

**FOREIGN-TRADE ZONE NO. 142
GRANTEE
SOUTH JERSEY PORT CORPORATION**

TARIFF

RATES, CHARGES, RULES & REGULATIONS

Located at

Salem & Millville, New Jersey

Operating under granted authority of the
United States Foreign-Trade Zones Board
to the South Jersey Port Corporation

Prepared: April 1996
Revised: April 2001
Revised: September 2014

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ADMINISTRATIVE ORGANIZATION

FOREIGN-TRADE ZONE NO. 142

TARIFF NO. 1

SALEM & MILLVILLE, NEW JERSEY

SOUTH JERSEY PORT CORPORATION

**ADMINISTRATIVE OFFICES
LOCATED AT:**

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Camden, New Jersey 08103**

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GRANTEE ZONE MANAGER

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**SOUTH JERSEY PORT CORPORATION
BOARD OF DIRECTORS**

Chairman Richard Alaimo
Director Chad Bruner
Director Craig Remington
Director Jonathan Gershen
Director Robert DeAngelo
Director Joseph Maressa, Jr.
Director Eric Martins
Director Christopher Chianese
Director Carl Styles
Director Sheila Roberts

FOREIGN-TRADE ZONE NO. 142
SOUTH JERSEY PORT CORPORATION
TARIFF NO. 1

FOREIGN-TRADE ZONE NO. 142

TARIFF NO. 1

SEPTEMBER 2014

PREPARED BY JAY JONES
FOR THE SOUTH JERSEY PORT CORPORATON
CAMDEN, NEW JERSEY

POLICY
FOREIGN-TRADE ZONE NO. 142

Foreign-Trade Zone No. 142, located in Salem County, N.J. and operated by the South Jersey Port Corporation, a State authorized Public Authority. All rates and charges for services or privileges within the zone shall be fair and reasonable. The Grantee shall afford all who may apply for use of said zone and its facilities uniform treatment under equal conditions.

Copies of this tariff are on file with the Foreign-Trade Zone Board in Washington, D.C. and are also available from Foreign-Trade Zone No. 142 offices upon request for \$10.00 per copy.

DESCRIPTION OF FOREIGN-TRADE ZONE NO. 142

Pursuant to a Grant issued by the Foreign-Trade zones Board, United State Department of Commerce, Washington, D.C. on August 25, 1987, under Provisions of Public Law No. 397, 73rd Congress, approved June 19, 1934, as amended, Foreign-Trade Zone No. 142 has issued the following publication on rules, regulations and tariff rates.

Foreign-Trade Zone No. 142 is the property of the South Jersey Port Corporation and is operated by the South Jersey Port Corporation, a State agency, as a public utility under Foreign-Trade Zones Board Regulations.

The Zone has adequate electric, gas, water, waste disposal, communications and access to all modes of transportation. The zone is equipped to provide general storage, manipulation, manufacturing and exhibition.

The zone fronts State Highway 49 which connects with Federal Highway I-295 and I-95. Trucks may be loaded and unloaded. Adequate paved areas are provided for truck circulation and parking as well as for trailer storage are available.

A shortline railroad connects to Conrail main line. Rail cars may be loaded and unloaded directly within the Zone and warehouse area.

Air service is available at Millville Airport or Philadelphia International Airport, which was had landing capability for 747 (Double Dual-Tandem wheels) freight aircraft of 900,000 pound capacity.

On November 14, 1990, the Foreign-Trade Zone Board granted authority to Foreign-Trade Zone No. 142 to expand its boundary to include 144 acres in the Millville Municipal Airport Industrial Park.

The boundary expansion permits warehousing, repackaging, re-labeling, inspections, demonstrations, exhibitions and assembly. Manufacturing or substantial transformation of a product is not allowed under the current grant,. Companies interested in manufacturing under zone procedures will have to apply for a special purpose Foreign-Trade Zone or a subzone.

In order to comply with the terms of the grant and the requirements of the United States Customs Service, companies wishing to operate under zone procedures should be prepared to do the following:

1. Install a system of security control. There are no uniform standards as to what security control systems should be, however, the applicant company should be prepared to demonstrate to U.S. Customs that intrusions into the secured area will be detected and handled.
 - a) companies should prepare a list of employees who would have access to the area as U.S. Customs will wish to run background checks on such employees. Although some interpretation and flexibility is afforded U.S. Customs in such matters, current U.S. Customs regulations indicate that a customs house broker, bonded carrier, bonded warehouse operator, and Foreign-Trade Zone operator may not station convicted felons in secured areas.
2. Be able to demonstrate an adequate system of inventory control to U.S. Customs. Because of personnel constraints, the U.S. Customs Service has been compelled to move to electronic monitoring of trade movements. Companies should be prepared to show the Customs Service how they can and will account for materials which will eventually enter the Customs territory. A system of electronic interface may be required by the U.S. Customs Service. If a company has capability to do so initially, it would be well-advised to do so.
3. Secure a bond from an Insurance provider. Companies must obtain a bond adequate enough to cover the value to the merchandise in the secured area at all times. Basically, the bond will commit to the U.S. Customs Service that all due and appropriate duties will be paid on merchandise which leaves the secured area. Evidence of the bond will be provided to the zone operator.

Site Description
FTZ 142
Salem & Millville, New Jersey
On the Salem River

- Site 1: Parcel A (85 acres) within the Port of Salem some 2 miles off the Delaware River
- Site 1: Parcel B (5 acres) also located within the Port of Salem, owned by the Salem Marine Terminal Corporation (SMTC) (approved through a minor boundary modification (A-19-88)
- Site 2: (10 acres) located within a proposed warehouse complex on Walnut Street, owned and operated by Salem Warehouse Distribution Corporation, which is also part owner of the SMTC site. This site was approved through a temporary minor boundary modification of Site 1, Parcel A (A-35-90, 11/14/90).
- Site 3: (144 acres) at the Millville Municipal Airport Industrial Park, located within the 916-acre Millville Municipal Airport, some 25 miles southeast of Salem, operated by the City of Millville.

APPLICATION OF TARIFF

APPLICATION OF FOREIGN-TRADE ZONE NO. 142 TARIFF- The rates, rules and regulations of this Tariff shall apply at Foreign-Trade Zone No. 142, its Sub-Zones and Annexes unless otherwise provided for.

GENERAL REGULATIONS. Foreign-Trade Zone No. 142 is subject to special Customs regulations as defined in U.S. Code of Federal Regulations, Chapter I, U.S. Customs, Part 146 – Foreign-Trade Zones. Copies of these regulations are maintained at the office of Foreign-Trade Zone No. 142 for reference of all persons and entities doing business with it.

