

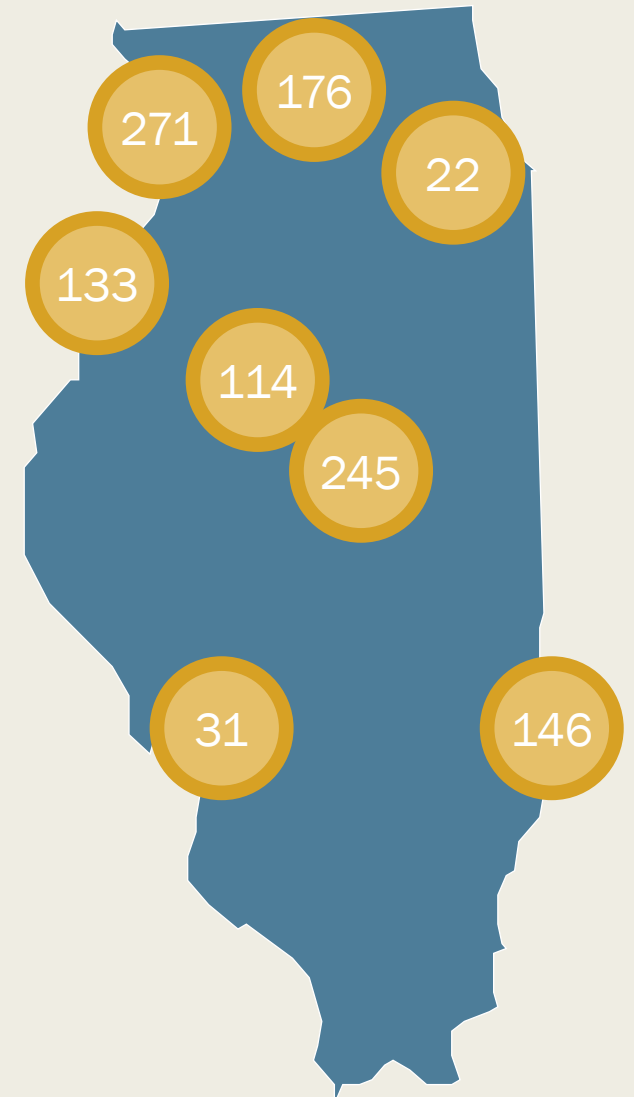


FTZ#176

February 19, 2025

Eight FTZs Across Illinois

FTZ #	Counties in Service Area	Contact
22	Cook, DuPage, Grundy, Kankakee, Kendall, Lake and Will Counties and portions of McHenry and Kane Counties	Maria Limonciello (773) 646-4400 ipd@iipd.com
31	Bond, Calhoun, Clinton, Greene, Jersey, Macoupin, Madison, Monroe, Montgomery, Randolph, St. Clair, and Washington Counties	Robbie Williams (618) 452-8440 rwilliams@americascentralport.com
114	Peoria, Cass, Champaign, Dewitt, Ford, Fulton, Knox, Livingston, Logan, Macon, Marshall, Mason, McDonough, McLean, Menard, Piatt, Putnam, Sangamon, Schuyler, Stark, Tazewell, Woodford Counties and portions of Bureau and LaSalle Counties	Sally Hanley 309-495-5953 shanley@greaterpeoriaedc.org
146	Henderson, Henry, Mercer, Rock Island and Warren Counties, Illinois as well as Cedar, Clinton, Des Moines, Dubuque, Henry, Jackson, Johnson, Jones, Lee, Louisa, Muscatine, Scott and Washington Counties, Iowa	Don Wagner 618-943-7575 lcidc146@gmail.com
133	Clay, Crawford, Edwards, Hamilton, Lawrence, Richland and Wayne Counties	Julie Forsythe (563) 823-2652 jforsythe@quadcitieschamber.com
176	Winnebago, Stephenson, Ogle, Lee, DeKalb, and Boone Counties, and portions of Bureau, McHenry, Kane, Putnam and LaSalle Counties	Carrie Zethmayr 312-221-1115 carrie@zethmayr.com
245	Contact directly for additional information	Nicole Bateman 217-422-9520 nbateman@decaturedc.com
271	Contact directly for additional information	Andrew Mills 815-275-7245 amills911@yahoo.com



