

CITY OF EL PASO, TEXAS
DEPARTMENT HEAD'S SUMMARY REQUEST FOR COUNCIL ACTION (RCA)

DEPARTMENT: Aviation

AGENDA DATE: June 9, 2009 (Introduction); June 16, 2009 (Public Hearing)

CONTACT PERSON/PHONE: Monica Lombrana -780-4724

DISTRICT(S) AFFECTED: 2, 3, 4, 6, 7

SUBJECT:

Authorize an ordinance to revise Zone Schedule No. 1 as part of Foreign-Trade Zone No. 68.

BACKGROUND / DISCUSSION:

The City of El Paso, through its Aviation Department, operates Foreign-Trade Zone No. 68. The City of El Paso, also known as the Grantee and Operator of FTZ No. 68 is responsible for publishing a schedule of rates, charges, rules and regulations (i.e., Code of Federal Regulations, Ch. 19, Part 400) applicable to Users (i.e., companies that utilize the FTZ) of the zone. Zone Schedule No. 1 has been maintained since FTZ operations began in 1982 and contains all pertinent information regarding its operations such as user fees, hours of operation, addresses, phone numbers, etc.

The Department of Aviation is recommending several revisions to Zone Schedule No. 1. The **first revision** is an administrative change to allow a distribution operation to be recognized as a Site Operator that permits a company to benefit from Direct Delivery procedures that streamlines the inbound process for shipments.

The **second revision** is also an administrative change that establishes conditions for removal of an FTZ designation of property, that is no longer eligible under US Foreign-Trade Zone Board regulations, or that the property owner has been rendered in default in accordance with an FTZ User Agreement.

A **third revision** is a material change to increase the training fee for FTZ Operations seminars from \$30 to \$50 per individual, in order to recover overhead cost of organizing the training seminars.

A **fourth revision** clarifies the Weekly Entry fee as allowed under US Customs regulations and sets the fee at \$30.

The **fifth revision** relates to the first revision as it pertains to Direct Delivery by setting a fee of \$100 for this procedure.

A **sixth revision** allows for the establishment of a new service for cartage purposes which provides inbound shipments that arrive within the El Paso Customs port of entry to be delivered in bond (under Customs control) with the use of our FTZ Operators Bond and sets the fee at \$15.

Finally, the **seventh revision** sets up a new FTZ incentive for small manufacturers that activate a FTZ site and receive FTZ training at no cost, and provides for waiver of transaction fees for a period of one year. This incentive was vetted through the Executive Secretary of the US Foreign Trade Zones Board for preliminary approval, and through the Mayor's Manufacturing Cabinet which received positive comment on the project.

The proposed revisions were presented to FTZ Users at a monthly Users meeting in April, in which no negative comments were received. The proposed revisions will have minimal impact to existing FTZ Users.

ORDINANCE NO. _____

AN ORDINANCE AMENDING ORDINANCE NUMBERS 010873, 012221, 012476, 012636, 014826, 015415, 015961, AND 016456 WHICH ESTABLISHED OPERATING PROCEDURES AND SET FEES FOR FOREIGN-TRADE ZONE NO. 68, TO ADD A DESIGNATION FOR DISTRIBUTION SITE OPERATOR; TO ADD USER FEES; TO PROVIDE FOR THE REMOVAL OF FTZ DESIGNATION; AND TO IMPLEMENT A SMALL MANUFACTURING BUSINESS ACCELERATOR PROJECT AT FOREIGN-TRADE ZONE NO. 68.

WHEREAS, the City of El Paso, as recipient of a grant of authority from the U.S. Foreign-Trade Zones Board, is authorized to establish, operate, and maintain Foreign-Trade Zone No. 68;

WHEREAS, the City of El Paso, by and through its Department of Aviation, owns, operates, maintains Foreign-Trade Zone No. 68 in order to expedite and encourage foreign commerce in the El Paso region;

WHEREAS, the City Council for the City of El Paso finds it in the best interest of the El Paso International Airport, the Foreign-Trade Zone No. 68, and Users of Foreign-Trade Zone No. 68, to permit the creation of a designation for Distribution Site Operator, to add additional user fees, to establish criteria for the removal of an FTZ designation, and to implement a Small Manufacturing Business Accelerator Project at Foreign-Trade Zone No. 68.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF EL PASO:

- I. That the following revisions be made to Zone Schedule No. 1, Rates, Rules, Charges and Regulations Applying at Foreign-Trade Zone No. 68, El Paso, Texas (the Tariff):
 - A. The addition of a designation for Distribution Site Operator in Foreign-Trade Zone No. 68.
 - B. The addition of criteria for removing an FTZ designation.
 - C. An increase in the Training Fee from \$30.00 to \$50.00 for each individual who attends an FTZ Operations Training Seminar.
 - D. The addition of a Weekly Entry Fee of \$30.00.
 - E. The addition of a \$100.00 fee for each admission under Direct Delivery for distribution operations.

ORDINANCE NO. _____

- F. The addition of a Cartage Document Fee of \$15.00 for each cartage document requested.
- G. The addition of incentives to help the development of Small Manufacturing Businesses.
- II. That all other remaining rates, rules, charges, and regulations within the Tariff shall remain unchanged and in full force and effect.
- III. That the City Council hereby authorizes the Director of Aviation, or designee, to submit a revised tariff, as attached hereto and incorporated herein as Exhibit "A", to the U.S. Foreign-Trade Zones Board to reflect the changes described above.
- IV. That the City Council hereby authorizes the Director of Aviation, or designee, to send notice to the Users of Foreign-Trade Zone No. 68 of the changes described above.

PASSED AND APPROVED THIS _____ DAY OF _____ 2009.

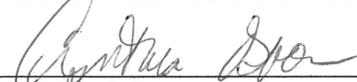
THE CITY OF EL PASO

John F. Cook
Mayor

ATTEST:

Richarda Duffy Momsen
City Clerk

APPROVED AS TO FORM:



Cynthia Osborn
Assistant City Attorney

APPROVED AS TO CONTENT:



Monica Lombraña, A. A. E.
Director of Aviation

APPROVED AS TO CONTENT:



Jose Quiñonez, Jr.
Foreign Trade Zone Manager

RECEIVED

CITY OF EL PASO
EL PASO, TEXAS

ZONE SCHEDULE NO. 1
RATES, RULES, CHARGES AND REGULATIONS

APPLYING AT

FOREIGN-TRADE ZONE NO. 68
EL PASO, TEXAS

OPERATING UNDER GRANT OF AUTHORITY OF
THE UNITED STATES FOREIGN-TRADE ZONES BOARD
TO THE CITY OF EL PASO

ZONE SCHEDULE NO. 1

CITY OF EL PASO
(GRANTEE/OPERATOR)

Monica Lombraña, A.A.E. Director of Aviation

GRANTEE/FOREIGN-TRADE ZONE OPERATOR ADMINISTRATION

Jose Quiñonez, Jr., Foreign-Trade Zone Manager

LOCATED AT:

BUTTERFIELD TRAIL INDUSTRIAL PARK
AMERICAS INDUSTRIAL PARK
BW BUSINESS PARK
COPPERFIELD INDUSTRIAL PARK
EAST 10 INDUSTRIAL PARK
FIVE STAR INTERNATIONAL BUSINESS PARQUE
PREMIER 5 INDUSTRIAL PARK
PUBLIC SERVICE BOARD DEVELOPMENT
PANAMERICAN INDUSTRIAL PARK
SAAB DEVELOPMENT
IVEY DEVELOPMENT
10/375 INDUSTRIAL PARK
VISTA DEL SOL
WFF INDUSTRIAL
YSLETA INDUSTRIAL