APPLICATION AND INTERPRETATION OF TARIFF. The operator shall be the sole judge to interpret and determine the applicability of any of the rates, rules, regulations or services provided for in the Tariff. However, any matter involving interpretation or action by U.S. Customs or any other agency of the U.S. Government will be determined by the Port Director of Customs or his duly appointed representative.

NOTE: THIS TARIFF CAN BE CHANGED, CORECTED AND/OR MODIFIED AT ANYTIME BY THE GRANTEE AND WITH NOTIFICATION TO THE U.S. FOREIGN-TRADE ZONE BOARD.

ZONE OPERATORS/USERS GENERAL RESPONSIBILITIES

Zone operators/users assume the following responsibilities concerning Foreign-Trade Zone activities, they shall:

- a) Exercise reasonable care in executing all Zone documentation following inventory control procedures as established by the Zone Operator, and full compliance with Part 146 of the Customs Regulations concerning Foreign-Trade activity.
- b) Limit access to designated Zone areas to only those employees or visitors with an official or dutiful need to access the Zone area.
- c) Be responsible for maintaining adequate precautionary measures in order to insure the security of Zone merchandise.
- d) Be responsible for explaining any inventory discrepancies that may occur concerning merchandise having Zone status to the Zone Operator/Grantee and/or Customs.
- e) Make payment to and/or reimbursement of Zone Operator/Grantee for any penalties liquidated damages assessed by Customs for any violation of Zone regulations as a result of Zone Operator/User's actions of inactions.

OPERATIONS MANUAL

Each Operator will submit an Operations Manual for his sub-zone or zone site(s) to the Grantee and the U.S. Customs Service. Operators of Public Zone Sites will submit a copy of their operations manual, including "a section listing rates and charges" to users to the Foreign-Trade Zones Board as required by 15 CFR Part 400.42(b).

NON-LIABILITY

1. The South Jersey Port Corporation as Zone grantee shall not be liable and will not assume responsibility for injury to persons or for loss or damage to freight, cargo or merchandise or other property within the Zone, or for loss or damage arising from acts or commission or omission of Zone Operators/Users.
2. The Zone Operator/Users will indemnify and hold the Zone Grantee harmless from any loss of whatever nature arising out of Zone Operators/User's operations.

RATES AND CHARGES FOR FOREIGN-TRADE ZONE USE

Foreign-Trade Zone 142 has designed its fee schedule to fit five standard categories of clients. Fees for potential clients that do not fit into one of the listed categories will be negotiated between the client and the FTZ 142 Manager. Fees by category are:

1. U.S. Customs bond: No less than the total value of all duty, fees and taxes due on all cargo on hand at any given time. The Foreign-Trade Zone user will provide a letter holding the South Jersey Port Corporation harmless from any liability claims or punitive measures imposed by the U.S. Customs Service.

2. For active Foreign-Trade Zone use, the South Jersey Port Corporation will be remitted a rental fee of \$0.25 per square foot per month to cover the costs of activated FTZ space.

3. Subzones: The following is a schedule of Subzone fees:

| | |
|---------------------------------|-------------|
| Assistance with Application Fee | \$ 5,000.00 |
| Activation Fee | \$ 1,000.00 |
| Annual Fee | \$15,000.00 |

4. General Purpose Site Operators: Fees are the same as manufacturing Subzones, except the Annual Fee shall be \$5,000.00.

5. Users: Fees are based on the volume of transactions and are intended to recover the cost of processing and maintaining records. The minimum annual fee (3,000) is payable with the first entry of merchandise to the Foreign-Trade Zone. Additional payments will be made as billed by the operator/Grantee.

| | |
|-----------------|-----------|
| Application Fee | \$ 500.00 |
|-----------------|-----------|

Annual Fee:

| Tier | Transactions | |
|------|--------------|------------------------|
| 1 | 0-300 | \$ 3,000.00 |
| 2 | 301-+ | \$ 10 per transaction* |

* Transaction: A transaction is defined as any form documenting a material movement that is required by Customs or any other federal agency.

Any extended legal costs or unusually high expenses involved with unforeseen, complex issues will be proportionally shared by the Subzone Operators, General Purpose Site Operators, and FTZ Users involved in the issue.

Effective Date: _____

_____ By:

DEFINITION OF TERMS

ACT- The foreign-Trade Zones Act of June 19, 1984 (48 Stat. 998-1003; 19 U.S.C. 81a-81u), as amended by Public law 566, 81st Congress, approved June 17, 1950.

SECRETARY- The term “Secretary” means the Secretary of Commerce.

BOARD- The Foreign-Trade Zones Board created by the ACT to carry out the 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. 142.

SUBZONE- The term “Subzone” means a special purpose zone established as part of a zone project for a limited purpose, that cannot be accommodated within the existing zone.

DIRECTOR OF CUSTOMS- The Port Director of Customs, Phila., Pa. – U.S. Customs Service.

GRANTEE- The South Jersey Port Corporation to which the privileges of establishing, operating and maintaining Foreign-Trade Zone No. 142 have been granted.

ZONE OPERATOR- South Jersey Port Corporation, an agency of the State of New Jersey is the operator of Foreign-Trade Zone 142.

USER/CLIENT- An individual, company or corporation utilizing the services and facilities of Foreign-Trade Zone No. 142.

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

UNITED STATES- The several States, the 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.

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 on which all internal taxes have been paid or (2) previously imported into Customs territory and properly released from Customs custody on which duty and tax has been paid or which was previously entered free of duty and tax.

CONDITIONALLY ADMISSIBLE MERCHANDISE- Merchandise which may be imported into the United States under certain conditions. Merchandise which is subject to permits or licenses, or which may be reconditioned to bring it into compliance with the laws administered by various Federal agencies is an example of conditionally admissible merchandise.

PROHIBITED MERCHANDISE- Merchandise, the importation of which, is prohibited by law on grounds of public policy or morals, or any merchandise which is excluded from a zone by order of the Boards. Books urging treason or insurrection against the United States, obscene pictures, and lottery tickets are example of prohibited merchandise.

ZONE STATUS- That designation applied for on Customs Form 214 for merchandise admitted to a zone. i.e. non-privileged foreign, privileged foreign, zone restricted or domestic. Zone status determines the manner in which merchandise shall be classified, appraised and handled.

PRIVILEGED FOREIGN MERCHANDISE- Foreign merchandise which has not been manipulated or manufactured so as to effect a change in tariff classification and which is subject to tariff classification according to its character, condition and quantity at the rate of duty and tax in force on the date of filing application on Customs Form 214. Privileged foreign status may not be abandoned and remains applicable even if the merchandise is changed in form by manipulation or manufacture.