Source: National FTZ Board, Online FTZ Information System (OFIS)

About Us



- The Greater Rockford Airport Authority (GRAA) is the grantee for FTZ #176, with authority to approve and facilitate sites to become activated with the National FTZ Board and Customs & Border Protection
- Zethmayr has a contract with the GRAA to administer the FTZ on its behalf; we facilitate all new site applications representing the interests of the GRAA

Agenda

1. What is a Foreign Trade Zone (FTZ)?
2. How can an FTZ help me mitigate tariff impacts?
3. Prominent Industries and Operators
4. Application and Activation Process
5. Costs to operate an FTZ

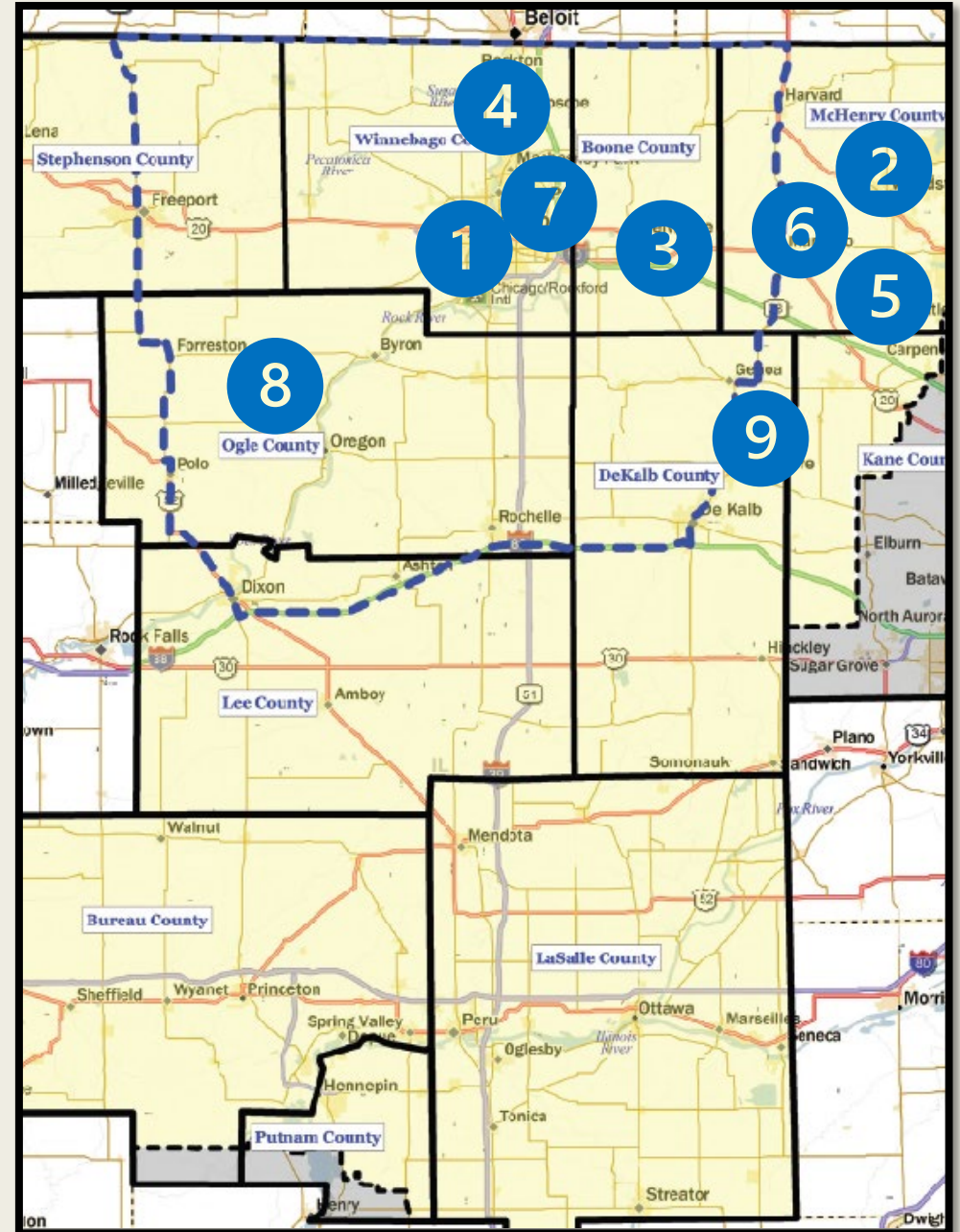
To track updates on 2025 tariff notices, always refer to official sources rather than static information such as this time-stamped presentation. Tariff notices are posted to the federal register: <https://www.federalregister.gov/>.

