

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

FOREIGN-TRADE ZONE NO. 142

GRANTEE SOUTH JERSEY PORT CORPORATION

TARIFF/ZONE SCHEDULE RATES, CHARGES, RULES & REGULATIONS

**Located Within the Seven County SJPC Port
District Comprised of Mercer, Burlington,
Camden, Gloucester, Salem, Cumberland and
Cape May Counties.**

**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
Revised, October 2020

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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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**SOUTH JERSEY PORT
CORPORATION**

BOARD OF DIRECTORS

Chairman Richard A. Alaimo

Director Chad M. Bruner

Director Christopher Chianese

Director Robert A. DeAngelo, Sr.

Director Jonathan S. Gershen

Director William R. Higgins

Director Joseph A. Maressa, Jr.

Director Eric E. Martins

Director Elizabeth Maher Muoio

Director Sheila F. Roberts

Director Rev. Carl E. Styles

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OCTOBER 2020

TABLE OF CONTENTS

I.	POLICY/APPLICATION OF TARIFF/SCHEDULE	1
II.	FOREIGN-TRADE ZONES IN GENERAL:.....	1
III.	DESCRIPTION OF FOREIGN-TRADE ZONE NO. 142	5
IV.	NO LIABILITY	7
V.	ROLE OF FOREIGN TRADE ZONE BOARD (“FTZB” OR “BOARD”).....	7
VI.	ROLE OF CUSTOMS AND BORDER PROTECTION (“CBP”):	8
VII.	ROLE/OBLIGATIONS OF ZONE GRANTEE:.....	9
VIII.	ROLE/OBLIGATIONS OF OPERATOR OF MAGNET SITES/ ZONE SITE OR SUBZONE:	9
IX.	ROLE/OBLIGATIONS OF ZONE USER (IN MANY INSTANCES THE USER IS THE OPERATOR):.....	11
X.	GENERAL RULES AND REGULATIONS.....	12
XI.	APPLICATIONS/ALTERATIONS TO THE ZONE.....	15
XII.	OPERATION OF ZONE	16
	A. Operations	16
	B. Inventory Control And Recordkeeping System	21
	C. Annual Inventory And Reconciliation Report	24
	D. Foreign-Trade Zone Annual Report.....	25
	F. Direct Delivery.....	26
	G. Weekly Entry/Export	26
	H. Other Considerations/Requirements	26
XIII.	ZONE SCHEDULE OF FEES AND RATES	30
	A. Fee Schedule	30
XIV.	GLOSSARY/DEFINITION OF TERMS	33

I. POLICY/APPLICATION OF TARIFF/SCHEDULE

This Zone Schedule is published in accordance with 15 C.F.R. 400.44. The Zone policy, rules, regulations, rates and charges of this schedule shall apply at Foreign-Trade Zone No. 142, ("FTZ"), including all sites and subzones, unless otherwise provided for.

Pursuant to 15 C.F.R. 400.42 and 400.43, the rates and charges for services within the Zone shall be fair and reasonable, and the Grantee shall afford uniform treatment under like conditions to all users. The FTZ Board shall determine whether the rates and charges are fair and reasonable.

General Regulations. Foreign-Trade Zone No. 142 is subject to special Customs regulations as defined in U.S. Cost 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.

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.

II. FOREIGN-TRADE ZONES IN GENERAL:

Foreign-trade zones (FTZs) were created by the Foreign-Trade Zones Act of 1934 ("the FTZ Act") for the purpose of expediting and encouraging foreign commerce. Changes to the FTZ Act in 1950 that permitted manufacturing and exhibiting in FTZs have broadened the objectives of the program. FTZs are secured areas under U.S. Customs supervision that are considered outside the

customs territory of the United States. Merchandise maybe moved into an FTZ for storage, exhibition, manufacture, or other operations not otherwise prohibited by law. Customs duties on foreign merchandise are not collected until the merchandise is entered into the U.S. Customs territory.

A. General 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, unlading, 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.

B. Specific Privileges of Foreign-Trade Zones

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:

1. “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 and wines, or the manufacture or production of alcoholic products unfit for beverage purposes) which were permissible under this Act prior to July 1, 1949;

Provided further, that articles produced or manufactured in 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.