ZONE RESTRICTED MERCHANDISE- Foreign or domestic merchandise taken into a zone for the sole purpose of exportation, destruction (except destruction of distilled spirits, wines and fermented malt liquors), or storage prior to exportation or destruction.

Zone restricted status may be requested at the time of admittance to a zone or at any time thereafter, but may not be abandoned once granted. Zone restricted merchandise may only be returned to Customs territory for domestic consumption where the Board determines the return to be in the public interest.

NON-PRIVILEGED FOREIGN MERCHANDISE- (1) Foreign merchandise properly in a 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 in a zone which by reason of noncompliance with the regulations has lost its identity as domestic merchandise.

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 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 a zone and foreign merchandise which, under the laws and regulations of various other Federal agencies having jurisdiction within a zone, is said to be “imported” into a foreign-trade zone, Customs bonded warehouse, or Customs custody. This latter merchandise, in relation to operation of a zone, 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 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 purposes of marking and labeling, it includes (1) the product of manipulation or manufacture in a zone in which only privileged domestic merchandise is used, (2) the product of manipulation or manufacture in a 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 a 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, warehouse, breaking bulk, or change in mode of transportation, which originated in one foreign country and is destined at the same time of the original shipment 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 a 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 not 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- A unit of merchandise maintained under an inventory control method based on specific identification of merchandise admitted to a zone by lot.

ZONE LOT NUMBER- The sequential controlled number assigned to a zone lot.

UNIQUE IDENTIFIER- The number, letters, or combination of numbers and letters that identify merchandise admitted to a zone with zone status.

BULK- In trade, a product, or a mass (of a product) that is not packaged, bundled, bottled, or otherwise packed, so that it is designated as bulk or bulk merchandise.

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.

UNIT OF QUANTITY- Means the customary grouping of a commodity as a unit to indicate the medium or method of measure.

TON- means weight ton of 2,00 pounds, unless otherwise indicated, measurement ton 40 cubic feet.

WEIGHT- Means 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.

LEASE- The document of agreement entered into between the Operator and User/Client for assignment of space within Foreign-Trade Zone No. 142.

PERSON OF RECORD- The person, firm or corporation in whose name the applicant to admit merchandise into the Zone (Customs Form 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 CENTER FORMS-

Customs Form 214- Application for Foreign-Trade Zone Admission and/or Status Designation.

Customs form 214A- Bureau of Census statistical copy.

Customs Form 216 – Application for Foreign-Trade zone Activity Permit. Required for any activity which in any way alters merchandise in a zone, including but not limited to manipulation, manufacture, destruction or exhibition.

Foreign-Trade zone No. 142 Form 215 – a form which may be required by the zone operator for zone withdrawal and control purposes

HOLIDAYS – Those legal holidays during which the Zone is closed for regular business:

| | |
|---|--------------------------------------|
| *New Years Day | 1 st of January |
| *Martin Luther King Jr. Day | 3 rd Monday in January |
| *Washington’s Birthday (President’s Day) | 3 rd Monday in February |
| *Memorial Day | Last Monday in May |
| *Independence Day | 4 th of July |
| *Labor Day | 1 st Monday in September |
| *Columbus Day | 2 nd Monday in October |
| *Veteran’s Day | 11 th of November |
| *thanksgiving Day | 4 th Thursday in November |
| Half-Day Christmas Eve | 24 th of December |
| *Christmas | 25 th of December |

*Federal holidays observed by U.S. Customs

Note: These proposed days are subject to change.

DEFINITION AND 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 lading, 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 provide in the Act and other applicable laws or regulations. The 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, 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 there from, in the original package or otherwise; but when foreign merchandise is so sent from a zone 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 tariff classification, the collector of customs shall take under supervision any lot or part of a lot of duties liquidated thereon. Merchandise so taken under supervision may be stored, manipulated or manufactured under the supervision and 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 there on.

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 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 manipulation or manufacture 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, articles, the growth, product, or manufacture of the United States, on which all internal revenue taxes have 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 collector, 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 re-enter Customs territory of the United States as foreign merchandise under the provisions of the tariff and internal revenue laws in force at that 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 Tariff 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 laws generally and regulations thereunder.

Such 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 Tariff 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 provide for in paragraph 367 or paragraph 368 of the Tariff Act of 1930, shall be permitted in a zone except those operations (other than rectification of distilled spirits an wines, or the manufacture of 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 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 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.

SECTION I. - OPERATION OF ZONE

OPERATIONS, FORMS AND PROCEDURES – GENERAL - 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 export-importation of merchandise removed from a zone, and other operations in a zone authorized by the Act, are hereinafter in this Section generally described. The Customs Forms required for such activities are available upon request from the Zone Operator.

MERCHANDISE PERMITTED IN A ZONE – Foreign and domestic merchandise of every description, except as is specifically prohibited by law, may, without being subject to the Customs laws of the United States except as otherwise provide 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 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 and 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 a zone pending final determination of 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 n 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.

APPLICATION AN PERMIT FOR ADMISSION OF MERCHANDISE –

Merchandise may only be admitted to a zone upon application on a customs Form 214 by the applicant having right to make entry and the issuance of a permit by the district director. Exceptions to this requirement are for merchandise temporarily deposited in a zone or transiting a zone. Domestic status merchandise, including packing and repair material may be admitted to a zone without application or permit except: (1) when it is mixed or combined with merchandise in another zone status, or (2) upon order of the Commissioner of Customs.

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 there from, the original package or otherwise, but then foreign merchandise, and domestic merchandise whose identify has been lost, is so sent from a zone into Customs territory of the United States it will be treated as foreign merchandise. Any domestic merchandise will be considered to have lost its identity if the District Director determines that it cannot be identified positively by a Customs officer as domestic merchandise on the basis of an examination of the articles or consideration of any proof that may be submitted by a party-in-interest.

MANIPULATION, MANUFACTURE, EXHIBITION, DESTRUCTION 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 other manipulated, or be manufactured, or destroyed except as otherwise provided by the Act.

- (a) Permission for any manipulation, manufacture, exhibition or destruction in a zone shall be obtained from the Director of Customs. Destruction of merchandise may be permitted outside a zone, in whole or in part and under such conditions necessary to protect the revenues, if proper destruction cannot be accomplished within the zone.

- (b) The District Director shall approve the application unless (1) the proposed operation would be in violation of law of regulation; (2) the place designated for the operation is not suitable for the preservation of identity or status of the merchandise, or safeguarding the revenues; (3) the District Director is not satisfied that the destruction will be effective; or (4) the Executive Secretary of the Board has not granted approval of a new manufacturing operation.
- (c) If an approved application is subsequently rescinded by the District Director for any reason, the applicant or grantee may appeal the adverse ruling and request a hearing pursuant to Section 146.83(b)(2).
- (d) The District Director may approve a blanket application for a period of up to one year for a continuous or repetitive operation.