(WITH ADDITIONAL SITES AUTHORIZED WITHIN THE FOLLOWING:

BARNETT ADDITION
MILES SUBDIVISION
BLOCK 79, TOWNSHIP 2, T&PRR SURVEYS
BLOCK 41, YSLETA GRANT)

GENERAL OFFICES

INTERNATIONAL TRADE PROCESSING CENTER
501 GEORGE PERRY, SUITE I
EL PASO, TEXAS 79906
TELEPHONE: (915) 771-6016
FAX: (915) 772-2491

CHECK SHEET FOR SCHEDULE CHANGES

This Zone Schedule is issued in Loose Leaf Form to facilitate corrections, additions, or changes. Alterations will be made by reprinting the original page containing the change and adding the new page. Each revision will be noted by stating in the upper right hand corner of the page the page number along with the status of the page (original, revised, new) For Example: "First Revised Page 1" replaces "Original Page 1," and "Second Revised Page 1" replaces "First Revised Page 1" and so on.

Pages of this Zone Schedule are effective on the dates shown on the individual pages. Original pages that are effective July 1982 remain in effect until amended by revised pages. Revised pages as noted below, contain all changes to the original Zone Schedule that are in effect on the "issued" date of this page. Pages marked by "***" are changes issued with the latest revision.

<u>PAGE</u>	<u>REVISION</u>	<u>PAGE</u>	<u>REVISION</u>
1	Revision 5	21	Revision 5
2	Revision 9**	22	Revision 5
3	Revision 12**	23	Revision 6
4	Revision 9**	24	Revision 6
5	Revision 5	25	Revision 6
6	Revision 8**	26	Revision 5
7	Revision 5**	27	Revision 5
8	Revision 5	28	Revision 6
9	Revision 4	29	Revision 8**
10	Revision 5	30	Revision 7
11	Revision 6	31	Revision 6
12	Revision 5	32	Revision 7
13	Revision 7	33	Revision 6
14	Revision 7	34	Revision 7
15	Revision 5	35	Revision 6
16	Revision 5	36	Revision 7
17	Revision 6	37	Revision 7**
18	Revision 6	38	Revision 12**
19	Revision 5	39	Revision 8**
20	Revision 5	40	Revision 5**
		41	Revision 1**

TABLE OF CONTENTS

	<u>PAGE NO.</u>
TITLE PAGE	1
ADMINISTRATIVE ORGANIZATION	2
CHECK SHEET FOR SCHEDULE CHANGES	3
TABLE OF CONTENTS	4
ABBREVIATIONS AND SYMBOLS	5
DEFINITIONS OF TERMS	6
FOREIGN-TRADE ZONE FORMS	12
HOLIDAYS	13
PRIVILEGES OF FOREIGN-TRADE ZONES	14
OPERATIONS IN ZONE	17
MERCHANDISE PERMITTED IN ZONE	17
DISPOSITION OF MERCHANDISE IN ZONE	18
MANIPULATION, MANUFACTURE AND EXHIBITION OF MERCHANDISE	19
STATUS OF MERCHANDISE IN A ZONE	20
USE OF ZONE BY CARRIERS	21
SUBSEQUENT IMPORTATION OF ZONE MERCHANDISE	21
EXCLUSION FROM ZONE OF GOODS OR PROCESS OF TREATMENT	22
RETAIL TRADE WITHIN ZONE	22
RESIDENT WITHIN ZONE	22
EMPLOYEES AND PERSONS ENTERING AND LEAVING ZONE	23
ALL PERSONS ENTERING ZONE BOUND BY REGULATIONS	23
IDENTIFICATION OF EMPLOYEES WITHIN ZONE	23
GENERAL RULES AND REGULATIONS	24
PAYMENT OF CUSTOMS OFFICERS AND EMPLOYEES	25
SURCHARGES FOR ZONE OPERATIONS	28
INDUSTRIAL SITE LEASE	29
MERCHANDISE WHICH IS PROHIBITED BY LAW	35
INVENTORY CONTROL SYSTEM	36
APPLICATION OF RATES	37
REMOVING FTZ DESIGNATION	37
USER FEES	38
SUBZONE FEES	39
ACTIVATION FEES	39
PAYMENT BOND	39
SMALL MANUFACTURING BUSINESS ACCELERATOR PROJECT	39
U.S. CUSTOMS FORMS	40
ATTACHMENTS	41

REFERENCE MARKS, AND ABBREVIATIONS USED IN THIS SCHEDULE.

¢	cent (U.S.)	G.V.W.	gross vehicle weight
\$	dollar (U.S.)	H.T.S.	Harmonized Schedule of the United States
%	percent	incl.	inclusive
ART.	article	k.d.	knocked down
BBL.	barrel	kg.	kilogram
B/L	bill of lading	l.c.l.	less-than-carload
B.M.	board measure	lin.	linear
BDLE.	bundle	l.t.l.	less-than-truckload
BX.	box	m.	meter
CFR	Code of Federal Regulations	mg.	milligram
C/L	carload	ml.	milliliter
CC	cubic centimeters	mm.	millimeter
C.O.D.	cash on delivery	No.	number
cm	centimeters	N.O.S.	not otherwise specified
CRT.	crate	pkg.	pacakage
CTN.	carton	par.	paragraph
CS.	case	PC	piece
cu.	cubic	sec.	section
cwt.	one hundred weight	sq.	square
doz.	dozen	s.u.	set up
ea.	each	t.	metric ton
e.g.	for example	T/L	truck load
etc.	et cetera	U.S.	Unites States of America
f.f.	folded flat	CBP	Customs & Border Protection
FTZ	Foreign-Trade Zone	wt.	weight
FTZB	Foreign-Trade Zones Board	#	text added to Schedule
FTZM	Foreign-Trade Zone Manual	*	text deleted from Schedule
g	gram		

DEFINITION OF TERMS

ACT

The Foreign-Trade Zones Act of June 18, 1934 (48 Stat. 998-1003; 19 U.S.C. 81a-81u), as amended by Public Law 566, 81st Congress, approved June 17, 1950, and as it may subsequently be amended.

SECRETARY

The term "Secretary" means the Secretary of Commerce.

BOARD

The Foreign-Trade Zones Board created by the ACT to carry out provisions thereof. The Board shall consist of the Secretary of Commerce, who shall be the chairman and executive officer, the Secretary of the Treasury, and the Secretary of the Army.

ZONE

The term "Zone" means a "foreign-trade zone" and/or Foreign-Trade Zone No. 68.

SUBZONE

The term "Subzone" means a special-purpose zone established in accordance with 15 C.F.R. Part 400 for a manufacturing or refining process and as an adjunct to a Zone project for a limited purpose.

PORT DIRECTOR OF CUSTOMS

The Port Director of Customs, El Paso, Texas, U. S. Customs and Border Protection.

GRANTEE

City of El Paso to which the privileges of establishing, operating and maintaining Foreign-Trade Zone No. 68 have been granted.

ZONE OPERATOR

City of El Paso, Department of Aviation, representing the City of El Paso, which manages the operation of the Zone through its Foreign-Trade Zone Manager.

SUBZONE OPERATOR

An individual, company or corporation managing the operation of the Subzone through its Foreign-Trade Zone Subzone Operator Agreement with the City of El Paso.

