



# ZONE Outlook

GREATER DETROIT FOREIGN TRADE ZONE, INC.

Vol. 3, Issue 2

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## Greater Detroit Foreign Trade Zone Directors:

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Martin B. Zimmerman, Ph.D.  
*Ford Motor Company*

## Metro Changes & Grows With the Times

As the largest independent operator of FTZs in the United States, the Romulus-based Metro International Trade Services, Inc. handles the trade shipments of importers and exporters worldwide. Its foreign trade zone warehouses in strategic locations throughout the world – including three facilities in metro Detroit’s Zone 70 – handle an eclectic array of goods ranging from pickles and Russian vodka, to miniature motors and electronics. “We have never done just one thing. We have always been extremely diversified in the types of businesses we serve and the kinds of products we deal with,” explains Operations Manager Stacey Wright, who has worked in several of Metro’s global FTZ sites.

Though Metro’s FTZ status is not something its customers would point to as their reason for doing business with the company, the benefits zone status provides them often result in repeat business for the company. “Our zone status is like found money to our clients,” says Christopher Wibbelman, Vice President of Administration at Metro. “Businesses don’t usually make their decision to use our warehouses based on our FTZ status, but when a problem with a shipment arises – such as a labeling deficiency or a quota issue – they can save money by warehousing their products in the Zone. That’s when it pays off for them and they appreciate the availability of our FTZ. It’s definitely a value-added service that we offer our customers.”

Since being granted FTZ status in June 1990, changes in international trade trends and laws have prompted changes in Metro’s operations. “The trend toward global free

trade is good for trade in general, but not as good for FTZs,” says Wibbelman. Metro rose to the challenge by expanding geographically, opening warehousing and distribution facilities in Long Beach and San Diego, California in 1991 and 1994 respectively, a New Orleans facility in 1998, and most recently adding two new warehousing operations in London, England and Trieste, Italy. The company also benefits from the sheer volume of products handled by its warehouses.

Locally, where the automotive industry once dominated Metro’s operations at its Detroit, Riverview and Metropolitan Airport operations, the company now handles more domestic warehousing than it once did. Additionally, it has broadened its base of business by serving as administrator of FTZs for third party businesses. At its Metro Airport Center, a multi-tenant facility near Metro Airport, for example, individual companies use the FTZ with Metropolitan International Trade Services as the operator. These companies can, in turn, offer FTZ benefits to their own customers, with Metro handling the extensive recordkeeping involved. Metro’s third party warehousing has become a strong niche business for the company’s Detroit operations.

Looking ahead, though NAFTA’s impact has left its mark on FTZ operations in the Detroit-area marketplace, Metro remains optimistic of future opportunities. According to Wibbelman, “We still own and operate several buildings and properties here so that when the opportunities present themselves, we will be well positioned to take advantage of them.”

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## People in the Know

### John Carroll



When members of the Detroit Regional Chamber conducted a national search for a candidate to fill the position of Senior Vice President of Economic Development last year, they found their man literally right under their own roof. John Carroll, who

assumed the post in December 2000 and also serves as Executive Director of the Detroit Regional Partnership, had been the Chamber's Senior Director of International Business Development.

As Executive Director of the Detroit Regional Partnership, the economic development effort for the ten-county region of Southeast Michigan, John is charged with attracting new business to the region as well as finding new business opportunities for companies within the ten counties. An ardent supporter of the GDFTZ, John views FTZs as yet another attractive economic development incentive for drawing business to the region. "As I see it, FTZs are a useful tool for enabling businesses to be competitive and the GDFTZ is an asset in promoting Southeast Michigan as a good place to do business."

John's own connections to the GDFTZ go back about 13 years. Prior to his work with the Chamber, he worked with the

Detroit Economic Growth Corporation (DEGC), the City of Detroit's economic development partner. At the time, the DEGC held title – on behalf of the City – to one of the Detroit-based FTZs. As a result, John attended many FTZ general meetings and also became directly involved with a number of current and former Zone operators.

He has seen the GDFTZ grow and evolve through the years, the most noteworthy change, according to John, being the decline in the use locally of FTZs by the automotive industry. To help offset that loss, John believes the GDFTZ needs to continue its diversification efforts by investigating the potential use of FTZs by other industries – particularly those involved in high duty goods that originate offshore. He cites the machine tools industry and consumer products as possibilities.

A native Detroiter, Carroll says that though he has traveled globally for his work, Detroit has always been his base and the place he calls home. He attended Wayne State University, earning masters and bachelor's degrees in economics, and thereafter, worked in a variety of economic development capacities throughout the tri-county area before joining the Detroit Regional Chamber in 1996.

**Occupation:**  
*Senior Vice President Economic Development, Detroit Regional Chamber and Executive Director, Detroit Regional Partnership*

**Residence:**  
*Grosse Pointe Farms*

**Hobbies:**  
*Boating – both sailing and power boating, and running marathons. He has participated in marathons in Boston, New York and Detroit*

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## Save the Date

### Annual Marketing & Operations Seminar

New Orleans, LA  
May 20-21, 2001 (Roundtables 5/19)  
LeMeridien Hotel (504) 525-6500  
\$159 single occupancy;  
\$179 double occupancy

### 29<sup>th</sup> Annual Seminar/Conference & Exposition

Reno, NV  
October 21-25 (Roundtables 10/21)  
Silver Legacy (775) 329-4777 or  
Eldorado Hotel (800) 648-5966  
\$89 s/d occupancy Silver Legacy  
Spa Suite - Silver Legacy or Eldorado  
Hotel \$125 weekdays/\$175 weekends

