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Welcome to the 2014-15 Annual Report of the National Association of Foreign-Trade Zones. Founded in 1973, NAFTZ is the collective voice of the FTZ community. We represent more than 650 members connected to the FTZ program across the United States and Puerto Rico, including grantees, operator/user companies, and industry service providers.

As an association of public and private members, it is the vision of NAFTZ to serve as the premier advocacy and educational organization promoting the U.S. FTZ program. It is our mission to be the FTZ program’s principal educator and leader in demonstrating the program’s value as an economic development tool for job creation, international trade, and investment here in the United States.

The purpose of this annual report is two-fold: to inform our members of all that has been accomplished by the association on their behalf in 2014, in providing educational services and in advocating for a more useful and robust program; and to inform policy makers and the public of the significant and growing benefits that the FTZ program is delivering to U.S. companies, communities and the nation.

As the following pages will show, 2014 has been an eventful year for the association and the program. NAFTZ maintained its strong representation of FTZ user companies and grantees in 2014, with the strongest growth among FTZ operator/user companies. The association hosted its Annual Conference in Fort Worth, TX in September, which attracted more than 460 attendees and featured keynote addresses by Customs and Border Protection Commissioner R. Gil Kerlikowske and Texas entrepreneur H. Ross Perot Jr. The energy of our 2014 events is captured on pp. 4-7.

In Washington, NAFTZ has advocated aggressively for more efficient regulation of the FTZ program by Customs, the FTZ Board, and such import-regulating agencies as the Consumer Product Safety Commission (CPSC), as summarized on p. 3. In 2014, NAFTZ filed comments to improve the FTZ Board’s Online FTZ Information System (OFIS), the CPSC’s proposed rule on certificates of compliance, and the gathering of FTZ export information in the Census Bureau’s Automated Export System. We continued to work closely with Customs to expand direct delivery and modernize the CPB’s Part 146 regulations of FTZs.

The FTZ program itself has reached a new level of activity and importance for U.S. economic policy. FTZ exports, merchandise received, and employment have reached record levels. As our analysis shows on pp. 8-9, foreign-sourced merchandise admitted into zones in 2013 now accounts for one-eighth of all U.S. imports—demonstrating the urgency of fully incorporating FTZs into the Automated Commercial Environment. The Sector Spotlight on pp. 10-11 describes the role that the FTZ program plays as a magnet for foreign investment, including the vibrant international automobile sector, and the “re-shoring” of U.S. appliance production and other manufacturing previously located abroad.

We hope the 2014-15 NAFTZ Annual Report conveys the excitement and opportunity that the FTZ program is generating for our members and the communities they serve.

With our best wishes for a prosperous 2015,

Jan Frantz  
Board Chair

Daniel Griswold  
President
NAFTZ’s Annual Conference, in Fort Worth, TX, attracted 460 attendees who heard U.S. Customs and Border Protection Commissioner R. Gil Kerlikowske and other speakers address the most pressing issues before the FTZ community. See pp. 4-7 for details of the 2014 Annual Conference, seminars, and webinars hosted during the year.

NAFTZ membership reached 653 in 2014, with the strongest growth in the category of FTZ operator/user companies.

The Foreign-Trade Zones Board released its Annual Report to Congress in August, documenting that FTZ exports and merchandise received reached record highs in 2013.

- An NAFTZ press release on the report was posted or published by 300 media outlets.

In 2014, NAFTZ mobilized its members to address the most important issues facing the FTZ community.

- NAFTZ delegations met during the year with officials of the CBP’s Office of Field Operations to discuss details of expanding a pilot to extend direct delivery to affiliates and non-owner operators.
- NAFTZ’s ACE Task Force provided a number of suggested refinements in the Automated Commercial Environment (ACE) that will favorably affect FTZ users as the system nears completion in 2015-16.
- NAFTZ submitted additional comments on the Consumer Product Safety Commission’s proposed rule on certificates of compliance.
- NAFTZ filed suggestions with the FTZ Board on improving the Online FTZ Information System (OFIS) and technical corrections to the FTZ Board’s Part 400 regulations revised in 2012.
- In an ongoing effort to collect more comprehensive and accurate data on FTZ exports, NAFTZ coordinated communication between the U.S. Census Bureau and Customs to remove impediments to the use of the FTZ identifier in the Automated Export System.
- NAFTZ cooperated with the FTZ Board to encourage members to report the full value of FTZ exports in annual report filings, including value added in the zone (labor, overhead, profit) and indirect exports that enter U.S. commerce before export.