DISTRIBUTION SITE OPERATOR

An individual, company or corporation managing the operation of a specific site within the Zone through its Foreign-Trade Zone User Agreement with the City of EL Paso, designated by the Zone Operator, as a Distribution Site Operator with the same privileges and responsibilities as an FTZ Operator, for the purpose of utilizing direct delivery pursuant to 19 CFR 146, as may be amended.

MANUFACTURING OPERATOR

An individual, company or corporation managing the operation of a specific manufacturing site within the Zone through its Foreign-Trade Zone Manufacturing Operator Agreement with the City of El Paso, and having the same privileges and responsibilities of an FTZ Operator under 19 CFR 146, as may be amended, for such specific manufacturing site.

ZONE USER

An individual, company or corporation utilizing the services and facilities of Foreign-Trade Zone No. 68 through its non-assignable Foreign-Trade Zone User Agreement with the City of El Paso.

UNITED STATES

The several States, District of Columbia and Puerto Rico. The term "United States" includes all Territories and possessions of the United States, except the Virgin Islands, American Samoa, Wake Island, Midway Islands, Kingman Reef, and the Island of Guam.

CUSTOMS TERRITORY

The territory of the United States in which the general Schedule law of the United States applies but which is not included in any foreign-trade zone.

FOREIGN MERCHANDISE

Imported merchandise of every description (except articles specifically and absolutely prohibited by statute) which has not been properly released from customs custody into Customs territory.

DOMESTIC MERCHANDISE

Merchandise of every description (except articles specifically and absolutely prohibited by statute) which has been (1) grown, produced, or manufactured in the United States and not exported therefrom, or (2) previously imported into Customs territory and properly released from Customs custody.

For the purpose of return to Customs territory from a Zone and freedom from liability for the payment of duties or taxes, it includes only (1) domestic merchandise brought in the Zone from Customs territory whose identity has been maintained, and (2) the product of manipulation or manufacture in the Zone in which only privileged domestic commodities are mixed or combined, or in which foreign merchandise is so changed in form or enhanced in value as to be considered a product made in the United States, except that duties and taxes are payable only on the quantity of the foreign merchandise contained in the product.

PRIVILEGED FOREIGN MERCHANDISE

Foreign merchandise for which an application (CF 214) has been made for determination of taxes and liquidation of duties, and which has been taken under supervision by the Port Director of Customs.

DOMESTIC MERCHANDISE

Domestic merchandise for which an application (CF 214) has been made for a certificate of identification, and which has been taken under supervision by the Port Director of Customs for the purpose of maintaining its identity.

ZONE-RESTRICTED MERCHANDISE

Foreign or domestic merchandise taken into the Zone, under the rules and regulations of the controlling Federal agency, for the sole purpose of exportation, destruction (except destruction of distilled spirits, wines, and fermented malt liquors), or storage pending exportation or destruction.

NON-PRIVILEGED FOREIGN MERCHANDISE

(1) Foreign merchandise properly in the Zone which does not have the status of (a) privileged foreign merchandise or (b) zone-restricted merchandise; (2) waste recovered from any manipulation or manufacture of privileged foreign merchandise; or (3) domestic merchandise taken into a Zone whose identity has been lost.

IMPORTS

Foreign merchandise of every description (except articles specifically and absolutely prohibited by statute) entered into customs territory to become a part of the domestic supply for the purpose of domestic commerce or consumption, and particularly that which is entered into Customs territory through the Zone and foreign merchandise which, under the laws and regulations of various other Federal agencies having jurisdiction within the Zones, is said to be "imported" into foreign-trade zones, Customs bonded warehouses, or Customs custody. This latter merchandise, in relation to operations of the Zones, is considered to be foreign merchandise until its entry into the commerce of the United States.

DOMESTIC EXPORTS

Domestic merchandise exported from the United States, and particularly such merchandise exported through a foreign-trade zone. It includes merchandise of every description (except articles specifically and absolutely prohibited by statute) which as been (1) grown, produced, or manufactured in the United States and not exported therefrom, or (2) previously imported into Customs territory and properly released from Customs Custody.

For the purposes of marking and labeling, it includes (1) the product of manipulation or manufacture in the Zone in which only privileged domestic merchandise is used, (2) the product of manipulation or manufacture in the Zone in which there is a mixture of foreign and domestic merchandise which results in a change in form or nature of the commodities, and in which the domestic merchandise consists of a component part or parts or a substantial portion of the finished product, and (3) foreign merchandise which by manipulation or manufacture in the Zone has been so changed in form and nature or enhanced in value that the product is deemed to be one of domestic manufacture.

IN-TRANSIT MERCHANDISE

The term "in-transit merchandise" includes all foreign merchandise transported into and out of the United States, whether in and out of the same port or across the country to another port, with or without transshipment, warehousing, breaking bulk, or change in mode of transportation, which originated in one foreign country and is destined at the time of the original shipment to another foreign country. Its distinctive feature is that it is being transported, from one foreign country through the United States to another foreign country, under a through bill of lading or other documentation for a completed journey. The term is particularly applied to foreign merchandise shipped in-transit through a foreign-trade zone.

RE-EXPORTS OR RESHIPMENTS

Merchandise from one foreign country initially destined to the United States which, after being unladen, stored, and/or manipulated or manufactured in this country, is transported under a new bill of lading or other new documentation to another foreign country. The term is particularly applied to re-exports or reshipments through a foreign-trade zone.

It includes privileged, non-privileged, or zone-restricted foreign merchandise which (1) is in the same condition as when transported into the United States, or (2) has been manipulated without any change in its form or nature, or (3) has been manipulated or processed in such manner as to change its form, whether or not mixed with domestic merchandise, provided the domestic merchandise is not a component part or substantial ingredient thereof.

Generally, it includes all merchandise of foreign origin which has been so manipulated or manufactured as to be deemed a product of the United States, and which has not been released from Customs custody into Customs territory.

TRANSSHIPMENT MERCHANDISE

Foreign merchandise which enters and leaves the United States through the same port, being transferred from one vessel to another directly or by way of a foreign-trade zone or Customs bonded warehouse. The term is particularly applied to such merchandise transferred through a foreign-trade zone.

ZONE LOT

The unit or units of goods for which a separate record and account is to be kept by the Zone Operator.

ZONE ADMISSION NUMBER

The number assigned to each zone admission document/transaction by Customs.

CONTROL NUMBER

The number used on all Zone entry and exit forms to identify all merchandise and commodities. The Control Number shall in all cases, be the same as the Schedule number for that same merchandise described in the Harmonized Schedule Schedules of the United States.

UNIQUE IDENTIFIER NUMBER

The numbers, letters, or combination of numbers and letters that identify merchandise admitted to a Zone with zone status.

BULK

The term used in describing fungibles, which can be poured, scooped, or shoveled, and which generally cannot be counted or identified piece by piece.

WAREHOUSE

A covered and enclosed structure, affording weather protection, used primarily for short or long term storage of merchandise, and often containing business offices. In a foreign-trade zone it also is used for manipulation, manufacture, and exhibition of merchandise.

STORAGE

The keeping of merchandise in or upon the premises within the Foreign-Trade Zone. Covered storage means keeping within a covered and enclosed structure affording weather protection. The term "storage", without other designation, ordinarily implies covered storage.

OPEN OR YARD STORAGE

The keeping of merchandise on open space within the fenced-in area of the Foreign-Trade Zone where merchandise not requiring weather protection may be stored.