FTZ #176 SERVICE AREA

The FTZ Service Area covers 11-counties which include 4 metropolitan planning districts and 9+ economic development organizations.

Current FTZ Operators include:

1. *Bergstrom*
2. *Brake Parts, Inc.*
3. *Capitol Warehousing*
4. *Cellusuede*
5. *Chicago Importing Company*
6. *Mitsubishi Logisnext Americas*
7. *PCI Pharma Services*
8. *Rivian Automotive*
9. *Staal & Plast*



What is an FTZ?



What is it?

- An area approved by the U.S. Department of Commerce and Customs & Border Protection to be considered outside of U.S. Customs Territory
- Typically we are referring to a specific industrial building where products are manufactured or stored
- As an FTZ, companies can import product directly into their facility without formal customs entry procedures or import duties
- An FTZ is subject to both local (port) and federal (U.S. CBP and U.S. Department of Commerce) regulation



**U.S. Customs and
Border Protection**



What are the benefits of having an FTZ?

Internal control of
customs entry process



Reduce supply chain risk

Defer

- Pay tariff when product enters U.S. Commerce, rather than when it is imported into country

Reduce

- Production Authority* (AKA Inverted Tariff Benefit) allows you to pay tariff on what you sell to U.S. market, rather than on its imported components

Eliminate

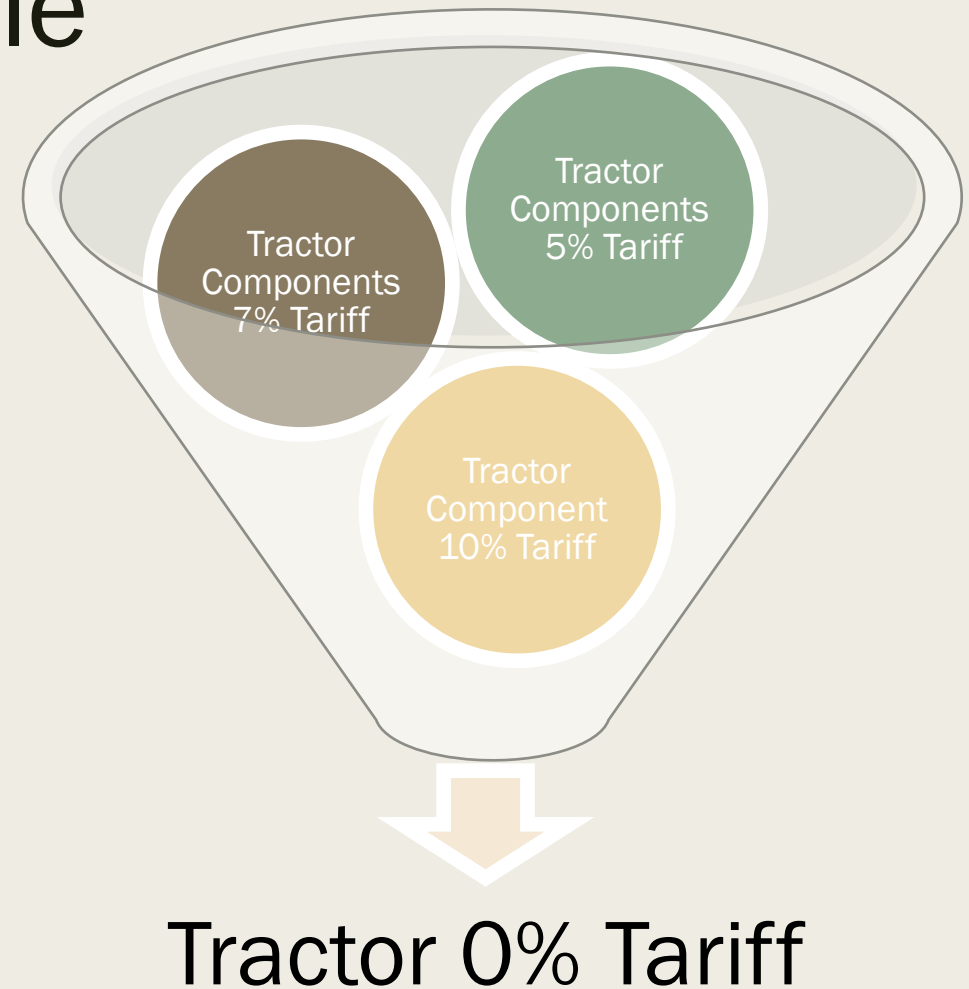
- Eliminate tariff** on scrapped product
- Eliminate tariff on re-exports