NAFTZ delivered the message to Congress that the FTZ program plays an important role in promoting trade, manufacturing, and job creation in the United States.

- NAFTZ Board members visited congressional offices on Capitol Hill in February in junction with the 2014 Legislative Seminar. In other visits during the year with members of Congress and staff, NAFTZ advocated for full funding of ACE in the pending Customs Reauthorization bill.
- On December 4, NAFTZ hosted a forum and boxed lunch in the Rayburn House Office Building attended by two dozen congressional staff members. The forum focused on FTZs as a tool for economic development and was sponsored by the House Manufacturing Caucus.

NAFTZ communicated important information about the program to its members and the public.

- The monthly Zones Report e-newsletter reached all members and select non-members with vital information about the association and the program. Blast emails informed members of breaking developments in FTZ regulation.
- NAFTZ expanded its footprint on Twitter (with more than 800 followers of @naftz), LinkedIn, and other social media networks.
- NAFTZ continued to raise awareness of the program through articles in the Journal of Commerce, the Manzella Report, and American British Trade and Investment
- NAFTZ joined the World Free Zones Organization as a founding member to help promote best practices and share information among the global zones community. An NAFTZ representative briefed the World Customs Organization on the U.S. FTZ program at a WCO meeting in Brussels in March.
NAFTZ EVENT HIGHLIGHTS FROM 2014

Fundamentals of FTZs Seminar
January 5-6, 2014, Lake Buena Vista, FL
78 attendees

NAFTZ’s Fundamentals of FTZs Seminar kicked off the new year with over 70 registered attendees participating in this educational seminar. Speakers and NAFTZ board members Julie Brown, Georgia Foreign Trade Zone, and Rebecca Williams, Rockefeller Group Foreign Trade Zone Services, guided those new to the industry through FTZ operational details and regulations, showcasing ways to utilize a Foreign-Trade Zone as part of their supply chain strategy. Attendees traveled from across the United States and from as far as Guatemala to learn about the U.S. Foreign-Trade Zones Program and how to stimulate economic development and provide benefits for local communities, users and grantees in the process. The diverse audience and speakers engaged in a stimulating discussion of the FTZ program.

Legislative & Regulatory Seminar
February 11, 2014, Washington, DC
102 attendees

Congressional Members and NAFTZ guests alike gathered together in Washington, DC, to participate in a full program that addressed such trending topics as the prospect of Customs Reauthorization legislation, funding of the Automated Commercial Environment, and industrial tariff reform in Canada and Mexico and its implications for U.S. competitiveness. The discussion continued on the following day with Capitol Hill visits with key Congressional members and their staff.

The Legislative program featured senior Congressional staffers from the House Ways and Means Subcommittee on Trade and the Senate Finance Subcommittee on International Trade, Customs, and Global Competitiveness; EPA Senior Program Manager; CBP Assistant Commissioner and DIOP’S Operations and Policy Branch of FDA.

In his FTZ Board Update, Executive Secretary Andrew McGilvray revealed the record-breaking number of board cases in 2013, possibly due to the Alternative Site Framework and streamlined application procedures. Those attending the seminar benefited from the strong participation of Congress and the positive update regarding future legislation which resulted in a lively and policy-relevant discussion.
Annual Spring Seminar
May 4-6, 2014, Seattle, WA
140 attendees

The Annual Spring Seminar took NAFTZ to the picturesque skylines of Seattle. Highlights included a Pacific Northwest Grantee Benchmarking panel with FTZ representatives from Seattle, Tacoma, Portland and Olympia; and a Hands-On Operational View of In-Bond Regulations with speakers from OOCL (USA), Inc., Rockefeller Group FTZ Services, and Schenker, Inc.

