Duties. Anti-dumping is meant to "level the playing field" against specific enterprises, industries, regions or countries where goods are being exported below "normal value". Countervailing duties are meant to do likewise in cases where foreign governments are providing subsidies to their domestic producers intended to allow them to export at a reduced price.   |
| Adjacency                        | Per 15 CFR § 400.11(b)(2): General-purpose zone sites must be within 60 miles or 90 minutes driving time from the outer limits of a U.S. Customs and Border Protection Port of Entry as defined in 19 CFR § 101.3.  |
| Admit / Admission                | Bringing merchandise INTO Foreign-Trade Zones. If foreign status, merchandise will be listed on a CBP Form 214.   |
| Alternative Site Framework (ASF) | An optional approach to designation and management of zone sites allowing greater flexibility and responsiveness to serve single-operator/user locations. The ASF was adopted by the Board as a matter of practice in December 2008 (74 FR 1170, January 12, 2009; correction 74 FR 3987, January 22, 2009) and modified by the Board in November 2010 (75 FR 71069, November 22, 2010).  |
| Arrival                          | For FTZ operators, "arrival" can mean (a) when the goods physically arrived at the port or the final inland location if goods moved under an IT number. Or (b) it can mean informing CBP that certain quantities of goods have been admitted into the zone and they can release those quantities from the bond's liability.   |
| Articles Consumed                | Materials to be consumed in manufacturing or processing operations within a zone must first be entered for consumption with duties paid.  |
| Board Order                      | The official approval by the Foreign-Trade Zones Board of a formal application.   |
| CATAIR                           | CBP and Trade Automated Interface Requirements: the document which lists all of the specifications for exchanging data via the ABI with the ACE.  |
| CBP                              | U.S. Customs and Border Protection of the Department of Homeland Security.  |
| CBP Form 214                     | Authorizes the admission of merchandise into a zone and designates the status of the merchandise. Filed each business day for the previous day's admissions. Even if no goods were delivered, you will probably end up filing a 214 due to inventory adjustments on foreign-status goods.   |
| CBP Form 216                     | Authorizes the User to engage in certain activities with the zone such as manipulation, storage, destruction, etc. Filed once per year. Signed by CBP Port Director.  |
| CBP Form 3078                    | Application for Identification Card. This is a form your Port Director will expect you to complete for all key personnel in a FTZ as part of your security procedures prior to activation and keep up-to-date as personnel turnover occurs in those key positions. Essentially it's CBP's background check form.  |

| Term                                 | Definition  |
|--------------------------------------|---|
| CBP Form 3461                        | Technically this is CBP's form for Entry/Immediate Delivery. This is the "form" used to obtain authorization to ship for the next week under FTZ Weekly Entry procedures.   |
| CBP Form 349                         | Used to report quarterly Harbor Maintenance Fees due.   |
| CBP Form 7501                        | The final declaration of goods, and values as approved by a corresponding Cargo Release, on which final duty payment is made. The 7501 itself is the "Entry Summary". This is accompanied by several other documents including continuation sheets, pro forma invoices, and tariff detail reports.  |
| CBP Form 7512                        | Used to move goods in-bond. In an FTZ context this is frequently used for imports if you do not have direct delivery or exports to maintain duty exemption since foreign status goods in the FTZ have not paid duties and must move in-bond to where they will be exported. The electronic version of the 7512 is referred to as "QP/WP". (And no, no one seems to know for sure if it stands for "quick processing without paper" or not, since physical paper is still involved.) |
| Concurrence                          | For FTZ operators, "concurrence" can mean (a) getting agreement from the grantee to apply for a particular action with CBP or the FTZ board; or approval from the Port Director for a particular activity. Or (b) it is also the term used to finalize an electronic 214 in ACE, telling CBP that you have completed all of the associated transmissions and your quantities reconcile and you are requesting CBP final acceptance of the 214.                                      |
| Conditionally Admissible Merchandise | Merchandise which may be imported into the U.S. under certain conditions. Merchandise which is subject to permits or licenses, or which may be reconditioned to bring it into compliance with U.S. law.   |
| CTPAT                                | Customs Trade Partnership Against Terrorism: a voluntary public-private sector program of cooperation between CBP and importers, carriers, consolidators, licensed customs brokers, and manufacturers. See the <a href="http://www.cbp.gov">www.cbp.gov</a> website for a listing of CTPAT benefits and how to join.  |
| Customs Territory                    | The fifty states, the District of Columbia, and Puerto Rico. Note: PR is the only territory that is considered within U.S. "Customs Territory", i.e. American Samoa, Guam, Northern Mariana Islands and the US Virgin Islands are not included in the definition of "U.S. Customs Territory".   |