**Requires individual approval from National FTZ Board; limited to imports with non-privileged foreign status.*

***Requires individual approval from CBP.*

Inverted Tariff - Example

- Many heavy equipment (e.g. Caterpillar, John Deere*) companies are FTZs, since many large equipment products (e.g. tractors) have 0% duty; equipment companies save multi-millions on zone-to-zone transfer.
- A smaller manufacturer of textiles benefits with a similar structure; their annual savings of over \$150,000 have an equal impact on their business due to their small size



*Source: National FTZ Board, Online FTZ Information System (OFIS)

What are the benefits of operating a Foreign Trade Zone?

Other Cost Savings & Benefits

- Reduced customs brokerage fees due to weekly entry (pay once weekly, rather than per shipment)
- Reduced Merchandise Processing Fees (MPF) – maximum \$538.40 / week instead of per shipment; due when products leave FTZ rather than upon import
- Harbor Maintenance Fee paid quarterly, rather than upon import
- Higher Internal Security - Stealing goods from an FTZ is a federal felony – and stiff penalties deter and reduce theft from an FTZ compared to a warehouse or manufacturing facility outside of an authorized zone

How *might* an FTZ impact new 2025 tariffs?

Goods admitted into an FTZ are assigned one of four statuses. Imports specified in new tariffs are likely to be assigned Privileged Foreign (PF) Status.

Status	Privileged Foreign (PF)	Non-Privileged Foreign (NPF)	Domestic (D)	Zone Restricted (ZR)
Definition	Product will be admitted and withdrawn from the zone as is, without any change in the zone for classification and duty payment purposes.	Product will be admitted and withdrawn from the zone as is, without any change in the zone for classification and duty payment purposes.	Product is of U.S. origin; or foreign but already CBP cleared before arriving at the zone.	Merchandise brought into a zone for the purpose of exportation, destruction, or storage; may not be manufactured nor sent into U.S. Customs territory for consumption.
Tariff Deferral	Yes	Yes	N/A	N/A
Tariff Elimination	Yes, if re-exported outside of USMCA Territory OR If re-exported to Canada & Mexico AND no manufacturing has taken place (warehouse only)*	Yes, if re-exported outside of USMCA Territory OR If re-exported to Canada & Mexico AND no manufacturing has taken place (warehouse only)*	N/A	N/A
Tariff Reduction via Inverted Tariff Benefit	No	Yes, if production authorization is given	N/A	N/A

**This chart reflects likely benefits based on past tariff implementation and common scenarios. It's important to verify your unique situation with a trade attorney to confirm your actual benefits. Information is subject to change.*

