

Application for Production Authority

Instruction Sheet

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No zone, subzone, zone expansion/reorganization/modification, or production authority may be approved unless a completed application has been received (19 U.S.C. 81a-81u; 15 CFR Part 400). The Foreign-Trade Zones Board has no authority to finance zone projects. Its approval is in the form of a grant of authority (license) for operating a facility under foreign-trade zone procedures. The basic requirements for foreign-trade zone applications are found in the regulations of the Foreign-Trade Zones Board (15 CFR Part 400), including Sections 400.21 through 400.25. Application formats are available on the [FTZ Board web site](#).

Corporations submitting applications must be qualified to apply under the laws of the state in which the zone is to be located. Applicants may submit drafts of their applications to the FTZ Staff, who can provide comments and technical assistance in interpreting the Board's regulations.

Applicants should note that conduct of their proposed activity under FTZ procedures includes an additional, ongoing information-collection burden associated with the Annual Report from Foreign-Trade Zones (OMB Control No. 0625-0109).

FTZ Staff
March 2013

Foreign-Trade Zones Board
U.S. Department of Commerce
1401 Constitution Avenue, N.W., Room 21013
Washington, D.C. 20230
(202) 482-2862

APPLICATION FOR FTZ PRODUCTION AUTHORITY

The FTZ production application should only include any products and/or foreign-status components **not** previously authorized by the FTZ Board for the company's production activity

Responses to Questions. Leave the language of each question in place (including its number) and provide your response directly below each question. The FTZ Regulations place the burden of proof on the applicant, so please respond to each item completely based on the information available to you. Note that for industry/market information, you may rely on your expert knowledge of the industry in addition to traditional, published resources.

Public submissions. Applicants should use estimates, ranges, categories, etc. in providing plant or FTZ savings information so that such information is presented in non-proprietary form.

Pre-Docketing Submission. Applicants shall submit a complete copy of an application via e-mail (ftz@trade.gov) for pre-docketing review. The complete copy must include all required answers and documents, including the application letter. The FTZ Board's staff will review the pre-docketing submission within 30 days and will notify the applicant either to correct deficiencies or if it is sufficient for docketing.

Final Submission. Submit the final application by email (ftz@trade.gov) (**Adobe PDF format preferred**; you may use MS Word format if you are unable to submit PDF). The application must be submitted by or copied (CC'd) to the grantee).

Application Letter

1. Provide a cover letter from the grantee or operator that summarizes the application, including the zone site(s) to be used, the proposed FTZ production activity, and why approval of that activity would be beneficial for the United States overall. The letter should be signed and dated within six months prior to the submission of the application.

Company and FTZ Site(s)

2. State:

- a. the FTZ user (company for whose benefit the activity would be conducted); and,
- b. the zone/subzone locations (including site numbers) at which the activity would be conducted.

Company, Sourcing, Market, and Industry Information

3. Describe the specific production activity which the company is seeking to conduct under FTZ procedures.
4. Briefly describe the company's background and current situation (including annual sales value or other indicator(s) of company's size and scope of operations).
5. Explain in detail why approval of the company's proposed FTZ production authority would be beneficial overall to the United States.
6. Describe problems, challenges or strengths facing the company and the U.S. industry. (For example, have production, employment, and operating profits been falling or rising? Have there been changes in the cost of raw materials? Also address any other relevant factors.)
7. List total employment company-wide.
8. List total employment at the company's proposed FTZ production plant.
9. How has the company's and plant's employment changed in the last five years?
10. Will FTZ-related savings likely lead to increased, stable, or decreased employment at the company plant? Explain.
11. Does the company have other plants (in the U.S. or overseas) that conduct the same activity or similar activity? If yes to either, please list the other plants' locations and explain.
12. For the products to be produced under FTZ procedures, list the percentages (or percent ranges) by value of:

U.S. materials = _____ %;
 foreign materials = _____ %; and
 value added at the facility (labor, profit, overhead, etc.) = _____ %.