| Deactivation                         | A previously activated general purpose zone or subzone site which no longer has local CBP authorization for activity under FTZ procedures.  |
| Deleted                              | A site or portion of a site that once held zone status, but has been removed from the zone through an administrative minor modification by the FTZ Board staff or an FTZ Board application process.   |
| Direct Delivery                      | Allows for immediate movement off the pier upon vessel arrival. Authorized through use of Electronic Permits to Transfer. Requires approval of CBP Port Director who grants permission and renewal is done annually. Direct Delivery greatly reduces clearance delays, including lengthy customs exams.   |
| Domestic Status                      | Domestic status is the customs status (19 CFR 146.43) for domestic-origin and duty-paid foreign-origin zone merchandise.  |
| Duty Deferral                        | Delay of the payment of duties. In an FTZ one does not need to pay duties until the merchandise makes Entry. If merchandise is exported, duties are never paid.   |
| Duty Drawback                        | Program that allows exporters to apply to the federal government for a refund of duties paid on goods that were imported and duty-paid and then subsequently exported.  |
| Entry (for Consumption)              | The general customs process of filing the appropriate CBP documents (including duty evaluation) for merchandise brought into the commerce of the U.S. (19 CFR 141), i.e. when you ship foreign-status merchandise from the FTZ into the U.S. Customs Territory.   |
| Exports                              | Merchandise forwarded from zone sites to destinations in foreign countries.   |
| FIRMS / FIRMS Code                   | A Facilities Information and Resources Management System code represents the location of certain goods. FIRMS locations must be bonded and on file in the Automated Manifest System (AMS). FIRMS codes are assigned to a location when the bond for that location has been filed with CBP.  |

| <b>Term</b>               | <b>Definition</b>  |
|---------------------------|--|
| Foreign Status            | Merchandise admitted to a zone site under CBP supervision; normally of foreign origin. Such merchandise is not subject to formal customs entry procedures and payment of duties, unless and until the foreign merchandise enters customs territory for domestic consumption. Foreign status merchandise is further categorized by CBP as either Non-Privileged Foreign or Privileged Foreign.  |
| Foreign-Trade Zones Board | Created by the FTZ Act to carry out the provisions of the Act. Consists of the Secretary of the Department of Commerce (chairman) and the Secretary of the Treasury. Day-to-day activities of the FTZ Board are under the authority of the FTZ Board Executive Secretary, currently Mr. Andrew McGilvray.  |
| Forwarded                 | Merchandise that is shipped from or forwarded from zone sites after release by CBP. Includes merchandise that is forwarded to destinations in the U.S. market as well as merchandise that is exported.   |
| FTZ                       | Secure areas under U.S. Customs and Border Protection (CBP) supervision that are generally considered outside CBP territory upon activation. Located in or near CBP ports of entry, they are the United States' version of what are known internationally as free-trade zones. Foreign and domestic merchandise may be moved into zones for operations, not otherwise prohibited by law, including storage, exhibition, assembly, manufacturing, and processing. All zone activity is subject to public interest review. Foreign-trade zone sites are subject to the laws and regulations of the United States as well as those of the states and communities in which they are located. Under zone procedures, the usual formal CBP entry procedures and payments of duties are not required on the foreign merchandise unless and until it enters CBP territory for domestic consumption, at which point the importer generally has the choice of paying duties at the rate of either the original foreign materials or the finished product. Domestic goods moved into the zone for export may be considered exported upon admission to the zone for purposes of excise tax rebates and drawback. |
| Fungible Merchandise      | Merchandise which for commercial purposes is identical and interchangeable in all situations. This is key for using FIFO/UIT systems to manage inventory in the zone.  |
| General Purpose Zone      | A FTZ that multiple companies can use simultaneously. The zone users are not the zone operators.   |
| Grant of Authority        | A document issued by the Board that authorizes a zone grantee to establish, operate and maintain a zone, subject to limitations and conditions specified in 15 CFR § 400.2 and 19 CFR § 146. The authority to establish a zone includes the responsibility to manage it.   |
| Grantee                   | — see Zone Grantee   |
| HMF                       | Harbor Maintenance Fee. A fixed percentage of the value of goods arriving to a U.S. ocean port via ocean vessel which is normally paid at the time of import. In the case of Foreign-Trade Zones, this fee is paid quarterly.  |