III. DESCRIPTION OF FOREIGN-TRADE ZONE NO. 142

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 of the State of New Jersey, 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 has highway, rail and airport access.

A short line 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 has had landing capability for 747 (Double Dual-Tandem wheels) freight aircraft of 900,000 pound capacity.

The Zone was initially established pursuant to a Grant issued by the Foreign-Trade Zones Board, United States 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.

The Zone currently has 4 approved sites, designated as magnet sites, and also has approved subzones.

Site Description
FTZ 142

- 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.
- Site 4: (1,630 acres) Repauno/Greenwich Rail and Port Terminal Complex, 200 North Rapauno Avenue, Gibbstown.

Permitted within the Zone are 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.

Pursuant to 19 U.S.C 81o(c), no merchandise, operation or process of treatment will be permitted in the Zone that is detrimental to the public interest, health and safety.

For more information contact the Zone Manager identified on the cover page.

FTZ 142 is open for business during normal business hours. Those legal holidays during which the Zone is closed for regular business are as follows:

*New Year's Day

1st 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.

IV. NO LIABILITY

- A.** 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.
- B.** Zone Operator/Users will defend, indemnify and hold the Zone Grantee harmless from any loss of whatever nature arising out of Operators/User's operations.

V. ROLE OF FOREIGN TRADE ZONE BOARD ("FTZB" OR "BOARD")

1. Prescribe rules and regulations concerning foreign-trade zones and issue Board Orders(Grants of Authority). 15 C.F.R. 400.3.
2. FTZ applications, expansion applications, subzone applications, production requests and boundary modification requests are reviewed by FTZB staff. 15 C.F.R. 400.4.
3. All ongoing activities are subject to review 15 C.F.R.400.49.

4. The FTZB may revoke a grant in whole or in part for repeated and willful violations of the FTZ Act. 15 C.F.R.400.61.
5. The Executive Secretary and/or the FTZB may entertain complaints filed by zone participants regarding conditions or treatment that are alleged to be inconsistent with the public utility and uniform treatment requirements of the FTZ Act and Regulations.15 C.F.R. 400.45.
6. A request for production authorization in a designated zone or subzone must be approved by the FTZB prior to initiation of the production operation under FTZ procedures. 15 C.F.R. 400.14 and 400.23.
7. Zone Schedules are subject to review by the Executive Secretary 15 C.F.R. 400.44.
8. Zone-restricted merchandise may be permitted to be returned into the customs territory by request to the FTZB 15 C.F.R. 400.48.
9. Retail trade requests may be processed by the Executive Secretary 15 C.F.R. 400.47.
10. The FTZB shall submit an Annual Report to Congress 15 C.F.R. 400.51(c)(2).

VI. ROLE OF CUSTOMS AND BORDER PROTECTION (“CBP”):

1. Port Director is local Representative of the FTZB 19 C.F.R. 146.2.
2. Port Director approves activation and alteration requests 19 C.F.R. 146.6 and 146.7.
3. CBP will conduct spot checks and audits.
4. CBP provide recommendation to the FTZB with regard to requests to return zone-restricted merchandise into the customs territory 15 C.F.R. 400.48(b)(4).

VII. ROLE/OBLIGATIONS OF ZONE GRANTEE:

1. File all applications with the FTZB.
2. Assist in marketing of zone project.
3. Select Operators and enter into agreements with entities authorizing said entities to function as an Operator.
4. Insure maintenance of facilities. 19 U.S.C. 811.
5. Insure zone is run as public utility. 19 U.S.C. 81n; 15 C.F.R. 400.42.
6. Insure all parties that apply to make use of or participate in the zone are provided uniform treatment under like conditions. 15 C.F.R. 400.43
7. Concur in all activation requests filed with Customs 19 C.F.R. 146.6.
8. Insure that the Annual Report is timely filed with the FTZ Board. 19 U.S.C. 81p(b); 15C.F.R. 400.51(c).
9. Submit the Zone Schedule to the Executive Secretary. 15 C.F.R. 400.44.
10. Submit requests to the Executive Secretary of the FTZB with regard to whether an activity constitutes retail trade and can be conducted within the zone 15 C.F.R. 400.47.