STATUS OF MERCHANDISE IN A ZONE – For the purposes of the Act and the regulations of this Section all merchandise within a zone, except that as defined in Item 107 shall be given a zone status as:

- (1) privileged foreign merchandise,
- (2) non-privileged foreign merchandise,
- (3) domestic merchandise
- (4) zone-restricted merchandise,

in accordance with Subpart C of customs regulations.

USE OF ZONE BY CARRIERS – The docking facilities and loading or unloading stations of a zone are intended primarily for the use of vehicles, for unloading merchandise into the zone or loading 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 there from 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 a 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; sales or offers to sell goods or services to individuals for personal use, 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 a zone from Customs territory. Permits which are sent to the Board for approval shall be accompanied by a sworn statement, as specified in Section 400.808, Foreign-Trade Zone Regulations. 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 a zone is located.

ERECTION OF BUILDINGS WITHIN ZONE - 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 permissions shall not constitute a vested right as against 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.

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.

HOURS OF BUSINESS AND SERVICE – Hours of business and service, for Customs purposes, shall be the same as those prescribed in Customs regulations. Regular or normal business hours shall be between the hours of 8:00 a.m. and 4:30 p.m., Monday through Friday.

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

EMPLOYEES AND PERSONS ENTERING AND LEAVING ZONE – Employees and other persons entering or leaving the Zone shall pass through the designated entrances to the Zone. Employees and other persons shall be subject to such examination upon entering and leaving a zone as the Director may deem necessary for the protection of the revenue.

ALL PERSONS ENTERING ZONE BOUND BY REGULATIONS - All persons entering the Zone for any reason whatsoever shall be bound by the regulations promulgated by the Board, Customs and by the Operator of the Zone.

IDENTIFICATION OF EMPLOYEES WITHIN ZONE – Every employee within the Zone shall be required while within the zone to carry identification cards or wear appropriate identification badges to be provided by the Operator of the Zone.

IDENTIFICATION OF VISITORS AND NON-EMPLOYEE PERSONNEL WITHIN THE ZONE - All persons having business within the Zone, but not possessing appropriate Zone-issued badges, passes or other approval to enter the Zone, shall apply for the appropriate approval and entry identification at the Zone Operator office.

INVENTORY CONTROL AND RECORDKEEPING SYSTEM

1. An inventory control and recordkeeping system must be maintained that meets the requirements of the Customs Audit-Inspection Procedures for Foreign-Trade zones. The system may be manual, automated or a combination of the two; capable of:
 - (a) Accounting for all merchandise, including domestic, admitted, Granted a Zone status and/or status change, stored, exhibited, manipulated, manufactured, destroyed, transferred, and/or removed from a Zone;
 - (b) Producing accurate and timely reports and documents as required;
 - (c) Identifying shortages and overages of merchandise in a Zone in sufficient detail to determine the quantity, description, tariff classification, Zone status, and value of the missing excess merchandise.
 - (d) Providing all the information necessary to make entry for merchandise being transferred to the Customs territory from the Zone.
 - (e) The inventory control and recordkeeping system for the merchandise transfers must have the capability to tract all transfers back to a Zone admission under a Customs authorized inventory method.

2. A Unique Identifier (UIN) will be assigned to each line item of merchandise to be entered into the zone. This number will appear on the exterior of all containers, packages, etc., and on all documents pertaining to the respective item. An inventory record will be maintained for each UIN and will contain the following information:
 - a. Transaction Date
 - b. Document Type – CF 214, CF 7501, etc.
 - c. Document Number
 - d. Quantity
 - e. New Balance
 - f. Weight
 - g. Cost of Value
 - h. Zone Status
 - i. Unit of Measure (EA, DOZ, etc.)
 - j. Unit Packed
 - k. Description
 - l. Location
 - m. Destruction of merchandise, scrap waste and by-products.
3. For the end of year reconciliation report, the Inventory Control System must Be capable of providing for each UIN, Zone status, quantity on hand at the Beginning of the year, cumulative receipts and transfers (by unit), quantity on hand at the end of the year, and cumulative positive and negative adjustments (by unit) made during the year.
4. For the end of year annual report, the inventory Control System must be capable of providing the total weight and value of merchandise in the Zone, received in the Zone, transferred from the Zone by Zone status. Also, by commodity received and transferred from the Zone and duties paid for the fiscal year. See Subsection 1 for details.

5. A file will be maintained by CF 214 document control number for all documents relating to that CF 214.
 - a. Receipts – CF 214, FTZ-R
 - b. Manipulations, etc. – CF 216
 - c. Transfers – CF 3461, CF 7501, 7525V, CF 7512E, FTZ-T
 - d. Adjustments – FTZ-AJ, CF 5931
 - e. Invoices
 - f. Bills of Lading
 - g. Licenses, Permits, etc

ANNUAL INVENTORY AND RECONCILIATION REPORT

1. Physical Inventory: The Operator shall take at least an annual physical of all merchandise in the Zone (unless continuous cycle counts are taken as part of an ongoing inventory control program) with prior notification of the date(s) given to Customs for any supervision of the inventory deemed necessary. The Operator shall notify the Port Director of Customs of any major inventory discrepancies in the annual reconciliation report or sooner, if deemed appropriate.
2. Annual Reconciliation:
 - (a) Report: The Operator shall prepare a reconciliation report within 90 days after the end of the Zone/Subzone year, unless the District Director authorizes an extension for reasonable cause. The Operator shall retain that annual reconciliation report for a spot check or audit by Customs, and need not furnish it to Customs unless requested. There is no form specified for the preparation of the report.
 - (b) Information Required: The report must contain a description of merchandise for each unique identifier, Zone status, quantity on hand at the beginning of the year, cumulative receipts and transfers (by unit), quantity on hand at the end of the year, and cumulative positive and negative adjustments (by unit) made during the year.
 - (c) Certification: The Operator shall submit to the District Director within 10 working days after the annual reconciliation report, a letter signed by the Operator certifying that the annual reconciliation has been prepared, is available for Customs review, and is accurate. The certification letter

must contain the name and street address of the Operator, where the required records are available for Customs review; and the name, title, and telephone number of the person having custody of the records. Reporting of shortages and overages based on the annual reconciliation will be made in accordance with art. 146.53. These reports must accompany the certification letter.

- (e) Certain Domestic Merchandise: Except in a case of theft or suspected theft, the Operator need not file a report with the District Director, or note in the annual reconciliation report, any shortage or overage concerning domestic status merchandise for which no permit is required.

