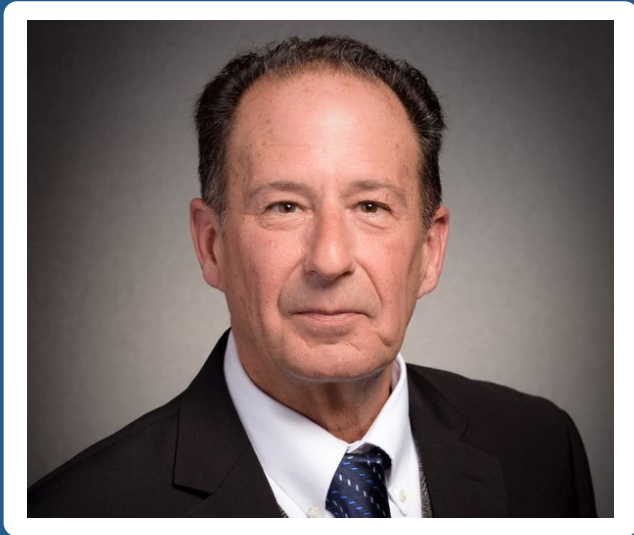


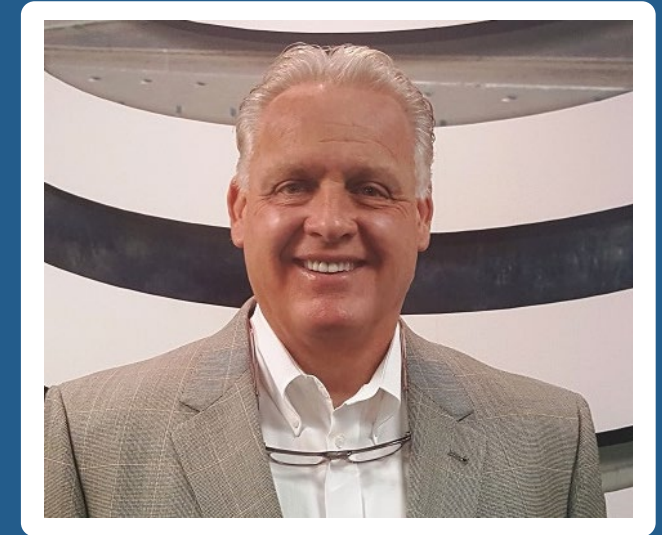
Maximizing Global Advantage: The Strategic Role of Foreign Trade Zones



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Regional Growth Partnership



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President
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WHAT IS A FOREIGN-TRADE ZONE?

- A Secure Area Located in or near a Port of Entry
- Legally Outside the Customs Territory
- In a Zone
 - Merchandise may be assembled, exhibited, cleaned, manipulated, manufactured, mixed, processed, relabeled, repackaged, repaired, salvaged, sampled, stored, tested, displayed, & destroyed
 - Retail Trade is Prohibited

Foreign-Trade Zones (FTZ)

What's The
Advantage?

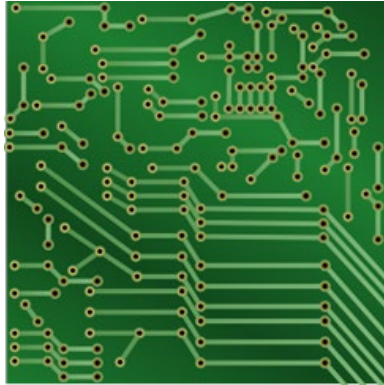
Enhanced Cash Flow

- Duty Deferral
- Duty Elimination
- Duty Reduction (Inverted Tariff)

TERMINOLOGY

- **Manipulation:** As defined in Section 562 of the Tariff Act, processing wherein merchandise is packed, unpacked, repacked, cleaned, sorted, graded or otherwise changed in condition. The precise distinction between manipulation and manufacturing is subject to interpretation and enjoys a long history of case law.
- **Manufacturing:** The FTZ Board has defined manufacturing as any process that results in a change in classification of the merchandise, and therefore, requires prior clearance from the Board pursuant to the manufacturing conditions in specific foreign-trade zone grants.