**VIII. ROLE/OBLIGATIONS OF OPERATOR OF MAGNET SITES/
ZONE SITE OR SUBZONE:**

1. Comply with all applicable laws and regulations.
2. Supervise all admissions, transfers, removals, recordkeeping, manipulations, manufacturing, destruction, exhibition, physical and procedural security and conditions of storage in zone as required by law and regulations. 19 C.F.R. 146.4.
3. 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.

4. Payment of any applicable activation fee and annual fee. 19 C.F.R. 146.5.
5. Prepare written application to the Port Director for activation of zone. 19 C.F.R. 146.6.
6. Make written application to the Port Director for approval of an alteration of an activated area. 19 C.F.R. 146.7.
7. File the requisite CBPF 301 Foreign Trade Zone Operator's Bond with CBP. 19 C.F.R.146.7.
8. Sign all CBPF 214s permitting merchandise to be admitted into the zone. 19 C.F.R.146.9.
9. Each Operator will submit a Procedures Manual for his magnet site, sub-zone or zone site(s) to the Grantee and the U.S. Customs Service, outlining the inventory control system and record keeping system to be followed at the zone. 19 C.F.R. 146.21.
10. Operators of magnet sites, subzones or zone site(s) will submit a copy of their operations manual, including "a section listing rates and charges" to users to the Foreign-Trade Zones Board .
11. Responsible for preparing a reconciliation report within 90 days after the end of the zone/subzone year. 19 C.F.R. 146.25.
12. Perform an annual internal review of the inventory control and recordkeeping system and report discrepancies to the Port Director. 19 C.F.R. 146.26.
13. Be responsible for maintaining adequate precautionary measures in order to insure the security of Zone merchandise, inclusion the installation of a system of security control, and the preparation of a list of Preparation of 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.

14. Limit access to designated Zone areas to only those employees or visitors with an official or dutiful need to access the Zone area, and to maintain admission documentation. 19 C.F.R. 146.37.
15. Collect all in-bond documentation. 19 C.F.R. 146.40.
16. Filing of a CBPF 216 for permission to manipulate, manufacture, exhibit or destroy merchandise in a zone. 19 C.F.R. 146.52.
17. Be responsible for explaining any inventory discrepancies that may occur concerning merchandise having Zone status to the Zone Operator/Grantee and/or Customs.
18. Report shortages and overages to CBP. 19 C.F.R. 146.53.
19. Make payment to and/or reimbursement of Zone 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.
20. Secure and maintain an FTZ Operator's bond in the amount required by Customs.
21. Prior to activation, operators must maintain all necessary permits from federal, state and local authorities and comply with the requirements of those activities.
22. Act in conformance with the Operator's Agreement with Grantee.

IX. ROLE/OBLIGATIONS OF ZONE USER (IN MANY INSTANCES THE USER IS THE OPERATOR):

1. Payment of customs duties for merchandise entering customs territory.

2. In many instances, the User is responsible for maintenance of inventory control records, particularly where the User has physical possession of zone merchandise. 19C.F.R. 146.4.
3. Payments of fees to Operator and/or Grantee.

X. GENERAL RULES AND REGULATIONS

The Grantee, Operators, users, 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.

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 Operators, 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 Grantee.

Public Interest, Health And Safety – No operation or process of treatment will be permitted in the Zone that, in the judgment of the Grantee, 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 are not included in this Tariff and should be arranged by the Operator or User, or his agent with the government bureau concerned.

Merchandise Arriving After Hours – Merchandise arriving after regular business hours may, by special arrangements with the Operator, be placed in a designated location and received subject to special charges.

When Charges Are Payable/Service Charge – Zone charges are due and payable as they accrue. 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.

Merchandise Held For Charges – An Operator may reserve 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 Operator 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. An Operator may also reserve 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.

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 an Operator or user, the Operator or user shall bear the expense thereof.

Charges For Special Zone Staff Services – The Grantee 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.

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

Insurance – Insurance is carried by the Grantee on its own property only and does not include insurance on the contents stored therein. Operator 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 does not include insurance on merchandise.

XI. APPLICATIONS/ALTERATIONS TO THE ZONE

Pursuant to 15 C.F.R. 400.38, Usage Driven Sites can be established within 30 days of the filing of a minor boundary modification request by the Grantee.