| HTSUS                     | The Harmonized Tariff Schedule of the United States comprises a hierarchical structure for describing all goods in trade for duty, quota, and statistical purposes. This structure is based upon the international Harmonized Commodity Description and Coding System (HS), administered by the World Customs Organization in Brussels; the 4- and 6-digit HS product categories are subdivided into 8-digit unique U.S. rate lines and 10-digit non-legal statistical reporting categories. Classification of goods in this system must be done in accordance with the General and Additional U.S. Rules of Interpretation, starting at the 4-digit heading level to find the most specific provision and then moving to the subordinate categories.  |

| Term                                | Definition   |
|-------------------------------------|--|
| Inverted Tariff                     | When the duty rate for the overall finished good is lower than the duty rate of the component parts. By manufacturing finished goods within an FTZ, US importers can take advantage of the inverted tariff duty rate while keeping manufacturing operations within the U.S. Inverted tariff works when an importer with manufacturing authority within an FTZ is allowed to admit their components into the zone duty-free, manufacture the finished good, and pay CBP duties on the foreign content in the finished good at the lower duty rate of the finished goods at the time of entry. The importer avoids paying the higher duty rate on the component parts and defers the lower duty payment on the value of the foreign content until the time of consumption in the commerce of the US. |
| ISF                                 | The Import Security Filing, a.k.a. "10+2" is a set of eight data elements that must be provided to CBP no later than 24 hours before cargo is laden on an ocean vessel bound for the United States.  |
| IT Number                           | The Inbond Transit number is assigned by CBP and allows the importing carrier to move the goods from the ocean port of unloading to another location inland; for example to a railhead where the goods will be imported or moved in-bond to a bonded warehouse or FTZ.   |
| Lapse Provision                     | Also called a "sunset provision", this indicates when the grant of authority for a zone or subzone will expire if activation does not occur. The provision is usually set between three (3) years [for usage-driven sites] and five (5) years [for magnet sites] from the date of the Board order.   |
| Magnet site                         | A speculative zone authorized to attract and serve multiple operators or users under the ASF.  |
| MBM                                 | Minor Boundary Modification - under ASF this is an action to add new activated ground within an FTZ service area and can be handled by the FTZ Board secretary and staff as opposed to a major boundary modification. Adding a county to a grantee's service area would be an example of a major boundary modification.  |
| Merchandise                         | Goods, wares and chattels of every description, except prohibited merchandise. Building materials, production equipment, and supplies for use in operation of a zone are not "merchandise".  |
| MID                                 | Manufacturer Identification number. A number which is constructed from elements of a foreign product's manufacturer's name and address and appears on CBP 3461 and CBP 7501 forms. See 19 CFR Appendix to § 102 for details on how to construct an MID.  |
| Modification                        | A major modification is a proposed change to a zone that requires action by the FTZ Board; a minor modification is a proposed change to a zone that may be authorized by the Executive Secretary.  |
| MPF                                 | Merchandise Processing Fee. A fixed percentage (0.3464%) of the value of goods imported assessed on every import entry. Minimum MPF per entry is \$26.22; the maximum MPF per entry is \$508.70 (as of October 1, 2018, pursuant to 83 Federal Register Notice 37509, published Aug 1, 2018).  |
| Non-Privileged Foreign (NPF) Status | One of the customs categories of foreign status merchandise (See 19 CFR 146.42). Such merchandise is evaluated based on its condition at the time it is shipped from the zone to the U.S. market and entered for consumption by CBP.   |
| OFIS                                | The <i>Online FTZ Information System</i> is the Dept. of Commerce International Trade Administration's website which provides public information on Foreign Trade Zones as well as a log-in for Operators and Grantees to file their annual reports electronically.  |
| OGA / PGA                           | Other government agencies that are involved in import and/or export regulatory enforcement.  |
| Operator                            | — see Zone Operator  |
| PGA / OGA                           | Partner government agencies that are involved in import and/or export regulatory enforcement. The "partner" as opposed to "other" is meant to indicate a level of cooperation and sharing of data between various regulatory agencies.   |

| Term                             | Definition  |
|----------------------------------|---|
| Port Director                    | For those foreign trade zones located within the geographical limits of a port of entry, the term “port director” means the director of that port of entry. For those foreign trade zones located outside the geographical limits of a port of entry, the term “port director” means the director of the port of entry geographically nearest to where the foreign trade zone is located.<br><br>CBP Port Directors have direct oversight of and interaction with Zone Operators and Zone Grantees and their concurrence is required for all aspects of FTZ operations.   |