The program also featured a discussion of Cross Border Interaction, addressing U.S. and Canadian requirements, challenges and their impact on security programs. The program then concluded with a NAFTA session to better determine effective use of the program, how to overcome challenges, and maintain appropriate documentation.

Following a full day of educational sessions, a sunset cruise of the harbor produced cityscape views of container ships, cranes and grain silos, providing a unique perspective and pleasant networking environment for all aboard the ship. The breathtaking views of the waterfront and key issue discussions proved to be an unforgettable and educational experience for all who attended.
Annual Conference & Exposition

September 14-17, 2014, Ft. Worth, TX
460 attendees

NAFTZ’s 42nd Annual Conference and Exhibition in Fort Worth, TX, attracted 460 attendees to the land of cowboys and culture.

Welcoming us to Texas, Fort Worth Mayor Betsy Flores kicked off the conference with wit and local economy insight. Immediately following her address, U.S. Customs speakers Elizabeth Chiavetta and Cheryl Johnson discussed Changes and Updates to CBP’s Focused Assessment Program.

In one of the year’s most memorable highlights, U.S. CBP Commissioner R. Gil Kerlikowske addressed Monday afternoon’s general session. Kerlikowske’s speech expressed commitment to CBP’s trade facilitation mission and praise for the FTZ program for its contributions to the U.S. economy, noting that FTZ exports have nearly tripled since 2009 while achieving record levels of employment and merchandise received.

The momentum continued with several government speakers, engaging panelists, a number of exhibits and a keynote by Ross Perot Jr. highlighting the importance of FTZs and U.S. global competitiveness, noting Hillwood’s involvement with six U.S. FTZ sites in the Fort Worth region.

The Annual Conference featured 15 exhibitors and lively receptions where members renewed friendships and established new contacts. Additionally, this year marked the first NAFTZ 5K Charity Run. With approximately 30 runners participating, the event produced a generous donation to benefit the local charity of the Lena Pope Home. The engaging educational discussions, networking events, and lively panels produced an enjoyable event for all.
Webinars

9 webinars hosted in 2014

The NAFTZ 2014 ZoneCast webinar series featured topics such as ISF Enforcement, Free Trade Agreements, and the Automated Export System (AES). Guest speakers included Craig Clark of CBP and Wendy Peebles of U.S. Census. Complimentary to all NAFTZ members, the live webinars attracted 438 participants and were viewed on demand 110 times. 2014 webinar attendance marks an increase from both 2012 and 2013. Our added feature of viewing the webinars on demand allows our membership the opportunity to continue topic engagement well after the live event.

NAFTZ hosted nine ZoneCast webinars in 2014.
Foreign-Trade Zone activity continued its impressive growth through 2013 and into 2014, fueled by streamlined regulations and expanded warehouse and distribution operations.

According the FTZ Board's 75th Annual Report, released in August, FTZ exports, merchandize received, and employment reached record highs in 2013. Merchandize received into zones totaled $835.8 billion, more than a $100 billion increase from the record total in 2012. Almost two-thirds of merchandise entering FTZs was sourced domestically, which indicates that FTZs are primarily a platform where U.S. workers add value by combining both domestic and foreign components to produce final products for sale in the United States and abroad.

In 2013, there were 177 active FTZs, 289 active manufacturing/production operations, more than 3,000 companies with FTZ status, and 390,000 American workers employed in zone activities. That is the largest number for total FTZ employment ever recorded by the program. A streamlined approval process combined with the Alternative Site Framework has encouraged a doubling since 2007 of applications and approvals for new zones, reorganizations and expansions of existing zones, production notifications, and designation of subzones and usage-driven sites. The lower barriers to entry to the program have been especially important for small and medium sized enterprises.