UNIT OF QUANTITY

The customary groupings of a commodity as a unit to indicate the medium or method of measure.

QUANTITY

The numerical count of the units composing a shipment of a commodity except bulk commodities which must be measured by weight, size, or volume.

METRIC TON

Weight ton of 1,000 kilograms, unless otherwise indicated.

WEIGHT

The gross weight of the merchandise including container, except as noted to the contrary.

MANIPULATION

Means breaking up, repacking, assembling, distributing, sorting, grading, cleaning, mixing with foreign or domestic merchandise, or other processing which does not constitute a manufacture.

PERSON OF RECORD

The person, firm, or corporation in whose name the application to admit merchandise into the Zone (CF 214) is made, recognized by the Zone Grantee as having the legal right to make the application. Evidence of this right of the applicant is the same as would be required to establish the right to apply for release of the merchandise from Customs custody at the end of its transit through Customs territory, and usually consists of an original bill of lading in the name of the applicant, an original bill of lading endorsed to him or a carrier's certificate.

FOREIGN-TRADE ZONE FORMS

Forms used in the transaction of Foreign-Trade Zone business are designated by the U. S. Customs Service. As such, these forms shall be completed by either the Zone User (person of record) or his duly assigned Customhouse Broker. (See Attachment)

The Foreign-Trade Zone forms utilized at FTZ No. 68 are as follows:

CUSTOMS BORDER PROTECTION FORM 214

Application for Foreign-Trade Zone Admission and/or Status Designation (Revised 02-26-96)

CUSTOMS BORDER PROTECTION FORM 216

Application for Foreign-Trade Zone Activity Permit (Revised 02-26-96)

HOLIDAYS

Those legal holidays during which the Zone is closed for regular business are as follows:

- | | |
|------------------------|---|
| New Year's Day | First day of January |
| Martin Luther King Day | Third Monday in January |
| Memorial Day | Last Monday of May |
| Independence Day | Fourth Day of July |
| Labor Day | First Monday in September |
| Thanksgiving Days (2) | Fourth Thursday & Friday of
November |
| Christmas Day | Twenty-Fifth Day of December |

If a holiday falls on Saturday, the day immediately preceding such Saturday will be observed; and if a holiday falls on Sunday, the following day will be observed. Emergency business, after regular business hours or on holidays, is conducted by authorized City Employees.

The preceding holidays are also those observed by the U. S. Customs and Border Protection.

PRIVILEGES OF FOREIGN-TRADE ZONES

Under Section 400, Paragraph 101, Regulations Governing the establishment, operation, maintenance and administration of Foreign-Trade Zones in the United States, the term "Zone" means a "Foreign-Trade Zone". It is an isolated, enclosed and policed area, operated as a public utility, in or adjacent to a port of entry, furnished with facilities for loading, unloading, handling, storing, manipulating, manufacturing, and exhibiting goods, and for reshipping them by land, water, or air. Any foreign and domestic merchandise, except such as is prohibited by law or such as the Board may order to be excluded as detrimental to the public interest, health, or safety, may be brought into a Zone without being subject to the Customs laws of the United States governing the entry of goods or the payment of duty thereon; and such merchandise permitted in a Zone may be stored, exhibited, manufactured, mixed or manipulated in any manner, except as provided in the Act and other applicable laws or regulations. There merchandise may be exported, destroyed, or sent into Customs territory from the Zone, in the original package or otherwise. It is subject to Customs duties if sent into Customs territory, but not if reshipped to foreign points.

Section 3 of the Act, Public Law 397, 73rd Congress, approved June 18, 1934, as amended by Public Law 566, 81st Congress, approved June 17, 1950, authorizes the following privileges:

"Foreign and domestic merchandise of every description, except such as is prohibited by law, may, without being subject to the Customs laws of the United States, except as otherwise provided in this Act, be brought into a Zone and may be stored, sold, exhibited, broken up, repacked, assembled, distributed, sorted, graded, cleaned, mixed with foreign or domestic merchandise, or otherwise manipulated, or be manufactured except as otherwise provided in this Act, and be exported, destroyed, or sent into Customs territory of the United States therefrom, in the original package or otherwise, but when foreign merchandise is so sent from a Zone into Customs territory of the United States it shall be subject to the laws and regulations of the United States affecting imported merchandise:

"Provided, That whenever the privilege shall be requested and there has been no manipulation or manufacture effecting a change in Schedule classification the appropriate Customs officer shall take under supervision any lot or part of a lot of foreign merchandise in a Zone, cause it to be appraised and taxes determined and duties liquidated thereon: Merchandise so taken under supervision may be

stored, manipulated, or manufactured under supervision and regulations prescribed by the Secretary of the Treasury, and whether mixed or manufactured with domestic merchandise or not may, under regulations prescribed by the Secretary of the Treasury, be exported or destroyed, or may be sent into customs territory upon the payment of such liquidated duties and determined taxes thereon. If merchandise so taken under supervision has been manipulated or manufactured such duties and taxes shall be payable on the quantity of such foreign merchandise used in the manipulation or manufacture of the entered article. Allowance shall be made for recoverable and irrecoverable wastes, and if recoverable waste is sent into customs territory, it shall be dutiable and taxable in its condition and quantity and at its weight at the time of entry. Where two or more products result from the manipulating or manufacturing of merchandise in a Zone the liquidated duties and determined taxes shall be distributed to the several products in accordance with their relative value at the time of separation with due allowance for waste as provided for above:

"Provided Further, That subject to such regulations respecting identity and the safeguarding of the revenue as the Secretary of the Treasury may deem necessary, article, the growth, product or manufacture of the United States, on which all internal revenue taxes have been paid, if subject thereto and articles previously imported on which duty and/or tax has been paid, or which have been admitted free of duty and tax, may be taken into a Zone from the Customs territory of the United States, placed under the supervision of the appropriate Customs officer, and whether or not they have been combined with or made part, while in such Zone, of other articles, may be brought back thereto free of quotas, duty or tax:

"Provided Further, That if in the opinion of the Secretary of the Treasury their identity has been lost, such articles not entitled to free entry by reason of noncompliance with the requirements made hereunder by the Secretary of the Treasury shall be treated when they reenter customs territory of the United States as foreign merchandise under the provisions of the Schedule and internal revenue laws in force at the time.

"Provided Further, That under the rules and regulations of the controlling Federal agencies, articles which have been taken into a Zone from customs territory for the sole purpose of exportation, destruction (except destruction of distilled spirits, wines, and fermented malt liquors), or storage shall be considered to be exported for the purpose of

- (a) the draw-back, warehousing, and bonding, or any other provisions of the Schedule Act of 1930, as amended, and the regulations thereunder; and
- b) the statutes and bonds exacted for the payment of draw-back, refund, or exemption from liability for internal-revenue taxes and for the purposes of the internal-revenue generally and the regulations thereunder.