Duty Deferral

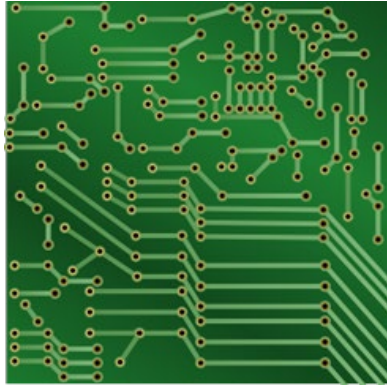


**Printed circuit boards with entry
duty rate of 3.5% are stored in
FTZ**



**Duty is NOT paid until circuit boards are
sold and are removed from the zone**

Duty Elimination

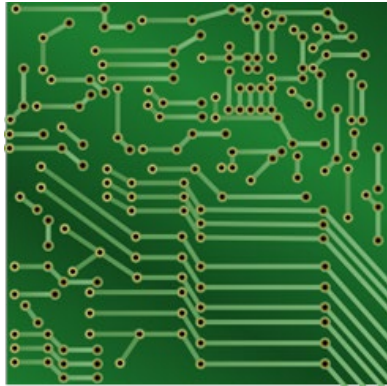


Printed circuit boards with entry duty rate of 3.5% are stored in FTZ

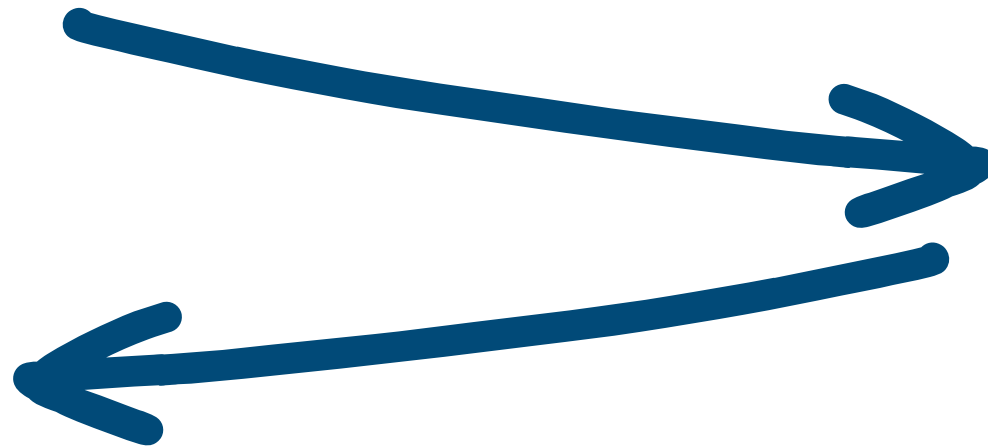


No duty is paid if circuit boards are exported from the U.S.

Duty Reduction (Inverted Tariff)



Printed Circuit Boards with entry duty rate of 3.5% are brought into FTZ



Circuit Boards are manufactured into washing machines. Duty rate is Free. Circuit boards enter at 0% if NPF status

What Can't Be Done in A FTZ

- Import of Goods Prohibited by Law
- Retail Sales
- Use of the Program to circumvent countervailing or antidumping duties
- Use of the Program to contradict established US trade policy

Weekly Entry

- One entry/week
- Broker Fee Savings
- MPF Savings



Wow! I like this once a week entry

Reduced MPF

- Merchandise Processing Fee (MPF)
- MPF required on imports
 - Exception: Canada & Mexico
- MPF is 0.3464%
- MPF caps at \$538.40/entry

Reduced MPF Best Case Scenario

- Non-FTZ
 - Avg. no. of entries/yr. = 260
 - Multiplied by \$634.62 = \$165,001.20
- FTZ
 - Avg. no. of entries/yr. = 52
 - Multiplied by \$634.62 = \$33,000.24

Savings = \$132,000.96

Additional Information

Campbell Trade Group, Inc.

