



U.S. FOREIGN - TRADE ZONES

EXPANDING U.S. EXPORTS, JOBS, & ECONOMIC DEVELOPMENT

last updated January 2026

1,300
Active U.S. FTZ Operations 
543,000
American workers employed in U.S. FTZs 

ABOUT U.S. FTZs

Congress created the U.S. Foreign-Trade Zone (FTZ) program in 1934 to incentivize domestic manufacturing and distribution specifically in cases where foreign countries maintain a tariff advantage.

Housed under the Department of Commerce, the FTZ Board reviews all FTZ applications. Customs and Border Protection (CBP) must then also review and inspect each facility prior to approving its activation. Once operational, CBP oversees U.S. FTZ's daily operations.

FTZs are secure areas within the United States that are considered outside of U.S. Customs territory for tariff purposes.

U.S. FTZ OPERATIONS

U.S. FTZs house both production and distribution operations.

Merchandise can be assembled, exhibited, cleaned, manipulated, manufactured, mixed, processed, relabeled, repackaged, repaired, salvaged, sampled, stored, tested, displayed, and destroyed within a U.S. FTZ.

*Producing in an U.S. FTZ, meaning any substantial transformation of one product into a different product, requires product-by-product approval from the FTZ Board.

U.S. FTZ BENEFITS

Job Creation and Retention: Boosts competitiveness for domestic manufacturing and distribution operations, helping create and retain jobs that might otherwise go overseas.

Investment: Attracts multinational firms to establish U.S. operations, increasing the use of U.S.-made components and stimulating local economies.

Supply Chain Resiliency: Strengthens supply chains through incentivizing re-shoring efforts.

Compliance: Promotes secure and compliant operations with rigorous reporting, inventory and security requirements.

TOP INDUSTRIES USING U.S. FTZs

Pharmaceuticals
Vehicles & Vehicles Parts
Crude Oil Petroleum Products
Machinery Equipment
Consumer Electronics
Appliances
Chemical Products
Iron/Steel
Aircraft Spacecraft Ships Boats
Fragrances Cosmetics
Apparel Footwear Accessories
Food Beverages Spirits
Dyes Pigments Paints
Stone Plaster Cement Ceramics
Optical, Photographic, and Medical Instruments
<i>and many more!</i>

★ U.S. FTZs leverage domestically sourced inputs ★

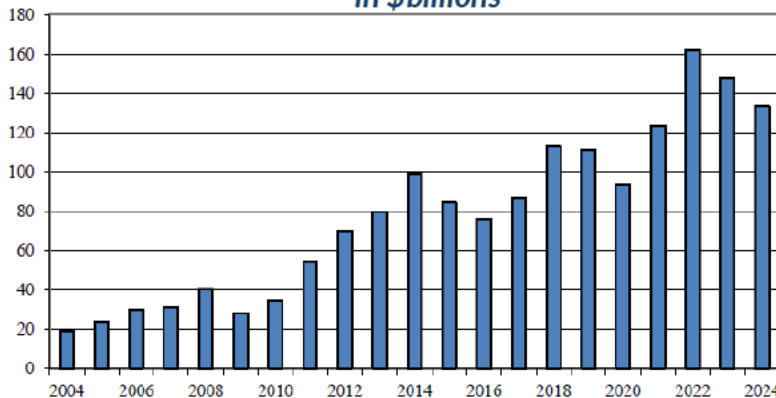
67% of shipments (80% of production and 46% of warehousing/distribution) received by U.S. FTZs are domestic status inputs.

*All data retrieved from Commerce's 2024 Annual Report of the Foreign-Trade Zones Board to the Congress of the United States, published December 2025.

U.S. FOREIGN - TRADE ZONE EXPORTS

TOTAL FTZ EXPORTS 2004 - 2024

in \$billions



There were **381** active U.S. FTZ production operations in 2024, accounting for **61%** total zone activity.

\$133B of merchandise was exported from U.S. FTZs in 2024, accounting for **6.5%** of total U.S. goods exports that year.

- **63%** from production FTZs.
- **38%** from distribution FTZs.

OPERATIONAL CHALLENGES

★ PF STATUS RESTRICTIONS

NAFTZ urges the Administration to issue a technical modification to recently imposed tariff actions removing the requirement that goods subject to trade remedy tariffs must be admitted into U.S. FTZs under Privileged Foreign ("PF") Status.

This restriction locks-in applicable tariff rates at time of admission instead of withdrawal, thereby eliminating the fundamental tariff-inversion benefit of U.S. FTZ program.

Remedying this restriction will restore the incentive to maintain and expand manufacturing operations in the United States instead of overseas.

★ USMCA

USMCA puts U.S. FTZ manufacturers at a significant disadvantage compared to Mexico and Canada counterparts. NAFTAZ urges USTR to fix this problem in the upcoming Joint Review by:

- 1) Removing the duty deferral restrictions provided in Article 2.5.3; and,
- 2) Eliminating the USMCA originating prohibition for U.S. FTZ made product included in implementing legislation (P.L. 116-260).

Congress can also legislate a solution. NAFTAZ encourages your support of H.R. 6792 to start advancing these fixes.



Help U.S. FTZs create American jobs and expand domestic manufacturing
by **JOINING THE U.S. FTZ CONGRESSIONAL CAUCUS** today!



Connect with Us!

Jeffrey J. Tafel, CAE
President
jtafel@naftz.org

Melissa Irmen, CZS, AZS
Director of Advocacy & Strategic
Relations
mirmen@naftz.org

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