Pursuant to 15C.F.R. 400.25, subzones can generally be established, if there is no objection encountered, within 5 months of the filing of the subzone request by the Grantee. All persons and entities who request the Grantee to apply for authority to establish a Usage Driven or subzone site must first enter into an agreement with the Grantee governing the proposed operations at the site.

All requests for usage driven and/or subzone designation will be reviewed by the Grantee and all entities will be afforded uniform treatment with respect to the handling of the request by the Grantee. Should the Grantee determine to sponsor the Usage Driven or subzone site application, it will be the obligation of the applicant for the new site to prepare the application and bear all costs associated with the preparation and filing of the application, including any filing fees assessed by the FTZB.

Pursuant to 15 C.F.R, 400.24(b) Magnet Sites can be established provided that certain criteria are satisfied. All requests for the establishment of a new Magnet Site will be reviewed by the Grantee and all entities will be afforded uniform treatment with respect to the handling of the request by the Grantee. Should the Grantee determine to sponsor the expansion application, it will be the obligation of the applicant for the new Magnet Site to prepare the expansion application and bear all costs associated with the preparation and filing of the application, including any filing fees assessed by the FTZB.

Since the focus of the ASF is the expeditious and cost effective establishment of Usage Driven Sites for individual entities, any entity that seeks Magnet Site designation must demonstrate a compelling need for said designation

and shall provide letters of commitment to activate parcels within the requested Magnet Site from multiple Operators.

All requests and applications to the FTZB by Operators and Users of FTZ No. 142 shall either be submitted by the Grantee or shall include a letter of transmittal or concurrence from the Grantee. Such requests include, but are not limited to, applications for production authority, subzone applications, minor boundary modifications, determinations of or expansions of previously approved scope of authority for Zone procedures. All requests to CBP by Operators of FTZ No. 142 shall include a letter of transmittal or concurrence from the Grantee. Such requests include, but are not limited to, activation, deactivation, or alteration of zone areas.

XII. OPERATION OF ZONE

A. Operations

- 1. Operations, Forms And Procedures** – 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.
- 2. 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 no prohibition against placing over-quota merchandise in a zone pending its right to transfer to Customs territory pursuant to the applicable quota provisions.

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

3. Application And 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.

4. 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.

5. 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.
6. **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, in accordance with Subpart C of customs regulations, be given a zone status as:
- a) privileged foreign merchandise,
 - b) non-privileged foreign merchandise,
 - c) domestic merchandise, or
 - d) zone-restricted merchandise,
7. **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.
8. **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.
9. **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.

- 10. 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.
- 11. 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.
- 12. 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.

13. **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.

14. **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.
15. **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.
16. **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.
17. **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

B. Inventory Control And Recordkeeping System

1. An inventory control and recordkeeping system must be maintained by Operator 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

C. 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.

- d) 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.

D. 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.

E. 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 land bridge 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.

F. Direct Delivery

1. Direct 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.

G. 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.

H. Other Considerations/Requirements

1. RESTRICTIONS ON THE ADMISSSION OF MERCHANDISE TO THE ZONE
 - a) 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.
 - b) 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.
 - c) Merchandise admitted to the zone under zone restricted status 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.

- d) 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.

2. QUOTA MERCHANDISE ADMITTED TO THE ZONE

- a) 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.
- b) 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.
- c) Any questions regarding special quota-like restrictions should be directed to Customs prior to requesting admittance to the zone.

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

- a) 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 mis-delivered cargo may result in penalties.

4. **PENALTIES FOR NONCOMPLIANCE WITH CUSTOMS REGULATIONS**

- a) 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.
- b) 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.
- c) 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:
 - (1) “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:
 - (i) 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

- (ii) 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.

XIII. ZONE SCHEDULE OF FEES AND RATES

Foreign-Trade Zone 142 consists of sites and subzones, designated as magnet sites. South Jersey Port Corporation is the Zone Grantee.