President: Randy P. Campbell

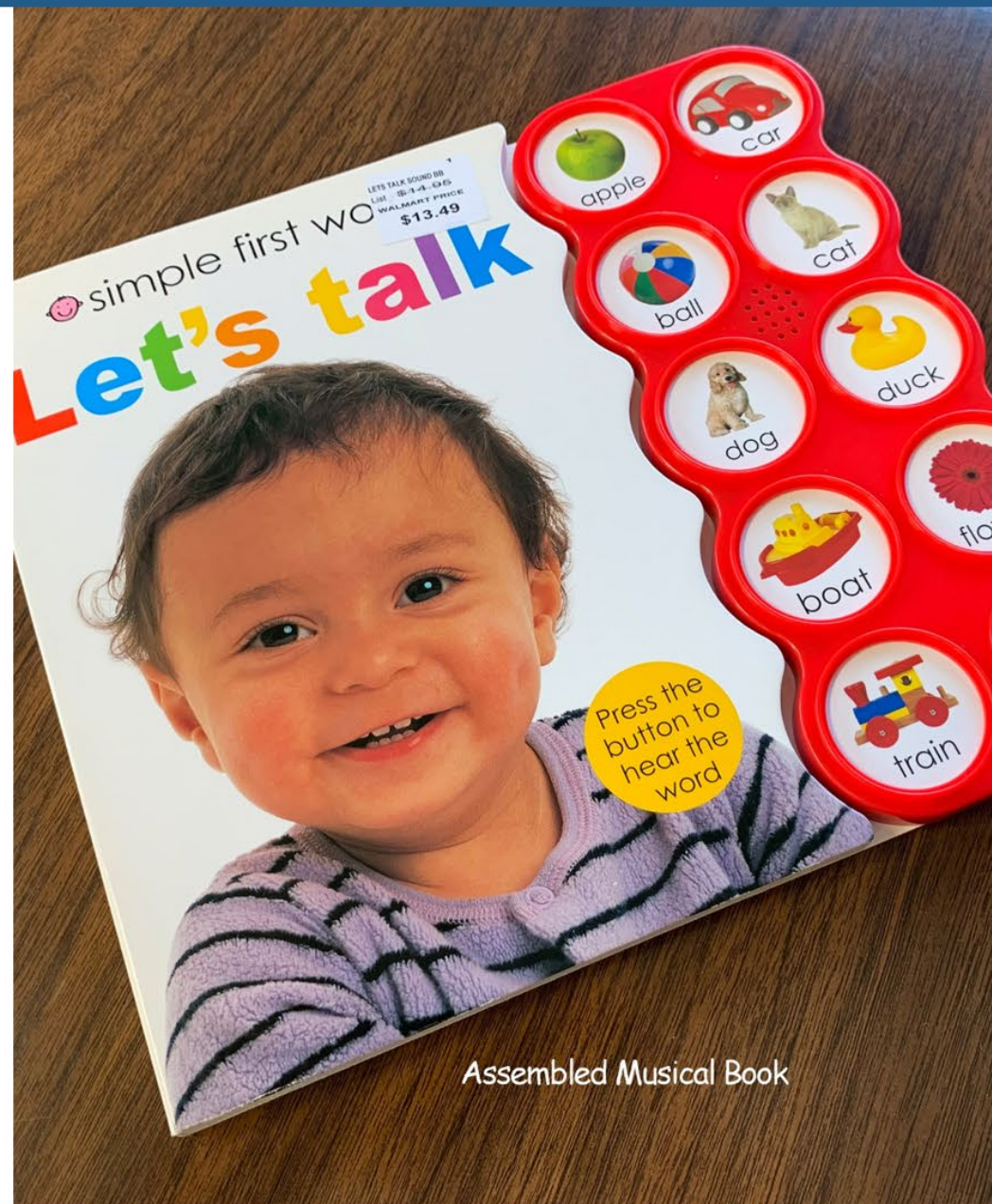
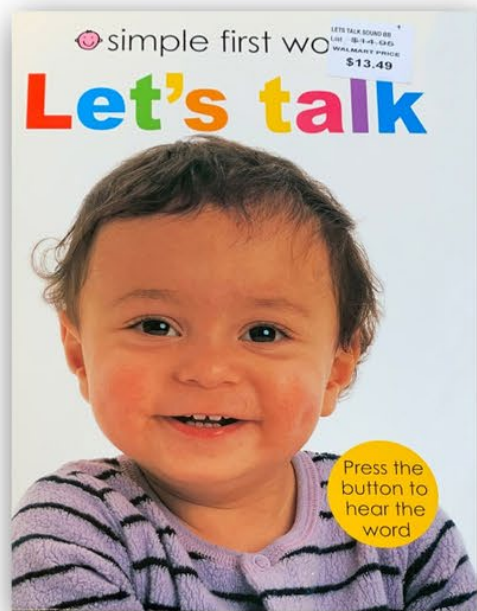
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Website: www.CampbellTradeGroup.com

