



ZONE Outlook

GREATER DETROIT FOREIGN TRADE ZONE, INC.

Vol. 4, Issue 4

Greater Detroit Foreign Trade Zone Directors

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New Zone Looking to Improve Efficiencies Wacker Chemical Corporation - Adrian, Michigan

Whether it's a package of potato chips, a tube of toothpaste or a cell phone, airbags, diving goggles or furniture polish, people all over the world come into contact with products and achievements from WACKER. As a chemical company, they develop solutions and technologies and manufacture products for virtually all the world's key industries. And soon, they'll be part of the Greater Detroit Foreign Trade Zone family.

WACKER is a Euro \$2.7 billion worldwide enterprise headquartered in Germany with four specialized business divisions: WACKER SILTRONIC – hyperpure silicon for semiconductor devices; WACKER SILICONES – silicone fluids, rubbers and resins, silanes and fumed silicas; WACKER SPECIALTIES – redispersible powders, solid resins, polyvinyl butyrals, specialty chemicals, catalysts and biotech-

nology; and WACKER CERAMICS – advance ceramics, boron compounds, functional coatings and microporous insulation materials. When its Michigan location in Adrian learned it could improve efficiencies by operating as a foreign trade zone, it moved quickly to seek zone status.



According to Cheri Burton, WACKER's Customs Compliance Manager, "The initiative began when the consulting firm, KPMG, suggested they further investigate the benefits they might achieve by operating a zone." Because much of the raw material WACKER handles comes from Germany, their Adrian site is ideal.

Activities within the subzone will focus on the WACKER SILICONES and WACKER CERAMICS divisions. Burton explains that materials for WACKER CERAMICS will primarily move through the site where they will be warehoused

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Did You Know?

Container Security Initiative...

Reprinted from Customs Today

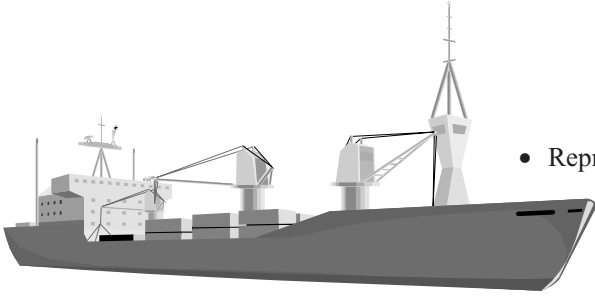
CSI is an initiative that was developed by U.S. Customs, now Customs and Border Protection, in the aftermath of the terrorist attacks of September 11. Now located in the Department of Homeland Security, the CBP is continuing to implement CSI at major ports around the world. Under the CSI program, a small number of CBP officers are deployed to work with host nation counterparts to target high-risk cargo containers. Its purpose is to protect containerized shipping from exploitation by terrorists. Containerized shipping is a critical component of global trade because most of

the international trade moves or is transported in cargo containers.

To date 18 of the top 20 ports have agreed to join CSI and are at various stages of implementation. These ports are points of passage for approximately two-thirds of cargo containers shipped to the United States. They include (by container cargo volume): Hong Kong, Shanghai, Singapore, Rotterdam, Pusan, Bremerhaven, Tokyo, Genoa, Yantian, Antwerp, Nagoya, Le Havre, Hamburg, La Spezia, Felixstowe, Algeciras, Kobe and Yokohama.

CSI consists of four core elements: (1) using intelligence and automated information to identify and target high-risk containers; (2) pre-screening containers identified as

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Did You Know? – Cont'd

high-risk, at the port of departure, before they arrive at U.S. ports; (3) using detection technology to quickly pre-screen high-risk containers; and (4) using smarter, tamper-evident containers.

Globally, more than 48 million full cargo containers move between major seaports each year. Each year, more than 6 million containers arrive in the United States by ship. Most recently, the governments of Malaysia and Sweden have joined CSI. In Europe, CBP is looking to expand CSI to at least 11 additional ports. The CSI initiative supports the “Cooperative G8 Action on Transport Security” adopted by G8 in June, 2002.

Roles of a Customhouse Broker in a Zone...

Have you ever considered having a customhouse broker manage your Zone? Here's what they can do for an operator:

- Represent the operator before CBP arranging for direct delivery.
 - Keep abreast of changes in FTZ regulations.
 - Act as intermediary with the freight carrier and audit the bill of landing.
- Provide, in concert with the importer, tariff classification on all goods entering and exiting the FTZ.
- Produce weekly Customs entry through ABI and pay dues.
- Ensure appropriated handling of mixed shipments with Zones and non-Zone goods.
- Prepare and send Census feed monthly.
- Monitor deliveries to Zone and periodically compare/reconcile with the importer's inventory system.
- Assist dock workers with shortages and overages with broker employee on site.
- Provide advance visibility on what's arriving at the Zone.
- Perform studies on the effectiveness of FTZ strategies.
- Prepare application for FTZ in conjunction with operator, attorney or consultant.

New Zone – Cont'd

and resold. Those for WACKER SILICONES will also be warehoused and resold, as well as used in manufacturing.

What types of products will be manufactured? WACKER SILICONES is one of the world's top four silicone producers with a portfolio of over 2,000 products. They are a market leader for airbag coatings, masonry protection agents and elastomers for technically challenging applications, such as medical technology or insulation products for power transmission and distribution. Industries they serve range from automotive, aerospace, construction and chemical sectors, through electrical engineering, electronics, cosmetics and consumer care to textiles, pulp and paper, metal processing and mechanical engineering.

Currently, WACKER is in the process of implementing its EZ-FTZ software system. Full zone activation of the site is expected before year-end as they await final zone approval. Operationally, Burton believes there won't be much change. “As a chemical manufacturer, our security measures are already very tight. Our real opportunity will be realized through better optimization of our supply chain,” says Burton. “We anticipate more efficiency in the cost of our material handling and of course the deferral of duties.”

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