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# The Changing Face of Detroit FTZs

*from the desk of Steven Olinek, Director*

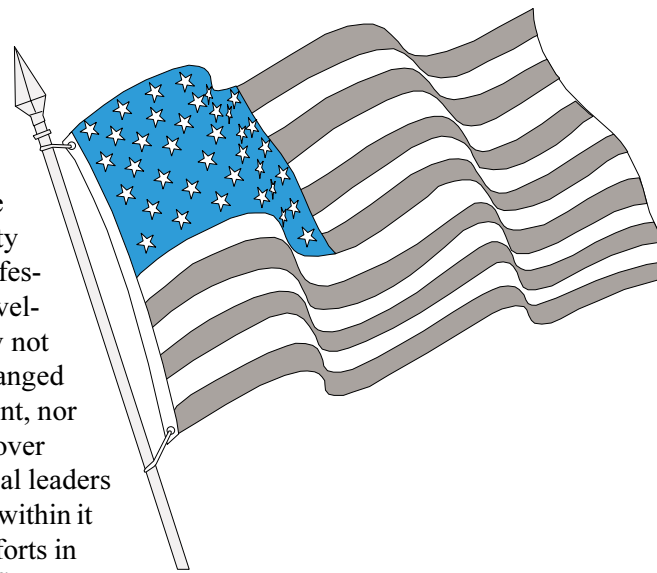
Following the aftermath of an unprecedented national election that brought incredible scrutiny to the electoral process, the question “Who’s the boss?” was finally answered. Many questions remain, as they always do when a new administration assumes the driver’s seat. Answers to the most pressing and pertinent concerns, “What’s he about?” and “How will it affect my life?” will unfold in time. Can we expect a more protectionist trade philosophy? Will business continue to flourish? Are we headed for a recession? Will anything really change? We’ll see.

Locally, the FTZ program would appear to be here for the long haul. A mere change in the federal government’s administration, even one involving another political party will not, likely, change its viability. Other things may, but then, they already have. For example, when I started here 11 years ago, Greater Detroit Foreign Trade Zone Inc. (GDFTZ) concentrated its marketing efforts on Canadian firms. A special, two-year long, privately funded Canadian Marketing Program was launched to entice these firms to Detroit area FTZs, as they rationalized their North American presence. Consequently, I spent a lot of time and energy pursuing target firms in my home and native land. Not long afterward, the U.S.-Canada Trade Agreement evolved into the North American Free Trade Agreement (NAFTA) and the last tariff-based barriers to trade between the two countries dissolved. The inclusion of Mexico effectively ended the need for FTZs on direct shipments between the three participant nations. Our market focus necessarily changed.

Of greater impact was the change that occurred about four years ago. What resulted was the loss of the core constituent of Detroit’s FTZ business and the

nation’s largest FTZ user, the automobile industry. Changes to GATT (the General Agreement on Trade and Tariffs) made it possible for the auto industry and others to more easily import components and raw materials of foreign origin, without utilizing FTZ procedures. The OEMs, without any detailed analysis, believed they could now realize the same or greater benefits with less administration. Collectively, GDFTZ’s annual volume went from a record \$36 billion in 1996 to just over \$5 billion last year. This was, indeed, a dramatic change and one that makes a change in presidents inconsequential by comparison.

What lies ahead seems clear. Although the heady volumes and countless subzone participants of the 1990s are just fond memories, we still have a lot of work to do. Attracting new small to medium-sized manufacturing operations to the FTZ program, companies that may only save a few hundred thousand dollars and not the multi-millions the Big Three annually saved, will be our focus. So, too, will be a greater emphasis on the utilization of general-purpose zones for storage and distribution operations. FTZ use should be an amenity touted by every professional economic developer. While we may not have chosen our changed business environment, nor have much control over changes new political leaders bring, we will work within it and continue our efforts in marketing the benefits FTZ status offers.





## For more info

GDFTZ's *Zone Outlook* is published quarterly. For additional information or assistance with your trade needs, please contact:

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# Senator Lott Honored by NAFTAZ as Person of the Year

Senator Trent Lott accepted the NAFTAZ Person of the Year Award at its annual Congressional Reception in Washington D.C. on February 26, 2001. At a ceremony held in the Dirksen Senate Office Building, NAFTAZ President Domenick Gambardella presented the award to Senator Lott. Bruce Nourse, a representative of the Mississippi Coast FTZ, also recognized the Senator with a special "Resolution of Appreciation." The Mississippi Coast FTZ is the grantee organization that provided the local support to the NAFTAZ's efforts.



The NAFTAZ recognized its first Person of the Year at its 1985 Annual Conference. The award is designated periodically to individuals who have been instrumental in furthering the efforts of U.S. trade policies, supporting the purposes of the FTZ Program and serving as an outstanding public or private official in his/her particular profession. Senator Lott was instrumental in guiding the Weekly Entry for FTZ legislation through the yearlong process in the Congress.

### *Past recipients of the Award have included:*

Senator Spark Matsunaga of Hawaii – 1985  
Secretary of Commerce Malcolm Baldrige (deceased) – 1986  
Representative Don Bonker, Washington – 1987  
President Ronald Reagan – 1988  
Representative Frank J. Guarini, New Jersey – 1989  
Representative Sam Gibbons, Florida – 1990  
Representative Solomon P. Ortiz, Texas – 1997  
Senator Daniel K. Inouye, Hawaii – 1998.

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**GREATER DETROIT  
FOREIGN TRADE ZONE, INC.**