Constraints

- FTZ cannot be used as a loophole to circumvent federal policy; this means that imports subjected to Section 301 (imports from China) or Section 232 (imports of steel, aluminum from select countries) cannot be eliminated through the inverted tariff benefit; they can still be deferred and eliminated through re-export
- Per USMCA, product that is manufactured in the U.S. then sold to a customer in Canada or Mexico has to clear customs in the U.S. before shipping to Canada or Mexico; this means that the import tariffs on those manufactured products cannot be eliminated through re-export; there are other USMCA restrictions on foreign trade zones; the National Association of FTZs (NAFTZ) is advocating for the FTZs for America Act to remove those restrictions. Free trade agreements with all countries receiving re-exports need to be evaluated in terms of how they may impact FTZ benefits.
- Companies must apply for the inverted tariff benefit, which requires publishing their application in the federal register for 120-days; other companies can contest an application saying the material can be supplied domestically instead; this impacts highly protected industries such as textiles, sugar, and others

Prominent FTZ Users

If FTZs are so great, why isn't everyone doing it? They are...

FTZs account for 7% of U.S. exports, with over 3,300 companies operating FTZs that employ over 440,000 American workers.

Industry	Prominent Operators
Automotive	BMW, Mercedes, Nissan, Rivian, Subaru, Tesla, , Toyota, Volkswagen
Aerospace	Airbus, Gulfstream, Honeywell, Northrup Grumman, Pratt & Whitney
Clothing	Adidas, Columbia Sportswear, Ralph Lauren, Red Wing Shoe Company, Skechers, Tommy Bahama
Consumer Goods	Callaway Golf Company, Citizens Watch, Crate & Barrel, Fossil, GE Appliances, Home Depot, Hugo Boss, Ikea, Makita, Michaels, REI, Stanley Black & Decker, Sub-Zero Group
Electronics	Fujifilm, Mitsubishi Electronic Power Products, Panasonic, Ricoh Electronics, Sony
Heavy Equipment	Blount International, Caterpillar, CNH, Kawasaki, Komatsu, Kubota, Mitsubishi Logisnext America, Polaris, Yamaha
Petroleum	Chevron, CITGO, Marathon, Phillips 66, Shell
Pharmaceutical	Abbott Laboratories, Baxter Healthcare Corp, Catalent Pharma Solutions, Eli Lilly, Janssen Pharmaceuticals, Johnson & Johnson, Packaging Coordinators, Pfizer, Sanofi

What does a feasibility study look like?

FTZ#176

DATE: _____
 FTZ Candidate: _____
 Completed By (Name): _____
 Location of Potential Zone: _____

Required Question
 Optional Question
 Auto-Calculated

**FOREIGN-TRADE ZONE
 PRELIMINARY FEASIBILITY ANALYSIS QUESTIONS**

The following list contains general information that will assist in determining potential financial benefits for your organization using foreign-trade zone procedures. If multiple locations may be considered, information should be provided as a breakdown for each facility being considered for foreign-trade zone designation.

This questionnaire contains items related to production equipment. If your company will be setting up a production line and will be importing components of the new production line, there may be savings opportunities associated with the production equipment; please complete items under PRODUCTION EQUIPMENT.

If any information requested is not readily available for this preliminary feasibility analysis, please provide information that is readily available.

**Items 1-11 Information necessary for basic preliminary feasibility analysis*

\$0	1	Total annual value of imported (dutyable) merchandise (auto-calculated from below inputs)
		a. Annual value of imported (dutyable) merchandise from Mexico
		b. Annual value of imported (dutyable) merchandise from Canada
		c. Annual value of imported (dutyable) merchandise from other countries, by country of origin (if known)
	2	Number of Customs entries made annually
	3	Total Annual Merchandise Processing Fee(s) paid, if known
	4	Annual Customs Broker Fee(s) paid, if known
	5	Weighted average duty rate of imported merchandise
	6	Average number of inventory turns for previous year
	7	Percentage and/or value of foreign (dutyable) re-exports for the previous year
	8	Total annual value of imported merchandise shipped directly to the customer (drop shipments)
	9	Value of textile merchandise not subject to Visa or Quota, if any

Questions:

Total annual value of imported (dutyable) merchandise (auto-calculated from below inputs)

