



# FTZ

# FLASH

1st Quarter 2010

## FOREIGN-TRADE ZONE SUCCESS STORIES

**The National Association of Foreign-Trade Zones is pleased to present FTZ FLASH – a quarterly newsletter created to spread the good news about Foreign Trade Zones (FTZs) and their positive effect on the U.S. economy.**

**Since their creation 75 years ago, FTZs have become one of the most effective economic development and trade tools available to US companies – promoting increased participation in the global economy and saving US jobs.**

**In 2008, FTZs conducted \$693 billion in business in the United States and directly employed 330,000 workers, primarily in manufacturing. During the same period, FTZ exports to foreign countries topped \$40 billion.**

### GREATER DETROIT FTZ SAVES 100+ MANUFACTURING JOBS

The continuing success of the Greater Detroit Foreign Trade Zone, Inc. (GDFTZ) (FTZ No. 70) in Southeast Michigan involves the movement of aluminum and zinc ingots from their production facility in Quebec, Canada. While typically moving to the Detroit area by railcar, recent shipping seasons have seen these cargoes move by barge through the Port of Detroit and into London Metal Exchange-approved FTZ warehouses. With the downturn in Seaway shipping of more traditional cargoes, this business has preserved the jobs of the 100 plus International Association of Machinists (IAM) members employed by our stevedoring company, Nicholson Terminal & Dock Co.

The zone continue to provide the domestic auto industry with a valuable tool they could use to stay competitive with and beat their foreign competitors. The FTZ program has helped to save the OEMs millions of dollars and protect the livelihoods of several thousand Michigan auto workers.

### FTZ NORTHERN INDIANA SKIRTS NATIONAL UNEMPLOYMENT TRENDS

Thor Industries, Inc. (motor home manufacturing) – Foreign-Trade Subzone No. 125E – Northern Indiana. Thor Industries, Inc. secured Foreign-Trade Subzone status in 2009 for motor

home manufacturing facilities located in eight towns in Northern Indiana including Elkhart, where the unemployment has been approximately 20%. This Subzone Application was expedited by the Foreign-Trade Zones Board to help retain existing employment in Northern Indiana in an industry that faced a significant decline during the recession.

### BMW – 5,000 JOBS & COUNTING

#### Investment

Original investment: \$600 million  
Current investment: \$4.2 billion

#### Jobs

Original estimate: 500 jobs  
(projected 2,000 jobs by 2000)

Today at BMW: 5,000 jobs on site

Economic Impact: 21,500+ jobs

[2007 study performed by University of South Carolina, School of Business - <http://mooreschool.sc.edu/moore/research.>]

#### North American Suppliers

SC Suppliers: 44 Locations

SC Supplier Jobs: 10,000+

| State          | Supplier Locations | State         | Supplier Locations |
|----------------|--------------------|---------------|--------------------|
| Michigan       | 43                 | Kentucky      | 3                  |
| Mexico         | 27                 | Texas         | 3                  |
| Tennessee      | 11                 | California    | 2                  |
| Canada         | 8                  | Massachusetts | 2                  |
| North Carolina | 7                  | New York      | 2                  |
| Georgia        | 6                  | Arizona       | 1                  |
| Illinois       | 6                  | Minnesota     | 1                  |
| Indiana        | 6                  | Missouri      | 1                  |
| Ohio           | 5                  | New Mexico    | 1                  |
| Alabama        | 4                  | Utah          | 1                  |
| Pennsylvania   | 4                  | Wisconsin     | 1                  |

## Production

|                         |                              |
|-------------------------|------------------------------|
| 9/8/1994:               | 1st vehicle off-line         |
| 9/8/2009:               | 1,500,000th vehicle off-line |
| YTD 2009:               | 74% of production exported   |
| Value:                  | Over \$3.3 billion           |
| US value-added content: | Over \$2.2 billion           |

## Sustainability

- Use of water-based paints to reduce harmful air emissions
- Development of two onsite wetland preserves
- Use of landfill methane gas for over 63 percent of energy needs for manufacturing facility, including paint shop ovens
- Named charter member of US EPA's National Performance Track
- Recognition by Spartanburg Area Chamber as Economic Champion in 2009 for contribution to the economic vitality of Spartanburg County by going green, expanding an existing business, and developing a new product

