FOREIGN TRADE ZONE #208

# How Companies Use the New London FTZ

Step-by-step guide to designations, activation, security requirements & daily operations

*New London County, Connecticut · FTZ Board Authorized · CBP Supervised*

# Who's Who in the FTZ

Every FTZ transaction involves three distinct parties with different roles and obligations.

### GRANTEE
**New London FTZ Commission**

Authorized by the FTZ Board to sponsor zone sites in New London County. A public entity that submits applications on behalf of businesses and oversees the zone program.

### OPERATOR
**A Company (or 3rd Party)**

The corporation that activates and runs the FTZ site under agreement with the Grantee and with CBP's approval. Holds the CBP bond and is responsible for all compliance.

### USER
**Merchandise Owner**

Uses the zone under agreement with the Grantee or Operator. Often owns the goods being stored or processed. A company can be both Operator and User if handling its own merchandise.

*A single company can hold all three roles simultaneously when activating its own facility.*

# Step 1: Get Your Facility Designated

Under FTZ #208's 2020 ASF reorganization, ANY New London County business can apply for a usage-driven site at its own facility

STATE PIER NOTE

### State Pier
### (133-Acre Magnet Site)

- State Pier is FTZ #208's original magnet site
- Currently committed to Ørsted/Eversource offshore wind operations under a lease through 2033
- Gateway New London is the terminal operator — generally not available for new FTZ users

THE PATH FOR YOUR BUSINESS

## Usage-Driven Site at Your Own Facility

**Any warehouse, plant, or distribution center in New London County**

| | |
|---|---|
| **30-day approval:** | Grantee files a Minor Boundary Modification — no FTZ Board application fee, no public comment period |
| **Your footprint, your rules:** | The FTZ can be your whole building, a walled-off section, a secured cage, or a dedicated floor |
| **3-year sunset check:** | Site designation must show actual FTZ activity every 3 years or it lapses automatically |
| **Stackable with any business type:** | Manufacturing, distribution, assembly, storage — all qualify with the right CBP procedures manual |

# Steps 2–4: Apply, Designate & Activate

1

### Contact the Grantee

Call Rain Daugherty at the New London FTZ Commission: (860) 437-6346. The grantee guides you through the process and submits the site application to the FTZ Board on your behalf.

3

### Customs and Borer Patrol Activation Application

Submit to the local CBP Port Director: facility description + security plan, a certified procedures manual for inventory control, grantee's written concurrence, and background check authorization.

2

### FTZ Board Designation

Grantee files a Minor Boundary Modification. No application fee. No public comment period. Decision in 30 days. Site re-evaluated every 3 years (must show actual usage).

4

### Post the CBP Bond

File a continuous customs bond (CBP Form CF-301). Covers receipt, handling, inventory obligations. Bond cost varies based on inventory value and duty exposure (typically several thousand dollars annually). Failure to comply = 'default' and liquidated damages.

# Step 5: Physical Security Requirements

CBP inspects and must approve facility security BEFORE any goods are admitted. Security requirements are determined by CBP based on facility risk profile.

**Perimeter Security**

Fencing, gates & controlled access points prevent unauthorized entry

**24/7 Surveillance**

Cameras and motion sensors monitoring the entire activated area

**Access Management**

Restricted entry — visitor logs, credential verification, authorized personnel only

**Personnel Screening**

Background checks on all staff; many facilities add drug testing & security training

*The inventory control system — not physical walls alone — is the primary tool for separating FTZ and non-FTZ goods.*

KEY RULE

**The FTZ does NOT need to be an entire building.**

A secured cage, walled-off section, or dedicated floor all qualify — as long as the boundary is clearly defined and access-controlled.

***Any crime in an FTZ is a FEDERAL offense.***

# Step 6: Inventory Control & Recordkeeping

Governed by 19 CFR Part 146, Subpart B — the most demanding ongoing compliance obligation.

- Trace every item back to its original CBP Form 214 admission
- Track all movements, transformations, and transfers in real time
- Distinguish between zone statuses: Privileged Foreign, Non-Privileged Foreign, Domestic, Zone-Restricted
- Provide all data necessary to make customs entry when goods leave the zone
- Conduct at minimum one full annual physical inventory — or continuous cycle counts
- Notify CBP of the inventory date in advance so they can supervise
- Submit annual reconciliation report within 90 days of zone year-end
- Certify accuracy to CBP Port Director within 10 working days of reconciliation

*CBP conducts both scheduled and surprise inspections of your records.*

WHAT YOU NEED

### A Warehouse Management System (WMS)

*A WMS (or equivalent system) is necessary to meet CBP requirements*

- Barcode or RFID scanning
- Real-time audit trails
- Status-level tracking (PF / NPF / D / ZR)
- Daily reconciliation capability
- Certified in your CBP procedures manual

# Step 7: Day-to-Day — Admitting & Moving Goods

### Goods Arrive

Shipment reaches zone perimeter from foreign port or domestic supplier

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### File CBP Form 214

Application for FTZ Admission — declare item details, quantity, value, and zone status

→

### Select Zone Status

Privileged Foreign (PF), Non-Privileged Foreign (NPF), Domestic (D), or Zone-Restricted (ZR)

→

### Goods Enter Zone

Stored, assembled, processed — no duties owed until removal for U.S. consumption

**Zone Status Matters:**

Privileged Foreign (PF) locks in the duty rate at admission — use when you expect tariffs to rise. | Non-Privileged Foreign (NPF) uses the rate at withdrawal — better if you expect rates to fall or the product will be substantially transformed. | Zone-Restricted goods can only be exported or destroyed — never sold domestically.

