



## **U.S. FTZ COVID-19 CONSIDERATIONS**

### **MARCH 23, 2020**

We have received numerous questions from clients concerning the potential of cessation of business/foreign-trade zone activity at currently-activated foreign-trade zones. While this may occur, it is most important that clients realize that there are very specific U.S. Customs and Border Protection and Foreign-Trade Zone Board requirements that must be undertaken. We suggest the following:

#### **TRANSFER TO FTZ.**

- A management Inventory Control and Recordkeeping System (ICRS) system must be in place to ensure that all foreign, non-duty-paid, in-bond material is properly admitted to the foreign-trade zone and a CBPF e-214 submitted and approved by CBP. Under 19 CFR § 146.40(c)(3), an FTZ has fifteen (15) calendar days after arrival at an FTZ to admit the merchandise into the Zone. The CBPF/e-214 submission but be filed with CBP by the next business day after admission. There are three additional key CBP regulatory considerations:
  - All CBPF 7512 in-bonds legally have thirty (30) calendar days from the Port of arrival initiation to FTZ arrival. If necessary, contact your bonded carriers to either hold at their facilities and not deliver or deliver to your FTZ and not “arrive” until the thirtieth (30<sup>th</sup>) day.
  - Permits to Transfer (PTTs) have fifteen (15) calendar days to move product in-bond from the Port of arrival to FTZ arrival.
  - Consider transloading ocean containers into truck trailers if necessary. **TRANSLOADING CAN BE VERY COMPLEX AND REQUIRES CBP PORT APPROVAL. CONTACT US FOR GUIDANCE.**

#### **FTZ STORAGE IN FTZ BOARD APPROVED /CBP ACTIVATED SPACE.**

- Be very careful to be certain that any stored material is in an FTZ Board-approved and CBP-activated FTZ area. Storing foreign non-duty paid material in an area that is not FTZ approved/activated cannot occur as it is a violation of FTZ Board and CBP statutes and regulations.

#### **NECESSITY FOR FTZ SPACE**

- If there is no more space for FTZ material in your FTZ, contact us about securing quick Grantee, FTZ Board, and CBP approval and activation of overflow warehouses or open fenced and secured storage areas.
  - If there is no space, it is conceivable that merchandise could be held in an outside secure storage area in its original ocean containers if the ocean carriers will waive the demurrage charges, or in transloaded trailers with CBP Port approval.

- If storage has never occurred outside, but it is activated in writing by CBP then no new CBP approvals are required to proceed.
- If outside storage was never approved by CBP, contact us to secure CBP Port approval for secure outside storage.

## **FTZ SHIPMENTS**

- If FTZ shipments are to be stopped, careful attention must be given to the best possible process to ensure shipments are not inadvertently removed from the FTZ without Customs entry or an in-bond submission approved for zone-to-zone transfer or export.
  - Clients with weekly entry programs should consider continuing to submit weekly estimated CBPF 3461s even though a decision has been made to discontinue shipment activity so as to be certain that there is CBP release for shipments during the suspension. Having authority for any random shipments and filing the CBPF 7501 and duties paid 10 days later is preferable to not having CBP authority to ship merchandise and having an “unauthorized” release that violates civil and criminal CBP regulations and statutes. If no shipments are made against a Weekly Estimated CBPF 3461, it can be electronically cancelled.
  - Clients with individual Customs entry programs should carefully monitor when shipments are to be made. Arrangements are necessary to file an individual Customs entry that must be approved by CBP before shipments are made.
  - If CBP Customs duty payments are suspended, as a result of CSMS Message #42097586, confirm entries are filed.

## **AVOID FILING CUSTOMS ENTRY AND NOT ADMITTING FTZ MATERIAL TO AN FTZ**

- Just filing a Customs entry and paying duty on material could make the FTZ restart process much more complicated if you have not previously managed the same Part/SKU/model numbers as both duty-paid and non-duty-paid merchandise in your FTZ.

Obviously, there are many complexities to COVID-19 foreign-trade zone considerations.

We will continue to work on your behalf without interruption during these challenging times.

Please contact [Marshall Miller](#), [Scott Taylor](#), [Linda King](#), or [Lori Hessler](#) with questions.

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### **IMPORTS EXPORTS FOREIGN-TRADE ZONES**

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