FTZ Story 1

Musical Book

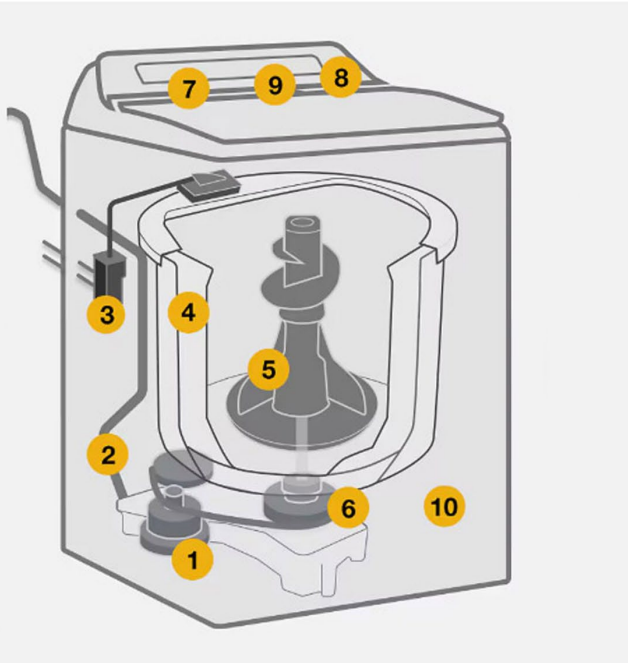


Assembled Musical Book

FTZ Story 2

Clothes Washer

- 1 Water pump
- 2 Drain pipe
- 3 Water inlet valve
- 4 Tub/Drum
- 5 Agitator/Paddles
- 6 Motor
- 7 Circuit board
- 8 Timer
- 9 Control panel
- 10 Heating element
(Model Dependent)



Assembled Washer



Exploring Benefits of the FTZ

Presented by Ohio Logistics

Chuck Bills
President & CEO
Ohio Logistics

About Us

Ohio Logistics provides all of the assets and operational support necessary to meet your most sophisticated logistics requirements.

Working out of a single 40,000 sq. ft. warehouse in Findlay, OH, we began our operations in June of 1988. Today, Ohio Logistics successfully maintains 35 locations serving six states. With over 8.5 million sq. ft. of state-of-the-art warehouse space, we are one of the largest privately held logistics firms in the Midwest.

Built on a sound financial base, Ohio Logistics will strive to bring your ideas to reality regarding your supply-chain management needs.