Pursuant to Title 15 of the Code of Federal Regulations Part 400.42(a), the Zone Grantee is authorized to charge fees to operators for the privilege of operating under the auspices of Foreign Trade Zone No. 142. These monetary entitlements, in the form of fees, are charged to operators and users to recover both the direct and indirect costs of zone operating expenses such as applications, Foreign Trade Zones Board reports, Customs documentation, marketing and advertising programs.

All fees in this schedule are payable to:

South Jersey Port Corporation
101 Joseph A. Balzano Boulevard
Camden, New Jersey 08103

Zone Fees are due and payable upon the execution of an Operator's Agreement, application and/or activation request or when invoiced. All fees are non-refundable.

A. Fee Schedule

1. Application Fees:

Application fees for zone site and subzone establishment or modifications will be borne by any company/operator requesting the Zone Grantee to begin the application process. These applicant fees cover the Zone Grantee's expenses for obtaining necessary approvals, resolutions, documentation, administration, and staff support.

All fees are payable in advance with the application request.

Subzones, Magnet or Usage-Driven Sites:

Site Establishment / Boundary Modifications:	\$10,000
Manufacturing Request	\$5,000

2. Activation Fees:

An activation fee will be charged to an operator when seeking to activate a Zone site, subzone, or magnet site. The fee will cover Grantee expenses for the preparation and processing of the Operations Agreement, providing the Grantee concurrence letter to the U. S. Customs Service, and review of activation and operations procedures. The fee does not include the preparation of the actual activation request, procedures manual, or other documents that may be required by Customs Regulations.

Subzone, Magnet or Usage-Driven Site Activation Fee	\$10,000
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The activation fee is payable in advance of requesting activation from Customs. The Operator will also be responsible for paying any activation fees required by Customs for such a request.

3. Annual Fees:

Upon activation by Customs, the Operator will be charged an annual user fee. Operators responsible for more than one operating site will be charged an annual fee per zone site/use. This fee covers Zone Grantee's administrative costs, preparation of the Annual Report to the Foreign Trade Zones Board, and other staff services.

	Fee
Operators Within the Zone, including Operators of Sites, Subzones, Magnet and/or Usage Driven Sites:	\$15,000

Where Zone Grantee is acting as an operator, Users shall pay the following fees intended to recover the cost of processing and maintaining

records:

1) Rental Fee of \$0.25 per square foot per month for activated FTZ space; and

2) Transaction Fee based on the volume of transactions, the minimum annual being \$3,000, which is payable with the first entry of merchandise to the Foreign-Trade Zone.

	Tier	Transactions	
Transaction Fees shall be paid as follows:	1	0--300	\$3,000
	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.

4. Extended Legal Costs

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/or FTZ Users involved in the issue.

5. Annual Report Deadline And Late Fee:

By March 1st of each calendar year, Operators are required to submit an annual report through the Online FTZ Information System (OFIS). A \$100 late fee per calendar day will be imposed upon a Zone Operator who, after the aforementioned date, has not submitted their annual report through OFIS.

6. Customs Fees:

The Operator of the zone site will pay merchandise processing fees. Additionally, all other fees and charges assessed by Customs for services provided to the affected zone site will be invoiced to the Operator of that site. The Grantee is not liable or responsible for Customs fees or charges.

7. Other Fees:

- a) Applicant, Zone/Subzone/Magnet Site Operator agrees to pay, or cause to be paid, all legal expenses and costs which Grantee incurs in conjunction with, or arising out of, any of the services provide in this fee schedule or in accordance with any Operation agreement.
- b) Zone Operators are also responsible for the following fees:
 - (1) Foreign Trade Zones Board Fees
 - (2) Other Government Agency Fees
 - (3) Customs fines, penalties, or liquidated damages affecting zone merchandise or zone activities

XIV. GLOSSARY/DEFINITION OF 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.

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).

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.

Activation -- Filing of an application with CBP by the Operator, with Grantee's concurrence, results in the actual utilization of an FTZ eligible site as an FTZ. 19 C.F.R.146.1.

Admission To Zone (Admit)- Means to bring merchandise into a Zone with Zone status.

Alternative Site Framework (ASF) -- An optional approach to FTZ designation and management that provides Grantees with greater flexibility and

responsiveness in serving FTZ Users. 15 C.F.R. 400.2(c). FTZ No. 142 was reorganized under ASF through Board Order No. 2083 on June 11, 2019.

