FOREIGN TRADE ZONES

WHAT IS A FOREIGN TRADE ZONE (FTZ)?

An FTZ is an area set aside from Customs and Border Protection (U.S. Customs) purposes, considered to be in international commerce. Any foreign or domestic material that is located on this property is exported or re-exported so that U.S. Customs purposes are not served. FTZs provide an attractive business environment to help companies be cost competitive in the U.S. market.

WHY DO COMPANIES USE FTZs?

Companies use FTZs in order to reduce operating costs associated with a U.S. location that can be avoided when operating in a foreign country. In an FTZ, goods are treated as if they are shipped internationally. These benefits allow for a more competitive environment at the U.S. based operations.

1. SAVES COMPANIES USE FTZs

IMPROVE CASH FLOW

- Published records and with goods leave Zone.
- No duty is paid on scrap, waste, or damaged goods.
- Company pays the duty when it ships to the FTZ.
- Full sales value is paid at the component cost and the federally taxable property.
- Products transferred from Zone to Zone are duty free.

2. REDUCE PAPERWORK AND EXPENSES

- Simplified rules and procedures, which are relatively inexpensive.
- Multiple customs in one easy-to-use area.
- The company retains the same type of goods leave the FTZ.
- Electronic record-keeping is available.

3. REDUCE ARIZONA REAL AND PERSONAL PROPERTY TAXES (172)

- Activated companies meeting federal and local eligibility requirements can benefit from a 5% assessment ratio (including both new and new investment in personal and real property).

4. SECURITY

- The top priority of U.S. Customs is security. An Activated FTZ operator meets the highest standards of security by all means.
- Disaggregated cargo insurance rates up to 40% less have been available to companies in Zone.

5. REDUCE SUPPLY CHAIN TIME

- FTZs can eliminate delays related to U.S. Customs clearance. Companies utilizing the Free Trade Zone can expect approximately a 10% decrease in lead time, reducing the inventory cycle time.

6. STRUCTURAL BENEFITS

- FTZs can provide facilities expansion and flexible space utilization. Companies have the flexibility to increase or decrease their footprint in the Free Trade Zone depending on their needs.

WHY DO COMMUNITIES SPONSOR DEVELOP FOREIGN TRADE ZONES?

Local governments have benefited from the increased economic development and business development that result from Zone projects. Provisions for accelerated tax bases stimulate a wide range of direct and indirect economic activities required to maintain high-paying business and retain operations in the U.S. Nationally, for educated workers, the cost of living in this region.

FOREIGN TRADE ZONE NO. 277

On December 22, 2010 the Foreign Trade Zones Board issued a Grant of Authority under Board Order No. 1733 to establish FOREIGN TRADE ZONE NO. 277 in the western USA. With its organization in the western USA. With its organization in the FTZ, operators enjoy the highest level of security as an importer.

WEBSITE

www.GMFTZ.ORG

GMFTZ.ORG

FTZ NO. 277

“GMFTZ is one of the fastest growing FTZs in the western USA. With its organization as a regional Zone including 13 cities, it is a model of what an FTZ should be.”

Artilde B. Oliver
President
GMFTZ

CURRENT JOBS

<table>
<thead>
<tr>
<th>Industry</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distribution</td>
<td>365</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>1,065</td>
</tr>
<tr>
<td>Total</td>
<td>1,430</td>
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PROJECTED JOBS (2021)

<table>
<thead>
<tr>
<th>Industry</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>Warehouse</td>
<td>2</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>2</td>
</tr>
<tr>
<td>Total</td>
<td>4</td>
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CURRENT CAPITAL INVESTMENT

<table>
<thead>
<tr>
<th>Industry</th>
<th>Total</th>
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<tbody>
<tr>
<td>Warehouse</td>
<td>1,313</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>1,317</td>
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ECONOMIC IMPACT

<table>
<thead>
<tr>
<th>Industry</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>Employment</td>
<td>4,452,700</td>
</tr>
<tr>
<td>Wages</td>
<td>1,191,000</td>
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<tr>
<td>Economic Output</td>
<td>538,096,898</td>
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PUBLIC FISCAL IMPACT

<table>
<thead>
<tr>
<th>Industry</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>Construction/FF&amp;E</td>
<td>1,085,520,000</td>
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<tr>
<td>Operations</td>
<td>622,750,000</td>
</tr>
<tr>
<td>Total</td>
<td>1,708,270,000</td>
</tr>
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</table>

THE “GREAT WESTERN FREE TRADE ZONE” REACHES THE TIP OF THE ICEBERG

The Greater Western Foreign Trade Zone now includes the local and federal approval process single for the new Headquarters in the West Valley.

Chan Kim
President
GMFTZ

623-435-0431, Ext. 204
Glendale, AZ 85305
Suite 210
Chet Keizer, President IRIS USA, Inc.

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President
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GMFTZ.ORG

FTZ NO. 277
Fast-track process that takes 30 days for County by a qualified company using the location within the western part of Maricopa are facilities that can be designated at any Foreign Trade Zones Board. Usage-Driven Sites

No. 277 service area if approved by the U.S. Magnet Sites may be added inside the FTZ are pre-approved for future Zone users. Future Site Framework (ASF). Under this framework, FTZ No. 277 is organized under the Alternative GMFTZ SITES

GMFTZ SITES

GMFTZ.org

GMFTZ SITES

FTZ No. 277 is organized under the Alternative Site Framework (ASF). Under this framework, Magnet Sites are sites that are preapproved for future Zone users. No. 277 service area if approved by the U.S. Magnet Sites may be added inside the FTZ sites that can be designated at any location within the western part of Maricopa County by a qualified company using the Fast Track process that takes 30 days for federal approval.

Usage-Driven Sites. Magnet Sites are sites that there are two types of sites: Magnet Sites and Site Framework (ASF). Under this framework, FTZ No. 277 is organized under the Alternative GMFTZ SITES

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