(U.S. materials + foreign materials + value added = 100%)

13. Are the components that the company purchases from abroad also available from U.S. suppliers (if yes, why is the company unable to obtain those components domestically)? Explain.
14. Will FTZ-related savings affect the company's purchasing patterns? Explain.
15. What is the current annual production capacity at the plant? Are there any planned capacity changes? (Indicate the units of measure used.)
16. What is the company's current share of the U.S. market for the type of products it wants to make under FTZ procedures?
17. List the company's major competitors in the U.S. market and their approximate U.S. market shares.
18. Are the company's competitors producing in the U.S. or abroad? Explain and give specific examples.
19. Does the company plant compete with the foreign plants of company affiliates? Explain.
20. What is imports' share of the U.S. market for each of the products the company is proposing to make under FTZ procedures?
21. How and why has imports' share of the U.S. market for each product changed in the past 5-10 years?
22. How would approval of the proposed FTZ production affect the company's domestic competitors?
23. Are the purchasing patterns of competing domestic producers similar to the company's?
24. If the company is granted authority to conduct production under FTZ procedures, would the other U.S. producers be likely to seek access to FTZ procedures? Explain.
25. What are the competitive factors in the relevant industry? Rank them in order from the most to the least influential. Explain. Any other factors unique to the industry?
26. What is the company's approximate share of the world-wide market for the products it wants to make under FTZ procedures?
27. List the company's major competitors in the world market and their approximate world market shares.

28. What percentage of the company's production of the products it wants to make under FTZ procedures is sold to export markets?
29. Have the company's exports been increasing or decreasing? To which markets? Does the company have plans to enter any new export markets? If so, which?
30. Estimate overall U.S. exports as a percentage of domestic production.
31. Are U.S.-made products able to compete successfully with foreign-made products in export markets? What are the primary competitive factors?
32. Has worldwide demand for the company's products been increasing or decreasing? Explain.
33. Please estimate U.S. producers' share of the worldwide market for the company's products. Is this share increasing or decreasing?
34. In recent years where has investment in the industry taken place (U.S. versus offshore)? Provide examples.
35. Please list the main internet address(es) for information about the company and its products.
36. Are you aware of any studies or reports that have been done recently regarding the company's industry or industry sector? If yes, please list the titles and authors/publishers below – you do not need to submit the studies/reports with the application. Note: The FTZ Staff may later ask for your assistance in obtaining a copy of these publications as part of the Staff's case-related research.
37. Provide information as to whether alternative procedures have been considered as a means of obtaining the benefits sought.

FTZ-Related Savings

38. What are the total estimated annual FTZ-related savings associated with the proposed activity described in this application? As a percentage of finished product value?
39. Provide the percentage breakdown for the company's total estimated FTZ savings into the following categories: Logistical/Paperwork; Inverted Tariff; Exports; Duty Deferral; and Scrap/Waste.

Products and Components

40. Are any of the listed foreign-status component/inputs subject to a trade-related measure or proceeding (such as an AD/CVD order or proceeding, suspension of liquidation under AD/CVD procedures, or Section 201/204/232/301/337/421 investigations)? *Note that FTZ*

authority is not specific to country of origin so this question should be answered for all trade measures regardless of current sourcing.

_____ None of the listed foreign-status components are subject to a trade-related measure or proceeding.

_____ Some or all of the listed foreign-status components are subject to a trade-related measure or proceeding, as follows (list the measure(s) and/or proceeding(s), and include the following AD/CVD table, if applicable).

The following components are subject to AD/CVD orders:

Component	AD/CVD Order No.	Country

41. Using the table formats, below, list the finished products and foreign-status components/inputs proposed for production under FTZ procedures. The list of finished products and foreign-status components/inputs should encompass both actual/planned activity and potential activity for which you request authority. Any eventual authority approved by the FTZ Board (“the scope of authority”) would extend only to the specific finished products and foreign-status components/inputs listed in the application and authorized by the FTZ Board. For each finished product and foreign-status component/input, provide a physical description (not the description from the HTSUS), 6-digit HTSUS number, and current U.S. duty rate.

Finished Products:

Physical Description (not HTSUS description)	HTSUS No.	Duty Rate

Foreign-Status Components:

Physical Description (not HTSUS description)	HTSUS No.	Duty Rate