- a. Annual value of imported (dutyable) merchandise from Mexico
- b. Annual value of imported (dutyable) merchandise from Canada
- c. Annual value of imported (dutyable) merchandise from other countries, by country of origin

Number of Customs entries made annually

Total Annual Merchandise Processing Fee(s) paid, if known

Annual Customs Broker Fee(s) paid, if known

Weighted average duty rate of imported merchandise

Average number of inventory turns for previous year

Percentage and/or value of foreign (dutyable) re-exports for the previous year

Total annual value of imported merchandise shipped directly to the customer (drop shipments)

Value of textile merchandise not subject to Visa or Quota, if any

Total annual value of imported USMCA or other FTA-qualifying merchandise. If unsure which countries qualify for FTA ("free trade agreements"), provide breakdown of values per country

Does company participate in the Duty Drawback Program? If yes, please list the annual dollar amount of drawback refunds from Customs for the previous year.

Annual percentage or value of waste, rejected, and damaged foreign (dutyable) merchandise

Annual value of domestically sourced merchandise

Annual value of dual sourced merchandise (meaning sourced from overseas and domestic sources)

Dollar value of average foreign inventory on hand

Forecast of annual growth of dutyable imports over next 3 years

HTS list of imported merchandise, if available

HTS list of finished product (if manufacturing occurs), if available

Approximation of U.S. value-added as a percent of finished products value (if manufacturing occurs)

Interest rate (cost of capital; percentage)

Application Process

FTZ#176

Or your local Grantee



Grantee

- FTZ #176 works with company to complete application
- FTZ #176 approves designation as FTZ; secures concurrence from CBP

National FTZ Board

- Grantee submits application to National FTZ Board
- Additional processing required for application for Inverted Tariff Benefit

US CBP

- Apply for activation with U.S. Customs & Border Protection
- Requires submittal of operating procedures

Application Process - Timing

Foreign Trade Zone Benefits are offered as a public utility, required by law to be offered with uniform treatment. The benefits and application process and fees are non-negotiable and can be accessed at any time by a company, regardless of investment or job creation.

Process	Time Required (Typical)	Constraint
Application for designation with National FTZ Board	60-days	Company supplying information, Port authority meeting schedule
Production Notification Optional process	150-days	120-day comment period in federal register, Company supplying information for application
Activation with CBP	6 - 9 mo. Mostly concurrent to other processes	Company establishing internal operating procedures Customs & Border Protection responsiveness

FTZ Activation and Operating Costs

Indicates costs specific to FTZ #176 – varies by FTZ

FTZ Operating Costs (typical; every situation is unique)	Cost	Notes
One Time Costs		
Application fee to Grantee (GRAA) <i>Varies by FTZ</i>	\$2,000	Assumes ASF-MBM Application; 300+ Employees cost is \$3,000
Production authorization application fee to Grantee <i>Varies by FTZ</i>	\$2,000	Optional; 300+ Employees cost is \$3,000
Activation fee to Grantee <i>Varies by FTZ</i>	\$2,000	300+ Employees cost is \$3,000
Security investments	TBD	TBD; depends on readiness of facility; may include implementation of key card access, picture badges, etc.
Implementation Consulting; including but not limited to:		
Development of procedure manual	Hourly rate TBD	FTZ #176 can provide list of service providers for quote
Staff training	Hourly rate TBD	FTZ #176 can provide list of service providers for quote
Annual Fixed Costs		
FTZ Bond	\$ 5,000 (typical)	\$250/\$50,000 of bond liability; typically requires \$1 Million in liability coverage
Annual Fee to Grantee <i>Varies by FTZ</i>	Ranges \$5 - 25k annually depending on employment	1 to 50 employees..... \$5,000 51 to 150 employees..... \$10,000 151 to 500 employees..... \$15,000 501 to 1500 employees \$20,000 1501 or more employees..... \$25,000
Variable Costs		
In-bond transportation	TBD	FTZ #176 can provide list of service providers for quote
Admission processing fees or software	TBD	FTZ #176 can provide list of service providers for quote
Entry fees or software	TBD	FTZ #176 can provide list of service providers for quote
Ongoing staff-training/consulting as needed	TBD	FTZ #176 can provide list of service providers for quote