# Removing Goods & Saving on Fees

## 3 Ways to Exit the Zone

### Enter U.S. Commerce

File CBP Form 7501 (entry). Duties assessed at this point — on either the original component rate or finished product rate, whichever you elected. Pay weekly (not per shipment).

### Export Duty-Free

Goods shipped directly from the FTZ to a foreign destination owe ZERO U.S. duties — ever. No drawback paperwork needed; they never formally entered U.S. commerce.

### Transfer to Another Zone

Goods can move from FTZ #208 to another activated FTZ via in-bond transportation (CBP-authorized procedures). Zone status is preserved during transit.

## WEEKLY ENTRY PRIVILEGE

*Instead of paying a Merchandise Processing Fee (MPF) for EVERY shipment...*

**1**

**ENTRY PER WEEK**

Max MPF: ~$651/entry (adjusted annually)
Could mean tens of thousands in annual savings for high-volume importers.

# Step 8: Ongoing Compliance Obligations

Operating an FTZ is a privilege, not a one-time approval. These are your continuous responsibilities.

**DAILY**

- Reconcile FTZ vs. non-FTZ inventory
- Log all admissions & transfers in WMS
- Maintain access logs for CBP Zone Coordinators

**WEEKLY**

*If using weekly entry procedures*

- File consolidated customs entry (Form 7501)
- Pay single Merchandise Processing Fee
- Review zone status for all pending withdrawals

**ANNUAL**

- Full physical inventory (or continuous cycle counts)
- Reconciliation report within 90 days of zone year-end
- Certify accuracy to CBP Port Director within 10 working days
- Submit Annual Report data to grantee for FTZ Board

**AS NEEDED**

- Apply for CBP Form 216 for new manufacturing activity
- Notify FTZ Board ~ 120 days ahead for new production authority depending on scope and review requirements
- Update procedures manual if operations change
- Respond to CBP spot checks and scheduled audits

⚠ *Manufacturing or production activity requires advance FTZ Board authorization (120-day review). Submit BEFORE beginning any new production process.*

# Key Takeaways

### Any NL County Business Can Join

Under the 2020 ASF expansion, the FTZ now covers all of New London County — not just State Pier. Your facility can be designated in as little as 30 days.

### Compliance is Continuous

WMS, annual reconciliation, CBP bond, regular audits — operating an FTZ requires dedicated staff or a customs broker/consultant. It's worth it at scale.

### Security is a Federal Standard

Fencing, 24/7 cameras, access logs, background checks — CBP must inspect and approve your facility before any goods are admitted. The zone can be a section of a building.

### The Financial Case is Strong

Duty deferral, elimination on exports, inverted tariff on manufacturing, MPF savings from weekly entries, and exemption from state inventory taxes all compound.

*FTZ #208 Contact: Rain Daugherty, New London FTZ Commission · (860) 437-6346 · 181 State St., New London, CT 06320*

# FTZ Cost Stack (FTZ #208 – New London)

Total Cost: Year 1 ~$25K–$100K+ | Annual ~$25K–$75K+
High-volume operators may save $50K–$500K+ annually

### FTZ COMMISSION FEES

- ~$7,500 operator fee
- ~$5,000 annual renewal
- Paid to FTZ Commission

### SETUP & ACTIVATION COSTS

- Consultant + procedures manual
- Application + activation
- ~$5K–$20K+ (one-time*)*

### CBP BOND COSTS

- Based on inventory value
- ~$2K–$10K+/year premium
- Paid to surety (not CBP)

### OPERATIONS & SYSTEMS

- Security + facility upgrades
- WMS / inventory tracking
- Staff + compliance
- ~$10K–$50K+/year

# FTZ vs Bonded Warehouse

### Foreign Trade Zone (FTZ)

- Duty deferred until withdrawal
- Unlimited storage
- Manufacturing / assembly allowed
- Weekly entry (MPF savings)
- Inverted tariff opportunities
- Higher setup cost
- Best for high-volume / complex ops

### Bonded Warehouse

- Duty deferred until withdrawal
- 5-year storage limit
- Limited manipulation only
- No weekly entry program
- No tariff engineering benefits
- Lower cost / simpler setup
- Best for storage / low-volume users

# Acronyms

| Acronym | Meaning |
|---|---|
| CBP | Customs and Border Patrol |
| D | Domestic |
| FTZ | Foreign Trade Zone |
| MPF | Merchandise Processing Fee |
| NPF | Non-Privileged Foreign |
| PF | Privileged Foreign |
| WMS | Warehouse Management System |
| ZR | Zone Restricted |