| Privileged Foreign (PF) Status   | One of the customs categories of foreign status merchandise (See 19 CFR 146.41). Such merchandise maintains its status based on its condition when it was admitted to the zone. Thus, when the merchandise is shipped from the zone to the U.S. market and entered for consumption by CBP, it is evaluated based on the time-of-admission condition even though it may have undergone a transformation in the zone.   |
| Production                       | Activity involving the substantial transformation of a foreign article resulting in a new and different article having a different name, character, and use, or activity involving a change in the condition of the article which results in a change in the customs classification of the article or in its eligibility for entry for consumption.   |
| Production Application           | The formal and extensive application for production authority which is only used if an FTZ user has been denied production authority at the end of the Notification process.  |
| Production Notification          | Even though it's called "notification", it is actually an application process whereby the FTZ user requested permission to conduct "production" operations. The process takes 120 days from the time the documents are submitted until production authority can possibly be granted.  |
| Production: Interim Authority    | The FTZ Board's regulations allow the Board's staff to authorize production activity on an interim basis during the 120-day period while the Board is reviewing a request for production authority.   |
| PTT                              | Permit to Transfer: the form submitted to CBP which requests permission to move the goods under bond. Usually from where the steamship's in-bond custody ends to the FTZ operator's activated site.   |
| QP/WP                            | — see CBP Form 7512   |
| Service Area                     | The jurisdiction(s) within which a grantee proposes to be able to designate sites via minor boundary modifications under the ASF. A service area is normally several counties and must meet adjacency requirements.   |
| Subzone                          | A special-purpose zone established as part of a zone project for a limited purpose, that cannot be accommodated within an existing zone. The term “zone” also applies to a subzone, unless specified otherwise. A subzone can include multiple sites. E.g. Kubota operates subzone 26P in Georgia which comprises seven (7) buildings on five (5) separate production sites.  |
| Sunset Provision                 | — see Lapse Provision   |
| Traditional Site Framework (TSF) | Name given to the previous processes and structure of FTZs which imposed a major burden on applicants, took a long time to approve FTZ applications and consumed more government resources than the new ASF system. A grantee may opt to continue under TSF if they are focused on attracting FTZ activities to fixed sites.  |
| Unique Identifier (UIN)          | UIN stands for "Unique Identifier Number" and refers to merchandise maintained under an inventory control method based on specific identification of merchandise admitted to a zone. This, plus the concept of fungible merchandise is the key for using FIFO logic to manage inventory in the zone. Essentially, as long as all of widgets of a particular UIN are fungible, then you can physically mix domestic-status widgets and foreign-status widgets in the same physical inventory location (bin, pallet, warehouse floor location) and use your FIFO inventory tracking to assign the zone status of items picked to be forwarded. Compare to Zone Lot Number inventory management. |
| Usage-Driven Site                | A site tied to a single operator or user under the ASF. If the company that obtained approval for and activated the usage-driven site vacates, then the FTZ designation terminates. A new usage-driven MBM would need to be done by the new occupant if they wished to use FTZ procedures.  |

| Term  | Definition  |
|---|---|
| User  | — see Zone User   |
| Weekly Entry ( <i>see also</i> CBP Form 7501 )    | The ability of an FTZ to file an entire week's shipments into the customs territory of the United States at once. This allows the FTZ user to make one MPF payment for the entire week.   |
| Weekly Estimate ( <i>see also</i> CBP Form 3461 ) | Before a FTZ can participate in the weekly entry program, the FTZ user must first provide CBP with an estimate of all of the goods' HTS numbers and quantities (in HTS UOM) and value that it might ship into U.S. Customs Territory. This allows CBP to review and approve any items which might be subject to additional import controls or restrictions.   |
| Zone Grantee                                      | An organization to which the privilege of establishing, operating, and maintaining a foreign-trade zone has been granted by the Foreign-Trade Zones Board. Grantees may be either public entities or private not-for-profit corporations organized for the purpose of establishing a zone project. Examples of public entities that might receive an FTZ grant include: a political subdivision (including a municipality), a public agency, or a corporate municipal instrumentality of one or more states. Qualified private corporations must be chartered for this purpose under a law of the state in which the zone is located. |