FOREIGN-TRADE ZONE ANNUAL REPORT

1. Foreign-Trade Zones and Subzones will submit an annual report to the Foreign-Trade zones Board within 90 days of the end of the FTZ fiscal year. The FTZ fiscal year is October 1 to September 30. Subzones will submit their Reports to the Grantee by December 1, for consolidation with the Grantees and other Operators. An original and four (4) copies will be submitted along with at least two pictures showing one or more of the Subzones activities.

Prints should be of suitable quality for reproduction, size 8X10 on glossy paper, dated and captioned.

SHIPMENT-IN-BOND SEALS

1. The sealing policy requires that conveyances and compartments used to transport in-bond merchandise be sealed with red in-bond seals, except under certain bonded landbridge carriers or air carriers using TACM procedures.
2. Seals for bonded shipments are procured and controlled by the Corpus Christi Area Customs Office. Seals may be purchased from Customs as required. Removal and sealing of containers, trucks, etc. shall be under the supervision of a Customs Officer. When a Customs Officer is not available, the Area Customs Director may delegate this authority to the FTZ Operator.
3. The Operator shall notify Customs of any irregularities and get the carriers written concurrence on the condition of the seals and quantities delivered.

Discrepancy reports are required if the quantities at the Zone vary from the Quantities of the Customs documents for the arriving goods.

DIRECT DELIVERY

1. Director delivery procedures allow a qualifying operator to receive merchandise in the zone without prior application and approval on Customs Form 214.
2. Applicants must review Part 146.39 and 146.40 for details.

WEEKLY ENTRY/EXPORT

An operator qualifying for direct delivery may also qualify for weekly entry and export procedures. This procedure authorizes projected shipments exportations for a one week period without individual approval by Customs for each shipment. Applicants must review Parts 146.63 and 146.68 for details.

SPECIAL CONSIDERATIONS

A. RESTRICTIONS ON THE ADMISSION OF MERCHANDISE TO THE ZONE

1. Merchandise prohibited entry into Customs territory cannot be admitted into the zone and if found therein, will be removed, seized, or destroyed according to applicable law.
2. Merchandise withdrawn from a bonded warehouse or covered by a warehouse entry, may enter the zone only under zone restricted status, unless the duty is paid.
3. Merchandise admitted to the zone under zone restricted status may not be returned to to Customs territory for domestic consumption except where the Foreign-Trade Zones Board deems such return to be in the public interest.
4. Merchandise subject to the control of other governmental agencies, such as food products, meats, or plants, may not be admitted to the zone until the approval of the proper agencies has been acquired.

B. QUOTA MERCHANDISE ADMITTED TO THE ZONE

1. Merchandise covered by a quota (except tariff rate quotas) may be admitted to the zone in excess of the quota amount unless it is excluded by an order of the Foreign-Trade Zones Board. The general rule is that merchandise in a Foreign-Trade zone is considered for quota purposes, only in the condition it is in at the time of removal from the zone into Customs territory. Therefore, quota considerations normally come into play only at the time merchandise is removed from the foreign-trade zone into Customs territory for consumption.
2. Merchandise subject to a tariff rate quota for which privileged foreign status has been granted must be liquidated only at the higher or non-quota rate.
3. Any questions regarding special quota-like restrictions should be directed to Customs prior to requesting admittance to the zone.

SPECIAL CONSIDERATIONS

C. U.S.D.A. RELEASE OF CARGO TO ENTER THE ZONE

Each CF 214 application for the admission of merchandise to the zone will be checked by Customs against the U.S.D.A. detention list prior to approval. If the merchandise is included on the list, they will send two photocopies of the CF 214 to the U.S. Department of Agriculture. When the U.S.D.A. releases the merchandise, the two CF 214 copies will be stamped as released and distributed to the zone operator and the importing carrier. Importing carriers will hold the delivery of merchandise on the U.S.D.A. detention list until they receive the CF 214 with the U.S.D.A. release stamp. Customs may order the redelivery of any merchandise erroneously delivered to the zone without U.S.D.A. release. Recurring incidents of misdelivered cargo may result in penalties.

D. PENALTIES FOR NONCOMPLIANCE WITH CUSTOMS REGULATIONS

1. Customs requires strict adherence to its published regulations and procedures. Noncompliance will result in the levying of liquidated damages and/or suspension or activation. Liquidated Damages may be levied not only for loss and mishandling of merchandise, but also for improper recording in the inventory control system, improper documentation and untimely submission of documentation to Customs.
2. Custom Directive 3210-12 dated June 24, 1986, Subject: "Liquidated Damages for

Breaches of Foreign-Trade Zone Operators bond” provides guidelines to Customs officers and an insight to FTZ Operators/Users as to the depth of infractions that are subject to Liquidated Damages.

3. Bond requirements for Foreign-Trade Zone, Chapter 1, Title 19, CFR Part 113.73 is quoted for information and to convey the seriousness of noncompliance:

“113.73-Foreign-Trade Zone Operator Bond Conditions. A bond of a Foreign-Trade Zone Operator shall contain the conditions listed in this section and shall be a continuous bond.

- a. Receipt, Handling, and Disposition of Merchandise. The Principal agrees to comply with:
 1. The law and Customs Regulations relating to the receipt, admission, status, handling, transfer, and removal of merchandise from the foreign- trade zone or subzone; and
 2. The Customs Regulations concerning the maintenance of inventory control and recordkeeping systems covering merchandise in the foreign-trade zone or subzone. If the principal defaults and the default involves merchandise other than domestic merchandise for which no permit for admission is required, the obligors (principal and surety, jointly and severally) agree to pay liquidated damages equal to the value of the merchandise involved in the default, or three times the value of the merchandise involved in the default if the merchandise is restricted merchandise or alcoholic beverages, or such other amount as may be authorized by law or regulation. It is understood and agreed that whether the default involves merchandise is a determination may by Customs, that the amount to be collected under this condition shall be based upon the quantity and value of the merchandise as determined by Customs, and that value as used in these provisions means value as determined under 19 U.S.C. 1401 a. If the principal defaults and the default does not involve merchandise, the obligors agree to pay liquidated damages of \$1,000 for each default, or such other amount as may be authorized by law or regulations (TD 88-72.)

- b. Agreement to Pay Duties, Taxes, and Charges. The obligors agree to pay any duties, taxes, and charges found to be due on any merchandise, properly admitted to the Foreign-Trade Zone or Subzone, which is found to be missing from the zone or cannot be accounted for in the zone, it being expressly understood and agreed that the amount of said duties, taxes, and charges shall be determined solely by Customs.

SECTION II. – GENERAL RULES AND REGULATIONS

ZONE REGULATIONS – The following rules governing procedures within Foreign-Trade Zone No. 142 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. 142 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 release of liability must be started, or release of liability must be given to the Zone.