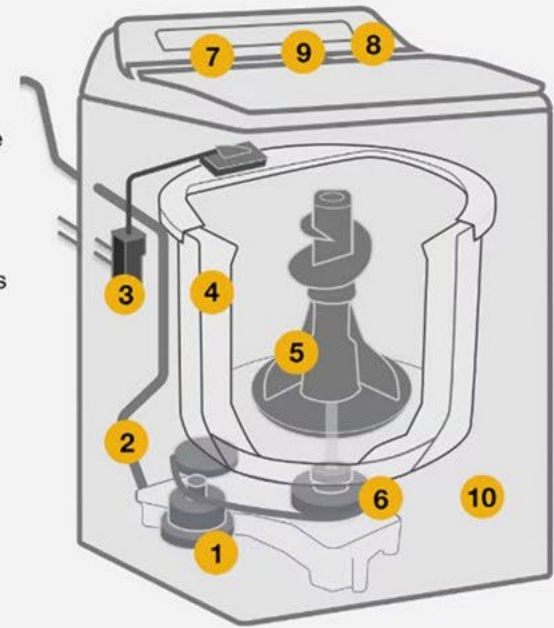
- Ohio Logistics is a General-Purpose Warehouse (GPW) of Foreign Trade Zone (FTZ) 151.



Example

- A clothes washer is made up of multiple imported component parts which each carry a specific duty rate based on their HTS#.
- For this example, we will use a value of \$20 for each of the 10 parts and a duty rate of 4.5%.

- 1 Water pump
- 2 Drain pipe
- 3 Water inlet valve
- 4 Tub/Drum
- 5 Agitator/Paddles
- 6 Motor
- 7 Circuit board
- 8 Timer
- 9 Control panel
- 10 Heating element
(Model Dependent)



Parts Diagram

Example

The parts are imported and warehoused within an FTZ and then sent to manufacturer.

- Component parts are imported to the US.
- Parts are delivered to the FTZ warehouse until manufacturer needs them.
- Warehouse delivers parts to manufacturing plant located in FTZ.



Example

- Value of imported component parts is \$200. Duty on those parts is 4.5% of \$200, or \$9 per washer.
- Parts are assembled into finished goods - clothes washers with a duty rate of 0% .
- Manufacturer makes entry of clothes washer.
- Manufacturer pays 0% duty for the finished product, resulting in a savings of \$9 per machine.