"Such a transfer may also be considered an exportation for the purposes of other Federal laws insofar as Federal agencies charged with the enforcement of those laws deem it advisable. Such articles may not be returned to Customs territory for domestic consumption except where the Foreign-Trade Zones Board deems such return to be in the public interest, in which event the article shall be subject to the provisions of paragraph 1615 (F) of the Schedule Act of 1930, as amended:

"Provided Further, That no operation involving any foreign or domestic merchandise brought into a Zone which operation would be subject to any provision or provisions of section 1807, chapter 15, chapter 16, chapter 17, chapter 21, chapter 23, chapter 24, chapter 25, chapter 26, or chapter 32 of the Internal Revenue Code if performed in customs territory or involving the manufacture of any article provided for in paragraph 367 or paragraph 368 of the Schedule Act of 1930, shall be permitted in a Zone except those operations (other than rectification of distilled spirits and wines, or the manufacture or production of alcoholic products unfit for beverage purposes) which were permissible under this Act prior to July 1, 1949:

"Provided Further, That articles produced or manufactured in Zone and exported therefrom shall on subsequent importation into the Customs territory of the United States be subject to the import laws applicable to like articles manufactured in a foreign country, except that articles produced or manufactured in a Zone exclusively with the use of domestic merchandise, the identity of which has been maintained in accordance with the second provision of this section, may, on such importation, be entered as American goods returned."

OPERATIONS IN ZONE

The merchandise and operations permitted in a zone, the disposition of merchandise in a zone, the zone status of the merchandise and special provisions applicable to each status, the subsequent importation of merchandise exported from a zone, and other operations in a zone authorized by the Act, are hereinafter in this Section generally described. Sample zone forms required are available upon request from the Zone Operator.

MERCHANDISE PERMITTED IN A ZONE

Foreign and domestic merchandise of every description, except such as is prohibited by law, may without being subject to the Customs laws of the United States, except as otherwise provided in the Act and the regulations made thereunder, be brought into a zone.

- (a) Merchandise which is specifically and absolutely prohibited by law shall not be admitted into a Zone. Any merchandise so prohibited by law which is found within a Zone shall be disposed of in the manner provided for in the laws and regulations applicable to such merchandise. A distinction is made between (1) merchandise which is specifically and absolutely prohibited by law on the grounds of policy or morals, such as immoral or subversive literature, obscene articles, or lottery matter, and (2) merchandise which is subject to conditional prohibition only, for example, articles which are subject to permits or licenses for the protection of economic or national security or which may be reconditioned to bring them into compliance with the laws administered by

various Federal agencies. Directors of Customs are required to exclude the first class of articles and may not permit them to be transferred to a Zone if they are aware of their prohibited status, except that the Director may permit the temporary deposit of any such merchandise in the Zone pending final determination if its status. The transfer of articles of the second class to a Zone is subject to any requirements of the Federal agency concerned. There is no prohibition against placing over-quota merchandise in a Zone pending its right to transfer to Customs territory pursuant to the applicable quota provisions.

- (b) The application for the admission of merchandise into a Zone shall be approved or disapproved by the Director as the representative of the Board, where the merchandise is not excluded by any other Federal agency having jurisdiction over the merchandise.

DISPOSITION OF MERCHANDISE IN A ZONE

In general, merchandise lawfully brought into a zone may, in accordance with these and other regulations made under the provisions of the Act be exported, destroyed, or sent into Customs territory of the United States therefrom, in the original package or otherwise; but when foreign merchandise, and domestic merchandise whose identity has been lost, is so sent from a zone into Customs territory of the United States it shall be subject to the laws and regulations of the United States affecting imported merchandise.

MANIPULATION, MANUFACTURE, AND EXHIBITION OF MERCHANDISE

In general, merchandise lawfully brought into a zone may, in accordance with these and other regulations made under the provisions of the Act, be stored, sold, exhibited, broken up, repacked, assembled, distributed, sorted, graded, cleaned, mixed with foreign and domestic merchandise or otherwise manipulated, or be manufactured, except as otherwise provided by the Act.

- (a) Permission for any manipulation, manufacture, or exhibition in a zone shall be obtained from the Director, as the representative of the Board, subject to such application and procedure prescribed by the Secretary of the Treasury for the protection of the revenue.
- (b) In the event of the denial of any application by the Director for any reason, the applicant, the grantee, or the operator of the zone may appeal the adverse ruling to the Board. If any revenue protection considerations are involved in such an application, the Board shall be guided by the determinations of the Secretary of the Treasury with respect to them.

STATUS OF MERCHANDISE IN A ZONE

- (a) For the purpose of the Act and the regulations of this Section, all merchandise within a Zone, except merchandise in transit through a Zone as provided in Section 30.5 of Customs regulations, and except merchandise temporarily transferred to a Zone for manipulation as provided in paragraph (b) of this Section, shall be given a Zone status as--
- (1) privileged foreign merchandise
 - (2) domestic merchandise
 - (3) nonprivileged foreign merchandise, or
 - (4) zone-restricted merchandise,
- in accordance with Sections 30.6, 30.7, 30.8, 30.9 and 30.10 of Customs regulations.

- (b) Imported merchandise which has been entered and which has remained in continuous Customs custody may be temporarily transferred to a zone for manipulation under Customs supervision pursuant to Section 562, Schedule Act of 1930, as amended, and for return to Customs territory. Any such merchandise shall not be considered within the purview of the Foreign-Trade Zones Act, but shall be treated in all respects as though remaining in Customs territory. Therefore no zone form or procedure shall be considered applicable, but the merchandise shall remain subject in the zone to such requirements as are necessary for the enforcement of Section 562 and other pertinent Customs laws.

USE OF ZONE BY CARRIERS

The water area, docking facilities, and loading or unloading stations of a zone are intended primarily for the use of vessels, vehicles, or aircraft unloading merchandise into the zone or lading merchandise from the zone, and their use for other purposes may be terminated by the Secretary of the Treasury if found to endanger the revenue, or by the Board if found to interfere with the primary uses of the zone.

SUBSEQUENT IMPORTATION OF ZONE MERCHANDISE

Articles produced or manufactured in a zone and exported therefrom shall, on subsequent importation into the Customs territory of the United States, be subject to the import laws applicable to like articles manufactured in a foreign country, except that articles produced or manufactured in a zone exclusively with the use of domestic merchandise, the identity of which has been maintained in accordance with the Second Proviso of Section 3 of the Act, as amended, may, on such importation, be entered as American goods returned.

EXCLUSION FROM ZONE OF GOODS OR PROCESS OF TREATMENT

When it shall be reported to the Board that any goods or process of treatment is detrimental to the public interest, health, or safety, the Board shall cause such investigation to be made as it may deem necessary. The Board may order the exclusion from the Zone of any goods or process of treatment that in its judgment is detrimental to the public interest, health, or safety.

RETAIL TRADE WITHIN ZONE

No retail trade shall be conducted within a Zone except under permits issued by the grantee and approved by the Board. Such permittees shall sell no goods except such domestic or duty-paid or duty-free goods as are brought into the Zone from customs territory. Permits which are sent to the Board for approval shall be accompanied by a sworn statement, subscribed to by the applicant before a duly authorized officer to administer oaths, setting forth in detail the nature of the retail trade to be conducted, and containing an agreement that such applicant will sell no goods, except of the kinds specifically authorized by the Act, which are brought into the Zone from Customs territory. No goods shall be offered for sale or sold in a Zone which are not of the same kind and quality permitted to be offered for sale or sold in the political jurisdiction in which the zone is located. If the permittee violates any provision of the regulations in this Section, his permit shall be revoked by the grantee, who shall immediately report such action to the Board.

RESIDENCE WITHIN ZONE

No person shall be allowed to reside within a Zone except Federal, State or municipal officers or agents whose resident presence is deemed necessary by the Board.

