



ZONE Outlook

GREATER DETROIT FOREIGN TRADE ZONE, INC.

Vol. 3, Issue 4

Content:

Mega-zone Helps Steer
Economic Future of
Northeast Ohio

Washington Word

Managing Trade Issues
Enhances Corporate Profits

People In The Know:
Dennis Puccinelli

Greater Detroit Foreign Trade Zone Directors:

William J. Adams
Consultant
CHAIRMAN

Martha K. Richardson
Services Marketing Specialists
VICE CHAIR

Eddie R. Munson
KPMG LLP
SECRETARY-TREASURER

Godfrey J. Dillard
Attorney at Law

George W. Jackson, Jr.
Detroit Edison

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

Mega-zone Steers Economic Future

Covering a six-county area, Northeast Ohio is geographically the largest FTZ in operation. Operated under the authority of the Northeast Ohio Trade and Economic Consortium (NEOTEC), this multi-site zone makes good sense as a location for business looking to compete more effectively in the global marketplace.



Formed in 1996 by officials in six Northeast Ohio counties (Columbiana, Mahoning, Portage, Stark, Summit and Trumbull), NEOTEC recognized the advantages of a collaborative effort to promote trade, business growth and economic opportunity on a regional basis. According to Ronald DeBarr, Executive Director of NEOTEC, the added incentive of being able to offer some businesses the benefits of operating in an FTZ is just one of the many elements that enhances the attractiveness of the region. With 42 major cities and 55 percent of all U.S. manufacturing plants within 500 miles of Northeast Ohio, auto assembly, machine manufacturing, electronics, warehousing, food products and companies in many other industries can profit from locating in the zone. "Much of the infrastructure vital to industry is already in place in the region, with excellent potential for expansion," says DeBarr. "For instance, we've created access to a multi-modal transportation network of regional and international airports, global air cargo, shipping ports, railroads and interstate trucking that can link businesses to the world."

Although still considered to be in the infant stages of marketing the region, some of what the region has to offer includes:

- **Gilchrist Polymer Center** – a 13-acre complex, with a 500,000 sq. ft. polymer resin storage, transloading, processing and distribution center, and access to railroad lines and major interstates

- **Terminal Warehouse** – a 30-acre area with a 350,000 sq. ft. public contract warehouse, on-site rail and access to five major interstates, as well as temperature control/hazardous material storage

- **CAK International Business Park** – a 157-acre area at the Akron-Canton Regional Airport with a third-party logistics

provider on-site, centrally located between Akron and Canton, less than one hour from Cleveland, and access to major interstates

- **Mansfield-Lahm Airport** – three industrial parks offering more than 110-acres, an 11,000 ft. airport runway, located midway between Cleveland and Columbus

- **Neomodal-NECOM Park** – a 400-acre complex, intermodal rail facility and warehouse operation, third-party logistics provider, and access to three rail lines and a state highway

- **Cuyahoga Falls Industrial Park** – a 30-acre complex with a new infrastructure, minutes from Akron rail and air transportation, and within one hour of Cleveland shipping and air transportation

- **Columbiana County Port Authority World Trade Park** – a 105-acre park with 10 acre lots available, rail and shipping access, 60 minutes from Pittsburgh international air transportation and minutes from major interstate highways

- **Columbiana County Port Authority-East Liverpool** – an inland waterway shipping port via New Orleans with barge dock facilities, rail and interstate access, a 25,000 sq. ft. office building and a 100,000 sq. ft. industrial building with 55 ft. ceilings and 20-ton cranes

- **Youngstown-Warren Regional Airport** – a state-of-the-art Davis Air Cargo Center with warehouse space, land availability for development within 1,185-acre zone, that is centrally located to Cleveland and Pittsburgh.

Conclusion on Page 4

Washington Word

Multi-track Conference Offers Something for Everyone

The upcoming NAFTAZ's 29th Annual Seminar/Conference & Exposition will present an opportunity for grantees, operators and users to gather and expand their knowledge as well as exchange ideas. And, multiple tracks promise something for everyone.

• **FTZs: "The Total Experience"** – A three-day integrated program will provide the essentials of the FTZ program and reinforce the foundation knowledge already acquired by experienced practitioners. It will feature an overview of the entire program with an emphasis on trade facilitation and FTZ procedures.