## Facts 1992 / 1993 Through June 2009

|                       |            |                   |                  |
|-----------------------|------------|-------------------|------------------|
| BMW Investment:       | \$4.2 bil  | Taxes and Duties: | \$2.3 bil        |
| Suppliers Investment: | \$2.1 bil  | SC use taxes:     | \$20 mil         |
| Total Investment:     | \$6.3 bil  | Property taxes:   | \$100.4 mil      |
| Compensation:         | \$4.4 bil  | Payroll taxes:    | \$441.1 mil      |
| BMW Procurement:      | \$42.1 bil | Income taxes:     | \$820.3 mil      |
| SC purchasing:        | \$13.4 bil | US import fees:   | \$875 mil        |
| NA purchasing:        | \$28.7 bil | SC Exports:       | 989,619 vehicles |
|                       |            | SC Imports:       | 802,489 vehicles |

## GRUNDFOS & VF OUTDOOR BRING PROSPERITY TO THE CA CENTRAL VALLEY

The zone project in the Central Valley of California was created to assist the communities in the Valley in addressing the problematic unemployment and closure of a key military installation.

In Fresno County, Grundfos Pumps Corporation, U.S.A. manufactures water pump units and parts within the zone. It has been stated in the annual reports of this operator that the FTZ has assisted them in maintaining and even adding certain manufacturing processes at this location. The zone is a key economic benefit to the company and ensures that the company's location in Fresno County stays operational. The Zone is a key equalizer for Grundfos in the global market.

In Tulare County, VF Outdoor, Inc. is currently activating a distribution operation within their facility. The company is a premier global apparel manufacturer whose brands are recognized all over the United States. The selection of their site in Visalia, CA was predicated on there being zone status available in the future.

The economy of the Valley needs all its economic development tools to compete for new investors and to keep existing ones.

## CNH EXPANDS OPERATIONS IN ND

The Municipal Airport Authority of the City of Fargo, North Dakota partnered with the Greater Fargo Moorhead Economic Development Corporation (GFMEDC) to create the general purpose zone project, which houses CNH Corporation.

CNH has benefited from their activation. The company continues to have a positive impact on local commerce by increasing economic activity in the City of Fargo and state of North Dakota. The FTZ benefit is expected to lead to expanded operations for CNH in Fargo which is expected to increase local employment.

CNH is a global company specializing in the manufacturing and production of both agricultural and construction equipment. The scope and scale of the company includes engineering, manufacturing, marketing, and distribution across five continents. Operations are organized into three business segments: agricultural equipment, construction equipment and financial services. Products are marketed under the brand names of Case and New Holland. At last report, CNH manufactured products in 39 facilities throughout the world and distributed manufactured goods to approximately 160 countries worldwide.

The FTZ program is an important tool for our community in order to allow CNH to continue their manufacturing operations in the City of Fargo, North Dakota. If the FTZ program was eliminated. If the FTZ program was eliminated it is likely CNH could decide to move their operations to another location that could be located outside of the United States.

## UNDER ARMOUR SETS UP OPERATIONS IN BALTIMORE

Under Armour is a popular clothing apparel company that began out of the CEO's grandmother's basement in Baltimore just a decade ago. Now, Under Armour is one of the lead FTZ users. In 2009, they evaluated their entire distribution strategy. Foreign Trade Zone activity has become a centerpiece of their cost-effectiveness and their ability to compete internationally.

They have seen their net revenues increase 16% from the previous year, in some part due to cash flow savings from Foreign Trade Zone. They received \$33 million dollars worth of foreign-status goods in their first year of FTZ operation alone.

The company now occupies five buildings at Tide Point, creating a 265,000-square-foot mini-campus. UA headquarters was originally about 125,000 square feet. Scott Plank said the search for the campus was several years in the making. The new building also includes several environmentally friendly features. Sunroofs and big windows provide natural lighting, and the roof is painted white to reflect the sun's heat and reduce the need for air conditioning. The company used recycled desks, carpet and ceiling tiles.