Common Myths

- **Myth #1** - The foreign-trade zone is geographically limited to a pre-approved zone
Reality – as a potential FTZ operator, forget the zone map exists; we can get you activated
- **Myth #2** – The FTZ is a warehouse at the airport where a company can store its product
Reality – The foreign-trade zone is your facility, your warehouse, and you control the inventory
- **Myth #3** – My product has to be imported through a specific port-of-entry to use the FTZ
Reality – Your product come into the U.S. through any port by any means, and never has to pass through the FTZ grantee port-of-entry

Economic Impact

- Foreign-trade zones level the playing field between onshore and offshore manufacturing and warehouse operations, making domestic manufacturing more competitive
- There are restrictions in place that prevent manufacturers from using FTZ as a loophole around intentional federal trade policy; tariffs are still due on product that enters U.S. Commerce, that tariff is deferred and, in some cases, modified to reflect the product that actually enters U.S. Commerce
- Reducing costs of domestic manufacturing reduces costs for consumers, enhances competitiveness of U.S. exports, and encourages job growth in our regional economy

Economic Impact

Transparent and readily available economic impact metrics are available to download at <https://ftzrockford.com/ftz-rockford/economic-impact/>

FTZ#176

About FTZ Sites

How to Apply for FTZ

Economic Impact

Success Stories

News & Blog

Resources

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ECONOMIC IMPACT METRICS

The purpose of the Foreign Trade Zone program is to increase economic activity, employment and capital investment in the United States. This is accomplished by reducing costs and optimizing supply chain operations. The below data reflects:

- **Employment** – this reflects the total number of people employed in FTZ #176 zone operations. An increase in employment indicates growth in number of people with employment tied to FTZ activities.
- **Total Value of Shipments** – this reflects the total revenue coming into the foreign trade zone operation, inclusive of both domestic and international sales. An increase in the total value of shipments reflects an increase in revenue to FTZ #176 operators.
- **Exports** – This reflects the total value of exported product from FTZ #176 sites and subzones. An increase in exports reflects positive GDP to the United States.

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Employment	1,541	1,953	1,845	2,071	2,142	2,581	2,199	2,582	2,457	2,543	3,671
% Increase y / y	-2%	27%	-6%	12%	3%	20%	-15%	17%	-5%	4%	44%
% increase 5-Year	Not avail.	Not avail.	Not avail.	26%	36%	67%	13%	40%	19%	19%	42%
Value of Shipments	\$ 268,617,013	\$ 323,549,092	\$ 69,870,077	\$ 65,981,884	\$ 150,812,540	\$ 577,413,776	\$ 599,650,894	\$ 680,414,159	\$ 1,101,721,928	\$ 1,815,792,267	\$ 2,248,754,476
% Increase y / y	93%	20%	-78%	-6%	129%	283%	4%	13%	62%	65%	24%
% increase 5-Year	Not avail.	Not avail.	Not avail.	-57%	9%	115%	85%	874%	1570%	1104%	275%
Exports	\$ 46,611,598	\$ 62,890,644	\$ 23,641,566	\$ 13,963,711	\$ 115,671,283	\$ 93,928,107	\$ 72,206,038	\$ 90,358,351	\$ 164,072,473	\$ 184,334,201	\$ 196,600,801
% Increase y / y	108%	35%	-62%	-41%	728%	-19%	-23%	25%	82%	12%	7%
% increase 5-Year	Not avail.	Not avail.	Not avail.	-31%	416%	102%	15%	282%	1075%	59%	109%

2023-Indicators [Data Export](#)