• **Business Track** – For those more experienced in the program, this track will emphasize day-to-day, in-depth issues of zone management and operation. It will focus on the import process and documentation, reporting requirements, and also a presentation by the U.S. Census Bureau on statistical requirements of FTZs and general importers and exporters. This session will cover CF214A's, the Automated Foreign-Trade Zone Reporting Program (AFTZRP), and recent changes to Census regulations pertaining to the Shipper's Export Declarations (SED's) and the Automated Export System (AES).

• **Petroleum Track** – A full day of presentations pertaining to the NAFTAZ/Customs Petroleum Training Module Accounting Example.

• **FTZ's: "The Total Experience," Part II** – A one and a half day curriculum featuring international trade basics and trade mechanics. Topics will explore effective methods to develop a zone project, the ins-and-outs of FTZ applications, how and when to handle changes, the "Public Interest" principle, administrative issues such as file maintenance, zone schedules, annual reports and grantee liability.

• **Compliance** – For experienced FTZ practitioners, this program will cover topics including the U.S. Customs Compliance Assessment Process, tips on how to perform self assessments, how to deal with the results of an

assessment, and the steps to be taken to ensure that a Customs broker is compliant.

• **Operations Track** – This track will focus on what happens in an audit, how to create an audit trail, possible fines and penalties, the recently published mitigation guidelines and the progress of Customs modernization efforts.

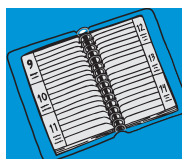
• **Workshops** – One workshop will deal with inventory control in FTZs and feature a hands-on exercise on how inventory systems work. The other workshop is directed toward classification.

What Lies Ahead?

In the wake of the September 11, 2001 terrorist attacks, America looks at the future with guarded concern. How have these events changed our lives? What will the future hold? How might commerce and trade be affected? These are just a few of the questions running through the minds of many.

For the FTZ program, Randy Campbell, NAFTAZ Executive Director, believes it may result in increased use of zones because they offer secured areas for merchandise, and the tracking and reporting systems are already in place. "We have also noticed increased interest in and the importance of Senator Hollings' Port Security Bill, which contains a section that would require the same information for 'in-bond' movements as it does to make an entry," said Campbell.

As for progression with a number of other pending items, such as the Customs Manual Update, the '08' Process which deals with moving merchandise into Canada and Mexico, and the Automated Admission Process, Campbell says they have been put on hold or delayed in Washington since the terrorist attacks. NAFTAZ will keep everyone updated as these items begin to move forward.



Save the Date

Annual Legislative/ Regulatory Seminar

Washington, D.C., February 24-26, 2002 (Roundtables 2/24 / Congressional Visits 2/26), Washington Monarch Hotel, \$189 single/double occupancy.

Managing Trade Issues Enhances Corporate Profits

from the desk of Steven Olinek, Director

To the various corporate departments traditionally listed in company directories, an emerging discipline is becoming a common addition. Among the listings of human resources, corporate logistics, information technology and planning, many American firms are now adding Customs compliance. Sometimes compliance functions don't exist as a distinct department, but become a responsibility of the tax department or finance or international operations. Either way, opportunities in this area have continued to grow.

The impact made on a company's profit-and-loss statement by the decisions of savvy compliance managers can be significant. Fines levied by U.S. Customs against private firms for non-compliance can be severe. Penalties for serious or chronic violations are often as high as several million dollars. Conversely, the savings realized through foreign-trade zone use or other Customs management practices may well dictate the color of ink used in annual financial statements. Compliance practitioners are, accordingly, rewarded for being integral parts of a successful management team.

Annual salaries of entry-level positions for import analysts and similar jobs at major corporations can range as high as \$60,000. Department directors with a sizeable staff may command \$120,000 or more. How is it that the stature of once lowly, or at least under-appreciated Customs brokers, has been elevated to corporate management status?

Ever greater numbers of U.S. companies either sell their products abroad, have foreign divisions or affiliates, or source components or raw materials from overseas locations. They are importers or exporters