PUBLIC INTEREST, HEALTH AND SAFETY – No operation or process of treatment will be permitted in the Zone that, in the judgment of the Operator, is detrimental to the public interest, health and safety.

CONFIDENTIAL RELATIONSHIP – The Operator 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 discharged immediately.

ADMITTANCE OF PERSONS – Persons desiring admittance to the Zone shall make application to a representative of the Operator. The pass issued must be worn or shown upon request. Upon leaving the Zone, any temporary pass must be surrendered, and any

permanent pass must be shown to the representative of the Operator. All persons having business in the zone will enter and leave at the prescribed entrance.

CHARGES BY GOVERNMENT AGENCIES – Charges made by government agencies other than the Foreign-Trade Zone Operator are not included in this Tariff and should be arranged by the owner or his agent with the government bureau concerned.

MERCHANDISE ARRIVING AFTER HOURS – Merchandise arriving after regular business hours may, by special arrangements with the Zone Operator, be placed in a designated location and received subject to special charges.

WHEN CHARGES ARE PAYABLE – Zone charges are due 245 and payable as they accrue.

MERCHANDISE HELD FOR CHARGES – The zone Operator reserves the right to withhold permission to withdraw merchandise from the zone for users with unpaid charges for zone use.

CHARGES, HOW ENFORCED – For the purpose of enforcing the payment of charges named in this Tariff on merchandise handled over, stored, or manipulated on the Zone facilities, the Zone may take possession of such merchandise and may remove and store some at the charge, risk, and expense of the owner or consignee thereof and/or may sell the goods by public auction and/or pursue such other remedies as may be provide by law. Zone operator also reserves the right, in his discretion, to deny the use of zone facilities and/or services to any user until all outstanding delinquent charges have been paid.

SERVICE CHARGE – A service charge of 1.5% may be charged on all accounts receivable of 30 days age. No proration will be made and 1.5% will be charged every anniversary date thereafter.

CHARGES FOR SPECIAL CUSTOMS SERVICES – U.S. Customs Service charges special fees for the activation of a new foreign-trade zone or subzone, for zone relocation and for zone boundary alterations. When such fees are assessed as a result of a specific request by a zone user, the Operator may require that user to bear the expense thereof.

No fees are charged for deactivation or reactivation.

CHARGES FOR SPECIAL ZONE STAFF SERVICES – The Operator maintains at the Zone a legally assigned staff of employees to assist in the normal operations of the Zone during regular business hours set forth in this Tariff.

Zone staff services rendered during National holidays, Saturdays and Sundays or during overtime hours at the specific request of the user of zone facilities for such purpose, will be charged to the user of such services.

CHARGES, RATES, RULES AND REGULATIONS APPLICABLE TO GRANTEE’S SUB-ZONES AND ANNEXES – The Grantee, Operator and all persons and entities doing business within a sub-zone established by the Grantee must comply with provisions of the Foreign-Trade Zone Act, as amended; with the lawful and effective Rules, Regulations and Procedures of Foreign-Trade Zones Board; with such of the laws and lawful regulations of the United States, the States, or the subdivision and agencies thereof as may be applicable to operators, occupants, their employees and invitees, and users of subzones; and with such of the provisions of this Tariff and subsequent issues and modifications thereof as may be applicable to the operations conducted in the subzone.

Where applicant desires to have subzone located within Grantee’s jurisdiction and Grantee has no site available for its location or where sites available are not suited for proposed operations, the applicant must arrange for the acquisition of a suitable and available site. The Grantee will provide cooperation with all State or local industrial development agencies, public or private, to assist applicants to the fullest extent possible in securing a suitable location.

All persons and entities who request the Grantee to apply for authority to establish a sub-zone must first enter into an agreement with the Grantee governing the proposed sub-zone operations. This agreement will contain provisions including, but not limited to, those relating to costs incident to the preparation of the application and any subsequent amendment or modification thereof; costs incident to public hearings and legal proceedings; charges for any required Customs Zone activation, relocation, alteration, audit or spot check; and charges for Grantee’s special services not provided in this Tariff. Applicants for the establishment of a sub-zone will bear application costs and charges of preparing and filing of application by Grantee whether or not the application is favorably acted upon by the Foreign-Trade Zones Board.

INSPECTION – The Zone Operator 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.

INSURANCE – Insurance is carried by the Grantee on its own property only and does not include insurance on the contents stored therein. Lessee is obligated to put nothing 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 Lessee or owner of the commodities or other properties.

INSURANCE ON MERCHANDISE IN WAREHOUSE – Merchandise stored, manipulated or transferred within the Zone is not insured by the Grantee and the Zone Tariff rates do not include insurance on merchandise.

CUSTOMS BOND – The Grantee maintains, for Customs purposes, a Foreign-Trade Zone Customs Bond as a guarantee for the payment of all duties and Customs permit or be otherwise found missing from the Zone and also for the payment of any penalties and liquidated damages that may result. The Grantee may, if deemed appropriate, require a zone or subzone user to also obtain an individual Customs Bond.

SECTION III. – SPECIAL RULES PERTAINING TO MERCHANDISE

ZONE ACCOMMODATIONS – Before merchandise may be entered into the zone, applications on Customs Form 214 must be completed by zone user or his agent, filed and approved by the Zone Operator and with the authorized Customs personnel. The application shall describe the merchandise fully, in terms of the Tariff Schedules of the United States Annotated, and be accompanied by an examination invoice and any additional information or documentation requested by the district director.

WAREHOUSE RECEIPTS – The Zone is prepared to furnish non-negotiable warehouse receipts on merchandise stored under zone supervision and control.

PERMISSION TO MANIPULATE – Before merchandise may be manipulated within the Zone, application on Customs Form 216 must be presented to the Operator for concurrence by the Zone. The Operator will then forward the application to the Director of Customs through the Customs officer on duty at the Zone. On approval by the 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.

MINIMUM ACCEPTANCE CHARGES – The Zone reserves the right to refuse acceptance of any merchandise, the value of which may be determined as less than the probable zone charges; or at its discretion it may require the prepayment of all such charges on this class of merchandise.

CLEARING MERCHANDISE AND TRAFFIC – Merchandise, land carriers and other users of the Zone, both incoming and outgoing, must obtain clearance through the Zone office.

CUSTOMS PERMIT – Merchandise will not be delivered to or through Customs territory unless delivery order is accompanied by Customs permit.

IMPROPER PACKING – Merchandise not suitably packed for ordinary handling may, at the discretion of the Zone, be rejected or repacked at the expense of the shipper, consignee or their agents.

HAZARDOUS COMMODITIES – The Zone will not be required to accept for storage any commodity that will affect the rate of insurance on other merchandise in storage.