EMPLOYEES AND PERSONS ENTERING AND LEAVING ZONE

Employees and other persons entering or leaving a Zone shall pass through the designated entrances and exits in the enclosure surrounding the Zone. Employees and other persons shall be subject to such examination upon entering and leaving a Zone as the Zone Operator or its Designee may deem necessary for the protection of the revenue. In general, in addition to specific Foreign-Trade Zones Board and U. S. Customs Regulations, the recommendations contained in the Booklet "Standards for Cargo Security," prepared by the U. S. Customs and Border Protection, will be followed where practical. A copy of the publication is available at the Zone office.

ALL PERSONS ENTERING ZONE BOUND BY REGULATIONS

All persons entering a zone for any reason whatsoever shall be bound by the regulations promulgated by the Board, Customs and by the Grantee, or its Designee of the Zone.

IDENTIFICATION OF EMPLOYEES WITH ZONE

All persons on duty within, and in connection with the operation of, a zone, with the exception of Federal employees and uniformed employees of the zone, shall be required while within the zone to carry identification cards or wear appropriate identification badges to be provided by the operator or user of the zone. Persons desiring admittance to the Zone shall make application to the Zone Operator or its Designee. The pass issued must be worn and shown upon request. Upon leaving the Zone, any temporary pass must be surrendered, and any permanent pass must be shown to the gatekeeper.

GENERAL RULES & REGULATIONS

HOURS OF BUSINESS AND SERVICE

Hours of business and service, for Customs purposes, shall be the same as those prescribed in Customs regulations.

The Zone shall be available for business activities on a 24-hour basis. Regular or normal business hours shall be between the hours of 8:00-12:00 A.M. and 1:00-5:00 P.M., Monday through Friday. After regular business hours or on holidays, authorized City Employees will conduct business on the City's behalf.

The Zone may be opened at other times, on an irregular basis upon application and with approval of the Zone Operator or its Designee and Customs officials.

PAYMENT OF CHARGES MADE BY OTHER GOVERNMENT AGENCIES

Charges made by other Government agencies that are not included in this Schedule should be arranged for and paid by the Zone User or Manufacturing Operator that requires and uses such Services.

PAYMENT OF CUSTOMS OFFICERS AND EMPLOYEES

- (a) The cost of maintaining the Customs service in a zone, if any, shall be paid in the manner prescribed by U.S. Customs, by the grantee of such zone, to the Director of Customs. Reimbursement to grantee from individual users and Manufacturing Operators for the Customs services rendered each, is due grantee within ten days of billing.
- (b) Customs officers and employees performing services in a zone at night, or on Sundays and holidays, shall receive extra compensation, to be computed as and under the conditions prescribed by Customs regulations.
- (c) In a zone at a port where customary working hours are other than those herein mentioned, the Director of Customs is authorized to regulate the hours of Customs officers and employees assigned to the zone so as to agree with prevailing working hours in said port, but nothing herein shall be construed in any manner to affect or alter the length of a working day for Customs officers or employees, or the overtime pay.

ERECTION OF BUILDINGS WITHIN ZONE BY PERSONS OTHER THAN GRANTEE

The grantee may, with the approval of the Board, and under reasonable and uniform regulations for like conditions and circumstances to be prescribed by it, permit other persons, firms, corporations, or associations to erect such buildings and other structures within the zone as will meet their particular requirements: Provided, (a) That such permission shall not constitute a vested right as against the United States, nor interfere with the regulation of the grantee or the permittee by the United States, nor interfere with or complicate the revocation of the grant by the United States; (b) that in the event of the United States or the grantee desiring to acquire the property of the permittee, no good will shall be considered as accruing from the privilege granted to the zone; and (c) that such permits shall not be granted on terms that conflict with the public use of the zone as set forth in the Act. And provided further, that accepted sanitary practices be followed in the construction, equipment, and operation of such buildings and other structures.

ZONE REGULATIONS

The following rules governing procedures within Foreign-Trade Zone No. 68 are issued in conformity with and supplementary to the Foreign-Trade Zones Board's regulations and such of the United States laws and regulations relating to the Port of Entry as are applicable to foreign-trade zone operations.

GENERAL REGULATIONS

All persons and merchandise of every description entering or leaving Zone No. 68 for any purpose whatsoever shall be bound by the lawful regulations of the Foreign-Trade Zones Board and by the Zone regulations issued thereunder.

GOVERNMENT AGENCIES

All lawful regulations regarding government agencies in or about ports of entry must be complied with insofar as they are not in conflict with Public Law 397 of the 73rd Congress and the regulations issued thereunder.

COMPENSATION INSURANCE

Every person employed by contractors or customers in the Zone shall be properly covered by Workmen's Compensation Insurance. Proof of this shall be furnished before any work may be started or release of liability must be given to the Zone Operator or its Designee.

PUBLIC INTEREST HEALTH AND SAFETY

No operation or process of treatment will be permitted in the Zone that, in the judgment of the Zone Grantee or its Designee, is detrimental to the public interest, health and safety.

CONFIDENTIAL RELATIONSHIP BETWEEN ZONE AND TENANTS

The Zone Grantee or its Designee will take precaution to avoid the divulging of confidential information regarding merchandise and services thereon performed in the Zone. Any Zone employee violating this confidential relationship will be suitably disciplined or discharged.

MERCHANDISE HELD FOR CHARGES

Zone charges are due and payable as they accrue and upon presentation to the Zone User, Subzone Operator, or Manufacturing Operator. The Grantee, or its Designee, reserves the right to withhold permission to withdraw merchandise from the Zone for those Users and Subzone or Manufacturing Operators with unpaid charges for Zone use.

ENFORCEMENT OF CHARGES

For the purpose of enforcing the payment of charges named in this schedule on merchandise handled over, stored, or manipulated on the Zone facilities, the Zone Grantee may take possession of such merchandise, and may remove and store same at the charge, risk, and expense of the owner or consignee thereof and/or sell the goods by public auction, and/or such other remedies as may be provided by law.

SURCHARGE FOR ZONE OPERATIONS

At this time, lease rates in the Butterfield Trail Industrial Park do not include charges to cover the costs of related Zone administration (see User Fees). Any tenant of Butterfield Trail Industrial Park and any owner/tenant of the other approved zone sites who enters into a User, Subzone Operator or Manufacturing Operator Agreement with the City and complies with U. S. Customs requirements and other Foreign-Trade Zone laws is entitled to the privileges of Foreign-Trade Zone No. 68. Additional surcharges may be imposed by the City in the future.

BASIS FOR BTIP LEASES

Grantee will lease land at Butterfield Trail Industrial Park for the purpose of constructing private buildings and facilities subject to agreed rates, and to rules and regulations published in this Schedule.

RATES OF BTIP LAND LEASES

Annual lease rates for land within Butterfield Trail Industrial Park's Foreign-Trade Zones No. 68 will vary depending on the location of the land leased, size and configuration of the property, and length of term of the lease.

APPROVAL BY GRANTEE

All leases and sub-leases at Butterfield Trail Industrial Park are subject to approval of the Grantee.

CUSTOMS BOND

The Zone Grantee maintains for Customs purposes a Customs 301 Bond as a guarantee for the payment by the Zone Operator of all duties and taxes on such merchandise as may be removed from the Zone without proper Customs permits or otherwise missing from the Zone.

A Subzone Operator shall purchase and deliver to the US Customs and Border Protection a Customs 301 Bond in an amount set by US Customs. This bond shall be effective beginning on the effective date of the Subzone Operator Agreement, and shall be a "Continuous Bond".

A Manufacturing Operator shall purchase and deliver to the U.S. Customs and Border Protection a Customs 301 Bond in an amount set by U.S. Customs. This bond shall be effective beginning on the effective date of the Manufacturing Operator Agreement, and shall be a "Continuous Bond".