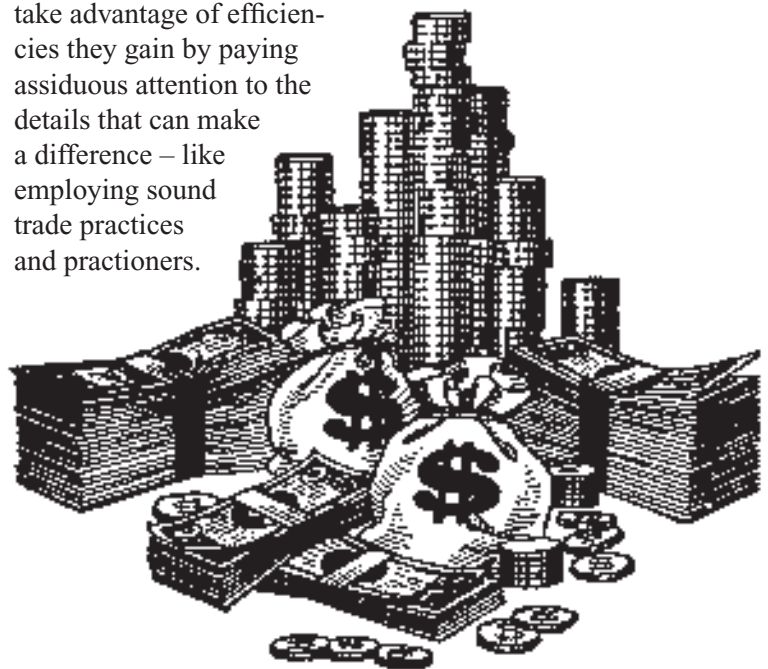
or both. Consequently, international issues increasingly influence the boardroom decisions of domestic companies. In addition, the Customs Modernization Act of 1993 placed the responsibility for compliance to Customs regulations squarely on the shoulders of the company. In earlier times, the monitoring of export controls, classification and valuation functions were the province of the company's broker. While many of the major accounting firms have long provided trade consulting services to client firms, more companies are choosing to control this increasingly significant and complex function in-house. Customs compliance is, simply, having a more notable impact on corporate profitability.

Now that the economic boom of the 1990s has ended and the next phase has begun, we can only hope that corporate profits will rebound sooner than later. Our further hope is that continuing profitability is not the result of a downsizing, but rather, the result of more judicious management. Successful American companies of the future will, very likely, be the ones that take advantage of efficiencies they gain by paying assiduous attention to the details that can make a difference – like employing sound trade practices and practitioners.



New Member Welcome

Buske Lines, a Brownstown, Michigan-based logistics provider of warehousing and distribution has been approved as southeast Michigan's newest general-purpose zone operator.





For more info

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

W. Steven Olinek
Director

Greater Detroit
Foreign Trade
Zone, Inc.
8109 East
Jefferson,
Detroit, MI 48214

313/331-3842 *ph*
313/331-5457 *fx*

www.gdftz.com

People in the Know: Dennis Puccinelli

Occupation: Foreign-Trade Zones Board Executive Secretary • Residence: Burlington, VA

With 20 years of service under his belt, Dennis Puccinelli has seen the FTZ program and international trade blossom. "When I started, we had a total of 60 zones and six subzones in the program," said Puccinelli. "Today, the program consists of 240 zones and about 400 subzones." In addition to the sheer numbers of zones, he has seen growth in the way that the program is being used. Puccinelli remembers the first wave of growth being with the automotive industry. "One of their primary concerns was with the high duties that were placed on parts. Now that that has been corrected, the pressure to use the program is not as strong for the automotive industry, although they still remain the second largest user of the zones program," explains Puccinelli. "Now we are seeing a broadened interest as the program is branching out into other industry sectors such as warehousing and logistics, oil refineries, pharmaceuticals, electronics, ship building, specialty chemicals, heavy equipment manufacturers, robotics and others."

The regulatory role has changed substantially as well according to Puccinelli, with Customs issues and rulings. "We've grown from a time when there was no on-site inspections to automated inspections," says Puccinelli. "Operators have been given much more authority and activation has become more flexible. Before, entire facilities had to be designated as FTZs, where now portions of a facility can qualify for activation."

As Executive Secretary of the U.S. Commerce Department's FTZ Board, the regulatory body of the program, Puccinelli and his staff frequently address issues concerning how the use of the zones program will impact industry. In fact, they recently completed a comprehensive review of 60 oil refineries to evaluate the impact zone use would have on domestic industries, and found refineries to be excellent users of the program. On a broader front, Puccinelli is pleased to report that the board has no major issues of concern at the present time.

Mega-zone Conclusion

Shortly, NEOTEC will also begin hosting an annual FTZ workshop that covers what interested businesses and the individual counties involved in the partnership need to know about operating within the zone, including a closer look at the supply chain, forms to be

completed, compliance issues, rules and regulations, and more. "It will be a refresher course for the current operators and an excellent introduction to those interested in taking advantage of the benefits available with zone operation," said DeBarr.

8109 East Jefferson
Detroit, MI 48214

GREATER DETROIT
FOREIGN TRADE ZONE, INC.