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.

Board/ Or Foreign Trade Zones Board (FTZB) - comprised of the Secretary of Commerce and the Secretary of Treasury. These officials or their designee are empowered to issue to appropriate applicants the grant of authority to establish, maintain and operate a Foreign Trade Zone project 19 U.S.C. 81a(b); 15 C.F.R. 400.2(d).

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.

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.

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. Non-privileged 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 consist 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.

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.

Director Of Customs- The Port Director of Customs, Phila., Pa. – U.S. Customs Service.

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.

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. 19 C.F.R.146.43.

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).

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

Foreign-Trade Zones Board (FTZB) Staff -- Officials in the Department of Commerce, International Trade Administration responsible for overseeing the administration of Foreign Trade Zones. The Executive Secretary heads up this office 15 C.F.R. 400.2(g).

FTZ Eligibility – A site becomes eligible to be used as an FTZ upon receipt of designation from the FTZB in response to a request from the Grantee.

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.

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.

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.

Grantee- Corporation to which the privilege of establishing, operating, and maintaining a foreign-trade zone has been granted. 19 U.S.C. 81a(h); 15 C.F.R.400.2(v). The South Jersey Port Corporation is the Grantee of FTZ No. 142.

Importer's Agent/Broker- A firm, representative or individual who acts on behalf of the FTZ User under an authorized power of attorney.

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.

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.

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.

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

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.

Magnet Site -- A site intended to serve or attract multiple operators or users under the ASF. 15 C.F.R. 400.2(j). All sites in FTZ No. 142 are magnet sites.

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.

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- (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. Non-Privileged Foreign Status Merchandise has not cleared Customs and for which the User does not wish said merchandise to retain its identity, from a customs classification standpoint, so that if altered, it will become classifiable in its condition when it enters the customs territory of the United States. 19C.F.R. 146.42.

Operator -- Corporation, partnership, or person that operates a zone or subzone under the terms of an Agreement with the Grantee. 15 C.F.R. 400.2(w). The term “Operator” also applies to a “Grantee” that operates its own Zone.

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.

Port Director Of Customs And Border Protection (CBP) – CBP official with responsibility for overseeing the activation and operations of zone projects within his customs port of entry.

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. Privileged Foreign Status Merchandise has not cleared Customs and for which the User wishes said merchandise to retain its identity, from a customs classification standpoint, regardless of its condition when it ultimately enters the customs territory of the United States. 19 C.F.R. 146.41.

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.

Production – Activity involving the substantial transformation of a foreign article resulting in a new and different article having a different name, character, and use or activity involving a change in the condition of the customs classification of the article or its eligibility for entry for consumption. 15 C.F.R. 400.2(o)

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.

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.

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.

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

Service Area -- Jurisdiction within which a Grantee proposes to be able to designate sites via minor boundary modifications under the ASF. 15 C.F.R. 400.2(q). The Service Area for FTZ No. 142 encompasses the following seven

counties: Mercer, Burlington, Camden, Gloucester, Salem, Cumberland and Cape May.

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.

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. 15 C.F.R. 400.2(s).

Ton- means weight ton of 2,000 pounds, unless otherwise indicated, measurement ton 40 cubic feet.

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.

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.

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.

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 or a model number.

Unit Of Quantity- Means the customary grouping of a commodity as a unit to indicate the medium or method of measure.

Usage Driven Site -- A site tied to a single Operator or User under the ASF. 15 C.F.R.400.2(t).

User/Client- -- A person or firm using a zone or subzone for storage, handling, or processing of merchandise. 15 C.F.R. 400.2(aa).

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.

Weight- Means the gross weight of the merchandise including container, except as noted to the contrary.

Zone- The term “Zone” means a “foreign-trade zone” and/or Foreign-Trade Zone No. 142.

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.

Zone Project -- All of the Zone sites (General Purpose, Magnet, Usage Driven and subzone) established by the Board under a single Grantee.

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. Zone Restricted Merchandise cannot re-enter the U.S. customs territory. 19 C.F.R. 146.44

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

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.

Zone User- As individual, partnership or corporation which holds title to merchandise within a Zone site and which is primarily responsible for the payment

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

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.