| Zone Lot / Zone Lot Number (ZLN)                  | A collection of merchandise maintained under an inventory control method based on specific identification of merchandise admitted to a zone by lot. Fungible items are not mixed, FIFO is not used for zone record keeping. Example: Pharmaceutical manufacturers will track production runs of the same pills by lot, even though the pills are fungible.  |
| Zone Operator                                     | The party (corporation, partnership, or person) that operates a zone or subzone under the terms of an agreement with the zone grantee with the concurrence of the CBP Port Director. A grantee can be an operator. Both general purpose and special purpose subzones have operators. In special purpose subzones the user is normally also the operator. The operator must have a CBP FTZ Operators bond.   |
| Zone Restricted (ZR) Status                       | Merchandise in this status is to be exported or destroyed. Zone-restricted status merchandise can be entered into U.S. customs territory only if the FTZ Board finds that entry would be in the public interest.  |
| Zone Schedule                                     | Kept by the zone grantee, the zone schedule includes the internal rules and regulations of the zone, as well as a statement of the rates and fees charged to zone users.  |
| Zone Site   | The physical location of a zone or subzone. A site is composed of one or more generally contiguous parcels of land organized and functioning as an integrated unit, such as all or part of an industrial park or airport facility.  |
| Zone Status                                       | Merchandise can enter the zone in either domestic or foreign status. Domestic status can include foreign status goods where the duty has been paid and the goods entered for consumption. Foreign status includes privileged foreign, non-privileged foreign and zone-restricted status.  |
| Zone Week   | If using Weekly Entry procedures then this is the start and end of your shipping week on which you will base your 3461 estimates and your 7501 entries. Typically Monday through Sunday or Sunday through Saturday.   |
| Zone User   | A person or firm using a zone for storage, handling, or processing of merchandise under agreement with a zone operator. The Operator may authorize a User to maintain its individual inventory control and record keeping systems and procedures manual. However, the Operator will remain responsible to Customs and liable under its bond for supervision, defects in, or failures of the systems. In the case of a usage-driven subzone, the zone user is the zone operator.   |
| Zone Year   | The "fiscal year" for your Zone's recordkeeping and 216 approval. This is typically the same as the calendar year, but it doesn't have to be.   |

Sources: [enforcement.trade.gov](http://enforcement.trade.gov), [www.federalregister.gov](http://www.federalregister.gov), [www.millerco.com](http://www.millerco.com), [www.naftz.org](http://www.naftz.org), [www.law.cornell.edu](http://www.law.cornell.edu), [www.customsnow.com](http://www.customsnow.com), [charterbrokerage.net](http://charterbrokerage.net)

## Government Agencies involved in Import and/or Export Regulation

| Acronym     | Description  | Website  |
|-------------|--|--|
| ATF         | Bureau of Alcohol, Tobacco, Firearms and Explosives  | <a href="http://www.atf.gov">www.atf.gov</a>                                       |
| AMS         | Agricultural Marketing Service   | <a href="http://www.ams.usda.gov">www.ams.usda.gov</a>                             |
| APHIS       | Animal and Plant Health Inspection Service   | <a href="http://www.aphis.usda.gov">www.aphis.usda.gov</a>                         |
| APHIS Lacey | The Lacey Act bans trafficking in illegal wildlife, plants and plant products.                                 |  |
| CPSC        | Consumer Product Safety Commission   | <a href="http://www.cpsc.gov">www.cpsc.gov</a>                                     |
| DDTC        | Directorate of Defense Controls  | <a href="http://www.pmddtc.state.gov">www.pmddtc.state.gov</a>                     |
| DEA         | Drug Enforcement Administration  | <a href="http://www.dea.gov">www.dea.gov</a>                                       |
| EPA         | Environmental Protection Agency  | <a href="http://www.epa.gov">www.epa.gov</a>                                       |
| EPA FIFRA   | The Federal Insecticide, Fungicide, and Rodenticide Act sets up the basic U.S. system of pesticide regulation. |  |
| EPA TSCA    | The Toxic Substances Control Act regulates the introduction of new or already existing chemicals               |  |
| EPA V & E   | EPA Vehicles and Engines emissions and compliance regulations  |  |
| FDA         | Food and Drug Administration   | <a href="http://www.fda.gov">www.fda.gov</a>                                       |
| FSIS        | Food Safety and Inspection Service   | <a href="http://www.fsis.usda.gov">www.fsis.usda.gov</a>                           |
| FWS         | Fish and Wildlife Service  | <a href="http://www.fws.gov">www.fws.gov</a>                                       |
| NHTSA       | National Highway Traffic Safety Administration   | <a href="http://www.nhtsa.gov">www.nhtsa.gov</a>                                   |
| NMFS        | National Marine Fisheries Service  | <a href="http://www.fisheries.noaa.gov">www.fisheries.noaa.gov</a>                 |
| OMC         | Office of Marine Conservation  | <a href="http://www.state.gov/e/oes/ocns/fish/">www.state.gov/e/oes/ocns/fish/</a> |
| TTB         | Alcohol and Tobacco Tax and Trade Bureau   | <a href="http://www.ttb.gov">www.ttb.gov</a>                                       |