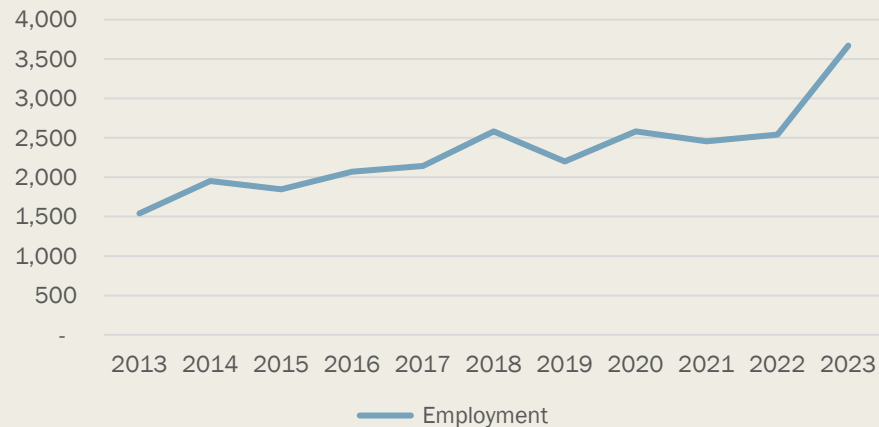
Source: FTZ #176 Annual Reports submitted to National FTZ Board. Data is aggregated and does not reflect any individual company's information. Updated April 2024; next release April 2025.

Economic Impact

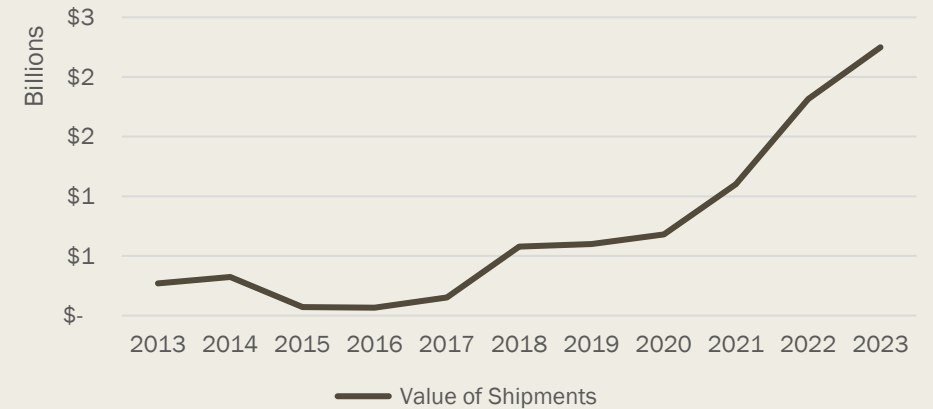
Since 2018, FTZ indicators for FTZ #176 show:

- Employment in FTZs has grown 42%
- Value of shipments from FTZs has grown 289%
- Value of exports from FTZs has grown 109%

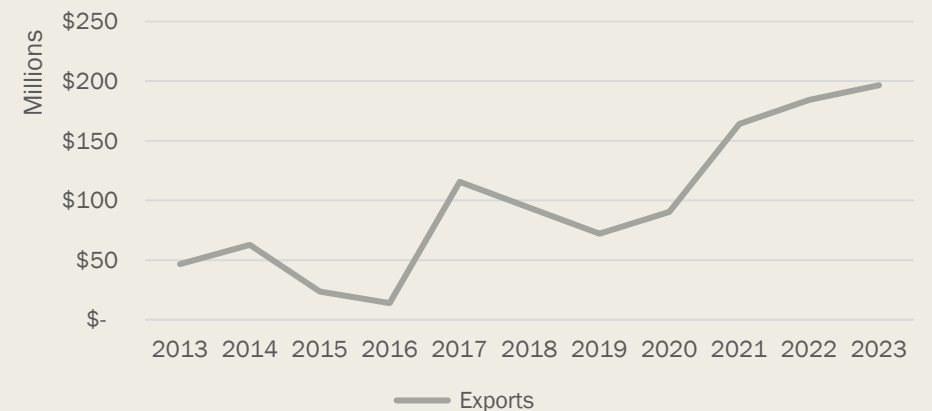
Total Employment in FTZ #176 Sites and Subzones



Total Value of Shipments From FTZ #176 Sites and Subzones



Total Value of Exports from FTZ #176 Sites and Subzones





ROCKFORD'S FOREIGN TRADE ZONE #176

Connecting businesses in northern Illinois to the world

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