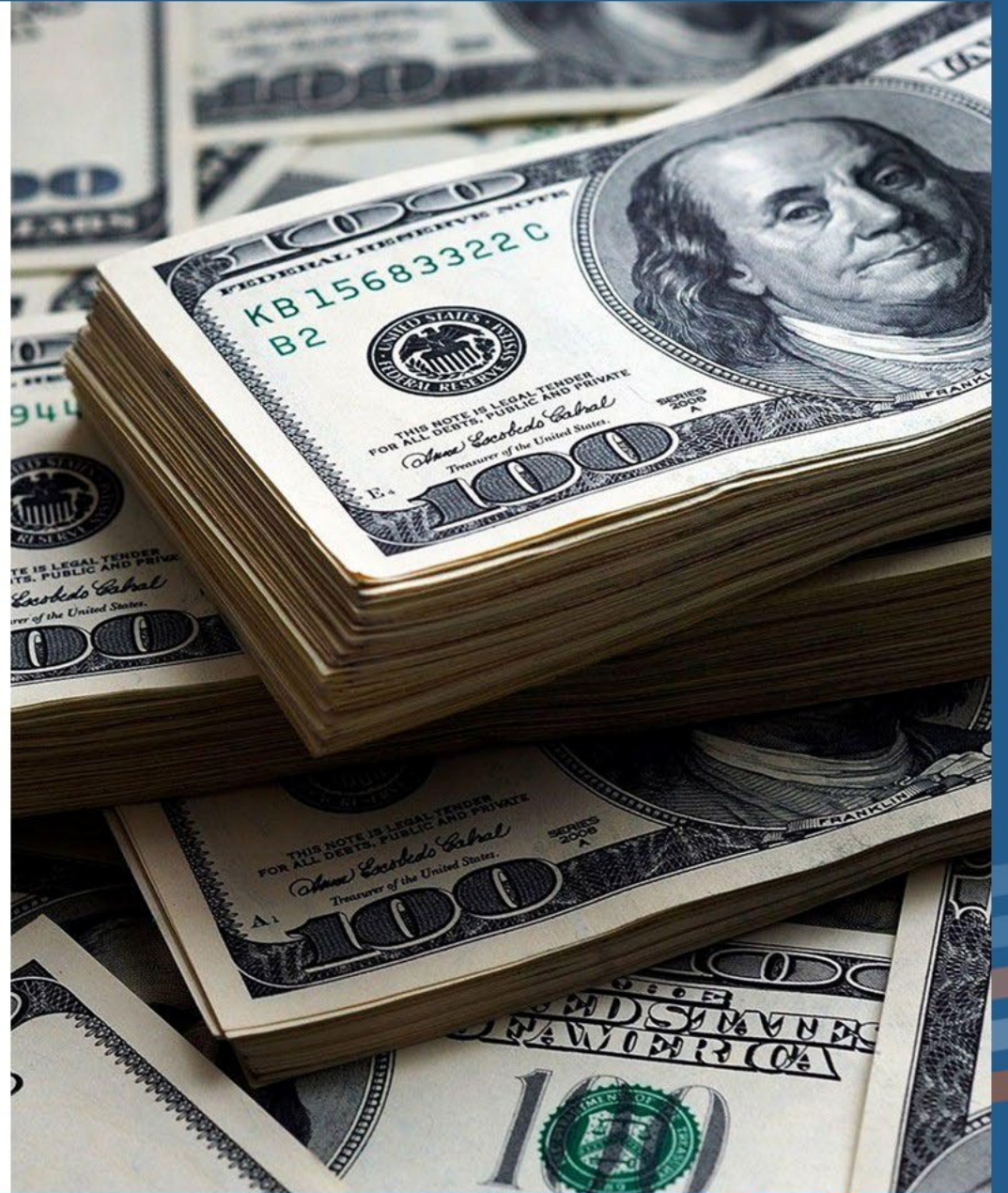


Assembled Washer

Example

Total savings: \$35.1 million per year

- 15,000 machines manufactured daily, or 3.9 million/year (assuming 260 workdays per year).
- \$9 per machine duty savings.
- \$135,000 savings per day, or \$35.1 million/year.
- Over and above Duty Savings will be Manufacturer Processing Fee (MPF) savings, based on volume and value, which can be significant.



Contact Us

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OHIO
LOGISTICS

Warehousing & Transportation

"You have everything you need to build something far bigger than yourself." - Seth Godin -

*"If you're not a risk taker,
you should get out of business."*

- Ray Kroc -

*"You can have everything in life you want,
if you will just help other people get what they want."*

- Zig Ziglar -

*"Whenever you do a thing,
act as if all the world were watching."*

- Thomas Jefferson -

*"The pessimist complains about the wind:
The optimist expects it to change:
And the realist adjusts the sail."*

- William Arthur Ward -

*"Nearly all men can stand adversity,
but if you want to test a man's character, give him power."*

- Abraham Lincoln -

*"A MEDITOCRE PERSON TELLS,
A GOOD PERSON EXPLAINS.
A SUPERIOR PERSON DEMONSTRATES.
A GREAT PERSON INSPIRES OTHERS TO SEE FOR THEMSELVES."*

- HARVEY MACKAY -

*"Happiness and moral duty
are inseparably connected."*

- George Washington -

"A creative man is motivated by the desire to achieve, not by the desire to beat others." - Ayn Rand -

*"The way to get things done
is not to mind who gets the credit."*

- Benjamin Jowett -

*"While one person hesitates because he feels inferior,
the other is busy making mistakes and becoming superior."*

- Henry C. Link -