A Distribution Site Operator shall purchase and deliver to the U.S. Customs and Border Protection a Customs 301 Bond as a guarantee for the payment by the Zone Operator of all duties and taxes on such merchandise as may be removed or otherwise missing from its specific site in the Zone without proper Customs permits. This bond shall be effective beginning on the date of the Port Director's approval of the Distribution Site Operator's application for direct delivery and shall be a "Continuous Bond".

CUSTOMS PERMIT

Merchandise will not be delivered to or through Customs territory unless permitted by U. S. Customs.

CUSTOMS INSPECTION OF MERCHANDISE WHILE IN ZONE

The applicable consignee, Zone User, Subzone or Manufacturing Operator, or their agents, shall at all times be immediately available to make the merchandise subject to inspection required by the United States Customs and Border Protection and shall have the sole responsibility of opening crates and packages, handling the merchandise and securing the crates and packages following the inspection. In the event that the required entity or agent is not immediately available for the inspections, then Zone personnel shall be authorized to open such packages for the Customs Service and shall not be liable for any loss or damage for any reason whatsoever to the goods.

NON-LIABILITY

- (a) The Grantee, its agents, employees, representatives and/or those acting within the authority delegated by Grantee, including the Airport Board, will not be liable and cannot assume any responsibility for any loss or damage to freight, cargo or merchandise or other property within the Zone, or for any loss or damage arising from the acts or omission of co-tenants, or of the occupants, or users of adjacent or contiguous compartments or of other portions in or about the Zone, nor for the breakdown of power service, nor for loss or damage occasioned by plumbing, electric wires, automatic fire apparatus, nor for any loss or damage from any cause whatsoever.

- (b) Zone Users, Subzone Operators, and Manufacturing Operators through their use of the Zone agree that Grantee and/or Zone Operator, their agents, employees, or representatives, shall not be responsible nor liable for any claims for damages or injury (including death) caused by or arising from:
- (1) Acts or negligence of co-tenants upon or within the Zone.
 - (2) The occupants or users of adjacent or contiguous premises.
 - (3) The breakdown of power service.
 - (4) Plumbing, electrical wires, automatic fire or sprinkler apparatus or any facilities upon or about the Zone Operator or other premises of the Grantee and/or Zone Operator.
 - (5) Water being upon or coming through the roof, skylights or trapdoors.
 - (6) Accidents on tracks, roadways or elsewhere upon or within Grantee's and/or Zone Operator's property.
- (c) The El Paso International Airport Board shall never be liable to respond in damages or make indemnity or compensation of any character from any source other than the income and revenues arising from the operation of the property operated by the Board of El Paso International Airport by reasons of, or due to, or caused by the operation of the El Paso International Airport. The members of the Board of the El Paso International Airport, either individually or collectively, shall not be personally liable to anyone by reason of, or due to, or caused by the management of the El Paso International Airport.

ZONE ACCOMMODATIONS

Before merchandise may be admitted into the Zone, applications on CF 214 must be completed by Zone User or his agent, filed and approved by the Zone Grantee or its Designee and with the authorized Customs personnel. The application shall describe the merchandise fully, in terms of the Harmonized Schedule Schedules of the United States and be accompanied by all supporting document as required by CF 214.

The preceding sub-paragraph shall not apply to those Manufacturing Operators operating in accordance with the regulations required for Direct Delivery procedures, including but not limited to 19 CFR 146.39 as amended. Upon prior approval of the Port Director of Customs, said Manufacturing Operators shall comply with all requirements applicable to the use of the Direct Delivery procedures.

PERMISSION TO MANIPULATE, MANUFACTURE OR PROCESS

Foreign-Trade Zones Board approval of any manufacture process is required prior to such activity. Before merchandise may be manufactured or manipulated within the Zone, application on Zone CF 216 must be presented to the Zone Grantee or its Designee for concurrence by the Zone Grantee. The Zone Grantee or its Designee will then forward the application to the Port Director of Customs. On approval by the Port Director, the contemplated manipulation will then be permitted.

TENDER FOR ACCEPTANCE

All merchandise for Zone acceptance shall be delivered at designated points properly marked and packed and accompanied or preceded by the necessary documents for preserving the identity of such merchandise.

CLEARING MERCHANDISE AND TRAFFIC

All merchandise having Zone Status both incoming and outgoing, must obtain clearance through the Zone Office.

CHARGES FOR SPECIAL ZONE STAFF SERVICES

The Zone Grantee or its Designee maintains in the Zone a legally assigned staff of employees to assist in the normal operation of the Zone during regular business hours set forth in this Schedule.

Zone staff services rendered during National Holidays, Saturdays and Sundays, or during overtime hours at the request of the users of such service shall be at rates agreed to between said Zone Users, Subzone Operators, Manufacturing Operators and the Zone Grantee or its Designee.

INSURANCE

Insurance is carried by the Zone Grantee or its Designee on its own property only and does not include insurance on the contents stored therein. Users and Subzone and Manufacturing Operators are prohibited from putting anything within the Zone which will cause the cancellation or forfeiture of the insurance or affect the premium rate thereof on the building or buildings of which the leased premises forms a part. Insurance on commodities or other property stored on the leased premises, if desired, must be carried by and at the expense of Users and Subzone and Manufacturing Operators or owner of the commodities or other properties. Merchandise stored, manipulated or transferred within the Zone is not insured by the Grantee and the Zone Schedule rates do not include insurance on merchandise.

BUSINESS INSURANCE

All persons or firms conducting business on or in connection with the facilities of Foreign-Trade Zone No. 68 will be required to provide the Zone Grantee or its Designee with proof of existing in force Business Insurance in such amounts and type as may be required by the Grantee, City of El Paso, International Trade Processing Center, 501 George Perry, Suite I, El Paso, Texas 79906.

INSPECTION

Grantee may inspect the assigned area at any and all reasonable times to ascertain whether or not the covenants or conditions related to its proper use are being observed.

MARKING AND LABELING

All merchandise handled in the Zone before entry into Customs territory must be truly marked in accordance with customs regulations as to the country of origin and in accordance with all other government regulations, and no merchandise will be permitted to leave the Zone for any purpose that carries any false or misleading label or mark. When repacked or labeled in the Zone, the goods should, when possible, be marked to indicate that fact.

MERCHANDISE WHICH IS PROHIBITED BY LAW

Merchandise which is prohibited by law shall not be admitted into a Zone. The admission into a Zone of merchandise, the importation of which into the United States is restricted, but not absolutely prohibited, such as certain classes of merchandise as set forth in Chapter X Customs Regulations of 1937, shall be under such provisions as may be prescribed by the Department of Agriculture or other Government Agency having jurisdiction in the particular case. No narcotic drug as defined in the Act of May 26, 1922, known as the "Narcotic Drug Import and Export Act", as amended, shall be permitted to be introduced into a Zone, except that such quantities of narcotic drugs as are required for direct emergency medical needs within a zone may be admitted into said Zone from customs territory of the United States subject to the requirements of the Act of December 17, 1914, known as the "Harrison Narcotic Law", as amended, and regulations thereunder. Any prohibited merchandise, including narcotic drugs not admissible into a Zone as herein provided, found within a Zone shall be seized and disposed of according to law. Merchandise in a Zone may be examined by appropriate officers at any time to enforce the provisions of this paragraph.

GOLD

(Except fabricated) Is prohibited by Special Order of the Foreign-Trade Zones Board.