Where reference is made hereto, by any rate item the product will not be stored except in locations or areas that are not restricted in the acceptance of any commodity for storage under the insurance rate established on contents stored therein.

MARKING – All merchandise handled in the Zone, before entry to 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 the fact.

TRUCKING AND LIGHTERAGE – Transfer of foreign merchandise through Customs territory to the Zone must be made by Customs bonded trucks or other carriers and is subject to Customs regulations. Likewise, the transfer of merchandise from zone to zone, from bonded warehouse to zone or from zone to port of export must be made by Customs bonded trucks or other carriers and be subject to Customs regulations. Domestic merchandise may be admitted to the zone by any means of transportation.

CUSTOMS INSPECTION OF MERCHANDISE WHILE IN ZONE – The consignee or zone user, or his agent, shall at all times be immediately available to make the merchandise subject to inspection required by the United States Customs Service and shall have the sole responsibility opening crates and packages, handling the merchandise and securing the crates and packages following the inspection. In the event that the consignee or his 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. The cost of any resultant need for repackaging or recouping shall be borne by the zone user.

LIABILITY - The responsibility of the Zone, in the absence of written provisions, is the reasonable care and diligence required by law.

Perishable goods, or goods which are susceptible to damage through temperature changes or other cause incident to general storage, are accepted in general storage only at owner's risk for such damages as might result from general storage conditions.

NON-LIABILITY – The Grantee and Operator are not liable and cannot assume any responsibility for any loss or damage to freight, cargo or merchandise or other property upon the leased premises, or for any loss or damage arising from acts of commission 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, not for the break down of cranes or power service, not for loss or damage occasioned by plumbing, electric wires, automatic fire apparatus, not for any loss or damage from any cause whatsoever.

LIMIT OF LIABILITY - The Zone will not be responsible for loss or damage caused by fire, heat, dampness, leakage, the elements, evaporation, natural shrinkage, wastage or decay; animals, rats, mice or other rodents; moths, weevils or other insects, collapse of buildings or structures, breakdown of plant equipment or machinery, Act of God, the Public Enemy, the inherent nature of the merchandise itself; nor will it be answerable for any loss, damage, or delay arising from the insufficient notification, or from war, insurrection, shortage of labor, combinations, riots or strikes of any persons in its employ or in the service of others or from any consequences arising therefrom.

In performing the service of checking, the Zone will accept no responsibility for concealed damage nor for the condition of contents of packages, cases or other containers, whether or not receipts issued so state.

The Operator will not be responsible for and loss or damage arising from or occasioned by any misunderstanding of orders or instructions received or taken by telephone from the Zone user to the Operator.

As a condition precedent to recovery, claims for loss or damage must be made in writing within thirty days after the merchandise is delivered from the Zone, or, in the case of failure to make delivery, then within thirty days after delivery of the last package of the lot in Operators apparent possession.

Appendix "A"

GLOSSARY OF CUSTOMS AND FOREIGN-TRADE ZONE TERMS

ABSOLUTE QUOTA

Quota status of merchandise (except textiles) in a Zone is considered at the time of entry into the Customs territory for consumption. Quota merchandise may be admitted into a Zone whether quota is open or closed. Orderly Marketing Agreements and Voluntary Restraint Agreements are not considered Absolute Quotas.

ADMISSION TO ZONE (ADMIT)

Means to bring merchandise into a Zone with Zone status.

ATTRIBUTIVE BASIS

An attributive method attributes a transfer from inventory according to generally recognized and accepted accounting principles, such as First in, First Out (FIFO).

CENTRAL INVENTORY CONTROL SYSTEM (CICS)

A computerized accounting system maintained by the Zone Operator, fed by Customs form input prepared by each FTZ User. This system will provide perpetual and specific inventory information concerning FTZ User transactions. The primary purpose of this system is protection of proper Customs revenue, preparation of Zone Management reports and smoothness of Zone operations.

GLOSSARY OF CUSTOMS AND FOREIGN-TRADE ZONE TERMS (cont'd)

CONDITIONALLY ADMISSIBLE MERCHANDISE

Merchandise which may be imported into the U.S. under certain conditions. Merchandise which is subject to permits or licenses, or which may be reconditioned to bring it into compliance with the laws administered by various Federal agencies, is an example of conditionally admissible merchandise.

CONSTRUCTIVE TRANSFER

A legal fiction which permits acceptance of a Customs entry for merchandise in a zone before its physical transfer to the Customs territory.

COUNTERVAILING DUTIES AND ANTIDUMPING

Countervailing duties and antidumping duties are applied when privileged status is requested. Nonprivileged merchandise is subject to antidumping and countervailing duties at the time of entry into the Customs territory.

CUSTOMS SUPERVISION

Enforcement of a law or regulation through the presence of a Customs officer to observe or be capable of observing, a given activity so as to assure compliance. Supervision consists of such activities as reviewing documents; inspection of shipments; quantity verification; checking, affixing, or breaking seals; and physical examination of the contents of containers of merchandise.

GLOSSARY OF CUSTOMS AND FOREIGN-TRADE ZONE TERMS (cont'd)

CUSTOMS TERRITORY

The fifty (50) states, the District of Columbia, and Puerto Rico minus any areas within the boundaries of Foreign-Trade zones. This is the area within which U.S. Tariff laws apply. Such laws do not apply to goods in Zones until they are removed to the Customs territory. Most other U.S. laws do, however, apply to the goods.

DOMESTIC MERCHANDISE

Merchandise which has been (1) produced in the United States and not exported therefrom, or (2) previously imported into the United States and properly released from Customs custody.

DRAWBACK

A refund or remission, in whole or in part, of a Customs duty, internal revenue tax or fee.

DUTY

A tax on imports. (tariff)

ENTRY

An entry is the transfer of merchandise from the Foreign-Trade zone either to Customs territory (CF 7501) or for export (CF 7512).

GLOSSARY OF CUSTOMS AND FOREIGN-TRADE ZONE TERMS (cont'd)

FIRST IN, FIRST OUT (FIFO)

An accounting method based on an assumption regarding the flow of goods that older stock is disposed of first, in accordance with good merchandising policy. This method requires that the merchandise be fungible without regard to the source, e.g., foreign or domestic. Use of the method in Foreign-Trade Zone requires a perpetual inventory system which identifies the merchandise by (1) the date the merchandise is admitted into the Zone, (2) a unique identification number (UIN) which distinguishes the goods from all other goods, (3) zone status for each increment of the UIN to the inventory, and (4) the unit value of each such increment.

FOREIGN MERCHANDISE

Imported merchandise which has not been released from Customs custody into the Customs territory of the United States. This means imported merchandise upon which duty and taxes, if applicable, have not been collected.