IMPROPER PACKING

Merchandise not suitably packed for ordinary handling, may, in the discretion of the Foreign-Trade Zone Manager, be rejected or repacked at the expense of the shipper, consignee, or their agent.

HAZARDOUS MERCHANDISE

Explosives, inflammable, and other hazardous merchandise will not be permitted in the Zone unless complying with all Federal, State, Municipal and Grantee regulations.

CONTINGENCIES NOT COVERED BY RULES

Contingencies not covered by these rules will be subject to arrangements or agreements approved by Grantee.

INVENTORY CONTROL SYSTEM

As an alternate to the Grantee/Operator performing inventory control functions, Zone Users, Subzone and Manufacturing Operators shall keep track of their own inventories for U. S. Customs requirements as described in their FTZ Procedures Manual on file with the Port Director of Customs & Border Protection. Maintenance of a satisfactory inventory control system will be monitored by the Grantee/Operator and U. S. Customs. The Grantee/Operator will also monitor these systems and will require periodic accountability.

GRANTEE'S RESTRICTIONS AND PROHIBITIONS

The Grantee reserves the right to restrict or prohibit the entry or handling of any commodity in the Zone due to its hazardous, obnoxious, or unsanitary conditions or nature.

ZONE TO BE OPERATED AS A PUBLIC UTILITY

All rates and charges for all services or privileges within the Zone shall be fair and reasonable, and the Grantee and Operators shall afford to all who may apply for the use of the Zone and its facilities and appurtenances uniform treatment under like conditions, subject to such treaties or commercial conventions as are now in force or may hereafter be made from time to time by the United States with foreign governments, (15 CFR, Chapter IV, Part 400, Section 1003a).

APPLICATION AND INTERPRETATION OF SCHEDULE

Foreign-Trade Zone No. 68 Schedule No. 1, its rules and regulations and charges, shall apply to Foreign-Trade Zone No. 68, its Subzones and Annexes unless otherwise provided for. The Foreign-Trade Zone Manager shall be the sole judge to interpret and determine the applicability of any of the rates, regulations or services provided for in this Schedule. However, any matter involving interpretation or action by U. S. Customs or other agency of the U. S. Government will be determined by the Port Director of Customs or his duly appointed representative.

REMOVING FTZ DESIGNATION

The City of El Paso reserves the right to remove the FTZ designation from approved designated sites under the following conditions:

1. No part of the property has been activated within five (5) years of receiving FTZ Board approval and/or U.S. Customs & Border Protection approval.
2. There is a default in the agreement between the FTZ Grantee/Operator and Property Owner(s) or between the FTZ Grantee/Operator, Property Owner and FTZ User.
3. Property is used for residential purposes, commercial or retail usage or any other use or development that is inappropriate for FTZ designation or banned by federal law.
4. Failure to pay charges or fees associated with a FTZ designation.

USER FEES

- A. Transaction Fees: The charge for each FTZ transaction will be \$15.00. An FTZ transaction will be defined as any of the following:
 - 1. An Application for Foreign-Trade Zone Admission and/or Status Designation (CF214).
 - 2. An Application for Foreign-Trade Zone Activity Permit (CF216).
 - 3. Any Transfer of Foreign-Trade Zone Merchandise (i.e., CF7501, CF3461, CF368, CF7523, Release Under Sec. 321, CF7512, CF6043, etc.)
 - 4. Any Amendment of any of the above transactions.
- B. Training Fee: A charge of \$50.00 will be made for each individual who attends an FTZ Operations Training Seminar.
- C. Weekly Transportation and Exportation ("T&E") and Weekly Entry Fee: A charge of \$30.00 will be made for each Weekly T&E Permit and Weekly Entry Permit issued pursuant to §§ 146.63 and 146.68 of the Customs Regulations.
- D. High Volume Admissions: A tier rate structure is available for high volume monthly admissions (CF214) as follows:

No. of Admissions	Rate
<u>Per Month</u>	
0 – 500	\$15
500 – 1,000	\$10
1,001 up	\$ 5

- E. Admission under Direct Delivery for Distribution: A distribution site operator will be charged \$100.00 for each admission on a CBP214 or E214, for which approval from Customs and the Grantee to utilize Direct Delivery procedures has been obtained and issued pursuant to §146.40.
- F. Cartage Fee: A charge of \$15.00 will be made for each cartage document (i.e. CP214, CBP6043) requested using the FTZ Operator's Bond that allows the transfer of an inbound shipment into the zone within the Customs Port of El Paso, and upon authorization of the Foreign-Trade Zone Manager and established guidelines by the Operator. However, permission for cartage purposes will be for only inbound shipments going to a FTZ No. 68 site.

SUBZONE FEES

- A. Annual Fee: \$15,000.00 per year
- B. Training Fee: Same as noted above for User Fees.

ACTIVATION FEE

The charge for activation of any general-purpose zone project will be \$2,000.00. Subzone Activation Fee is \$3,000.00.

PAYMENT BONDS

The City will require each Zone User, Subzone Operator, and Manufacturing Operator to keep in force at all times a payment bond. The amount of said bond will be set at a minimum of \$125,000 but shall be enumerated with the agreement with the Grantee. However, Minimum payment bond requirements for Manufacturing Operators shall be enumerated within its agreement with the Grantee and is not subject to the preceding sentence. Every year the Director of Aviation, based on the recommendation of the Foreign-Trade Zone Manager, will re-evaluate performance and re-determine bond levels.

SMALL MANUFACTURING BUSINESS ACCELERATOR (SMBA) PROJECT

The SMBA is a project that helps small manufacturing companies expand their markets or compete on a global basis through the use of El Paso's Foreign-Trade Zone. The objective of this project is to act as a catalyst for development of business by reducing the start up cost and accelerating the approval process for a small manufacturing business to set up in FTZ No. 68.

Start-up Incentives:

- A business selected for this project would be permitted to activate a FTZ facility for a period of one year without any Grantee/Operator transaction fees being charged to the business,
- Receive start up support from FTZ No. 68 Grantee/Operator, and
- FTZ Operations Training fees waived for up to four (4) key employees during initial year.

Selection criteria:

- An application must be submitted to the City's FTZ Manager for review and approval. If the business is selected for the SMBA, it will sign an agreement with the City Manager or its designated representative.
- The business must have less than 500; and be legally established in the US.
- The business must conduct manufacturing as defined under US Customs regulations.
- The business must go through a manufacturing approval process through the US Foreign-Trade Zones Board, and will be responsible for paying any consultant and FTZ Board fees necessary to obtain manufacturing approval in a Foreign-Trade Zone.

FOREIGN-TRADE ZONE No. 68

EL PASO, TEXAS

SAMPLE

U.S. CUSTOMS FORMS

The following U. S. Customs Forms are used in Foreign-Trade Zone No. 68. They are to be reproduced by the user, with appropriate information added as follows:

<u>FORM</u>	<u>COLOR OF STOCK</u>
CBP Form 214 (02-26-96) (Including Paperwork Reduction Act Notice on back side)	White
CBP Form 214A (08/00) (Including Paperwork Reduction Act Notice on back side)	Pink
CBP Form 214B (08/00)	White
CBP Form 214C (08/00)	Pink
CBP Form 216 (01/01)	White
CBP Form 7512 (05/98)	White
CBP Form 3461 (01-01-89)	White
CBP Form 7501 (XX-XX)	White

ATTACHMENTS

FTZ No. 68 MAP