FUNGIBLE MERCHANDISE

Merchandise which for commercial purposes is identical and interchangeable in all situations. Originally applied to liquids or free-flowing substances which arrived in bulk, unpacked condition, the concept is now applied in zones, for inventory control purposes, to shipments of goods which arrive packed, but are unpacked and placed together in storage or manufacturing locations, so that identification with the shipment to wide use in manufacturing environments where it is infeasible to store goods in their original lots awaiting manufacture.

GLOSSARY OF CUSTOMS AND FOREIGN-TRADE ZONE TERMS (cont'd)

GRANTEE

The South Jersey Port Corporation, to which the privilege of establishing, operating, and maintaining a Foreign-Trade Zone has been granted by the Foreign-Trade Zone Board.

GENERALIZED SYSTEM OF PREFERENCES (GSP)

G.S.P./C.B.I./Israel Free Trade Area Act: The Generalized System of Preferences, Caribbean Basin Initiative and Israel Free Trade Area Act allow duty-free treatment for certain merchandise from designated countries.

IMPORTER'S AGENT/BROKER

A firm, representative or individual who acts on behalf of the FTZ User under an authorized power of attorney.

INVENTORY RECORD

The FTZ Inventory Record specifies by unique identifier merchandise, lot number, location, zone status, beginning balance, cumulative receipts, disbursements or removals, adjustments, and current balance on hand, by date and quantity, destruction of merchandise, and scrap/waste and by-products.

LOT NUMBER

An optional procedure for controlling merchandise by individual receipt within the UIN Inventory Control Record. A sequential control number assigned to an invoice or to each UIN on the invoice. All exterior packages will be marked with this number and stored separately. This procedure provides controls for FIFO and traceability back to receipt documents.

GLOSSARY OF CUSTOMS AND FOREIGN-TRADE ZONE TERMS (cont'd)

MANIPULATION

Any substantial transformation that results in a change in tariff classification, value or product use.

MERCHANDISE

“Merchandise” includes goods, wares, and chattels of every description, except prohibited merchandise. Building materials, production equipment, and supplies for use in operation of a zone are not “merchandise” for the purpose of this part.

NON-PRIVILEGED FOREIGN MERCHANDISE (NPF)

Foreign merchandise upon which the duty and applicable taxes will be determined at the time the merchandise enters the Customs territory of the United States from the Zone for consumption.

OPERATOR

“Operator” is a corporation, partnership, or person that operates a Zone or Subzone under the terms of an agreement with the Zone Grantee. Where used in this part, the term “Operator” also applies to a “Grantee” that operates its own Zone.

GLOSSARY OF CUSTOMS AND FOREIGN-TRADE ZONE TERMS (cont'd)

PRIVILEGED FOREIGN (PF)

Foreign merchandise upon which the duty and applicable taxes have been determined at the time this status is approved. The determined duty rate and taxes are not subject to future fluctuation. Once established, Privileged Foreign Status cannot be changed. If merchandise has already been admitted into the Zone in Nonprivileged Foreign Status, Privileged Foreign Status may be obtained by filing a CF 214. Application for this status, however, must be filed prior to manipulation or manufacture.

PROHIBITED MERCHANDISE

Any merchandise which is prohibited by law from entry into the United States, e.g., treasonable or obscene materials, would also be prohibited from admission into a Foreign-Trade Zone. Further, merchandise prohibited importation into the United States by Presidential Proclamation or Congressional Act may well be prohibited from a Foreign-Trade zone depending on the language utilized. However, goods that have been rejected for entry may be admitted to a Foreign-Trade Zone. This is true if the other federal agencies are satisfied that zone restricted status in a Foreign-Trade Zone satisfies their requirements.

PROHIBITED OPERATIONS

See Foreign-Trade zones Act, 19 U.S. C. 81c. Certain operations involving the following merchandise may be prohibited.

GLOSSARY OF CUSTOMS AND FOREIGN-TRADE ZONE TERMS (cont'd)

- A. Tobacco, cigars, cigarettes, and cigarette papers and Tubes – 26 U.S. C. 5701-5706.
- B. Firearms – 26 U.S.C. 4181-4141/5811.
- C. Distilled spirits, alcohol, wines and beer – 26 U.S.C. 5001-6008, 5010.
- D. Sugar – 26 U.S.C. 4501-4503.
- E. Watches – Tariff Act of 1930, Paragraphs 367/368.

Bicycle parts have been prohibited for a limited time period – 19 U.S.C. 81. All other provisions cited in the Act have been repealed. Approval for operations involving such merchandise should be secured from the U.S. Customs Service and the Foreign-Trade Zones Board as necessary.

Retail sales are prohibited in a Zone by statute.

QUOTA

A set limit of a given item that may be imported during a set period of time (normally one year) Tariff rate quota only limits the quantity that may be imported at the lower rate, imports above the quota quantity would be at the higher rate of duty.

SITE TENANT/USER

A firm which owns or leases a designated Zone Site and which has entered into contractual agreement with the Grantee/Operator to function under FTZ rules and privileges.

GLOSSARY OF CUSTOMS AND FOREIGN-TRADE ZONE TERMS (cont'd)

SUBZONE

“Subzone” is a special-purpose Zone established as part of a zone project for a limited purpose, that cannot be accompanied within an existing Zone. The term “Zone” also applies to a Subzone, unless specified otherwise.

TRANSFER

Means to take merchandise with zone status from a zone for consumption, transportation, exportation, warehousing, cartage or lighterage, vessel supplies and equipment, admission to another Zone, and like purposes.

UNIQUE IDENTIFIER NUMBER (UIN)

Number, letters or a combination of both (alphanumeric), or a description unique to a fungible article or product assigned by the FTZ User for control and identification purposes. May be a stock number, part number of a model number.

ZONE RESTRICTED (ZR)

Merchandise entered into a Zone for the purpose of exportation or destruction (other than alcoholic spirits or beverages). Merchandise with ZR status may not be returned to U.S. Customs territory for domestic consumption except as approved by the Foreign-Trade Zones Board.

GLOSSARY OF CUSTOMS AND FOREIGN-TRADE ZONE TERMS (cont'd)

ZONE SITE

“Zone site” means the physical location of a Zone or Subzone.

ZONE STATUS

“Zone status” means the status of merchandise admitted to a Zone, i.e., nonprivileged foreign, privileged foreign, zone restricted, or domestic.

ZONE USER

As individual, partnership or corporation which holds title to merchandise within a Zone site and which is primarily responsible for the payment of duties, taxes, and/or fees levied by appropriate government agencies. This is the entity responsible for submission of the Custom Forms and which is requesting use of the Zone privileges under the regulations. The term FTZ User as used in this manual refers to the Zone User or its Customhouse Broker.