FTZ Export Growth Tops NEI Goal

The FTZ program’s most notable growth has been in exports, which reached a record $79.5 billion in 2013. FTZs stimulate exports by enhancing supply chain efficiencies and eliminating duties on key imported components that are then re-exported as part of the final product. As a result, FTZ companies have led the way in the recovery and expansion of U.S. exports since the most recent recession ended in 2009.

FTZ exports have played an oversized role in meeting the goals of President Obama’s National Export Initiative. In his State of the Union message in January 2010, in which he launched the NEI, the president told the nation, “We will double our exports over the next five years, an increase that will support two million jobs in America.” As that five year period comes to an end in January 2015, it is clear that overall U.S. exports for 2014 will fall far short of the president’s goal, as the nearby graph shows. In contrast, FTZ exports between 2009 and 2013 shot up by 168 percent, more than doubling in only four years. The FTZ program has established itself as one of the most effective trade policy tools available to promote the growth of U.S. exports.

Daniel Griswold, President of the National Association of Foreign-Trade Zones, said those recent trends confirm that the FTZ program is more important than ever. “Record FTZ exports, merchandise received, and employment offer compelling evidence that the FTZ program is expanding and adapting to meet the needs of American-based companies competing in a global economy,” Griswold said. “The FTZ program has become vital to U.S. economic
policy goals of boosting exports, attracting foreign investment, and creating well-paying and sustainable private-sector jobs on American soil. The FTZ program shows that when U.S.-based companies are allowed to access global inputs at competitive prices, they can become export powerhouses.”

The FTZ export figure reported by the FTZ Board actually understates the true value of exports originating in U.S. FTZs. The total figure gathered by the FTZ Board is based solely on material inputs, and does not include the value added to those inputs by U.S.-based manufacturers operating in Foreign-Trade Zones, including labor, overhead, and profits to shareholders. Nor does it include indirect exports, which first leave the zone to enter U.S. commerce and are then exported abroad. NAFTZ is currently working with the U.S. Census Bureau, Customs, and the FTZ Board to more accurately capture the full value of exports from FTZs so that the public and policy makers can gain a better understanding of the contribution of the FTZ program to the U.S. economy.

FTZ Imports Reach 12.7% of Total U.S. Goods Imports

Imports play an equally important role in the FTZ program’s growing impact. For American families living within a budget, imports can mean lower prices, better quality, and more variety. For American manufacturers, imports mean more competitively priced inputs, raw materials, and machinery.

In 2013, imports admitted to FTZs totaled $290.3 billion, accounting for 12.7% of total U.S. goods imports. As the graph below shows, FTZ imports have more than tripled during the past 20 years as a share of total imports. Crude oil continues to be the major foreign-sourced FTZ input. About half of America’s crude oil imports are refined in foreign-trade zones. But FTZ oil imports declined sharply in 2013 for the second year in a row. The hydraulic fracturing revolution in North Dakota, Texas, and elsewhere is reducing the need to import oil. As a result, petroleum fell to 63% of total FTZ imports in 2013, the smallest share in 15 years, and that trend is expected to continue.

The relative decline in petroleum imports is not likely to cause an overall reduction in FTZ activity in the immediate future. FTZ imports in other, non-oil categories have continued to grow rapidly. As the bar chart also shows, imports of non-oil merchandise to FTZs have largely or in some years completely offset the decline in crude oil imports. In the short span of two years, from 2011 to 2013, non-oil imports to FTZs increased by $62 billion, which more than compensated for the $49 billion drop in crude oil imports.

The biggest increases in foreign-status products coming into zones occurred in warehouse and distribution operations, with the fastest growth in the categories of Vehicles, Other Electronics, Textiles and Footwear, Electrical Machinery, and Consumer Electronics and Consumer Products. Among production operations, the biggest increases in foreign-sourced components were for machinery and equipment and vehicle parts, reflecting the continued vitality of the international automobile sector in FTZs.

Given the growing importance of FTZ operations for both U.S. exports and imports, NAFTZ members deserve a prominent voice in 2015 in determining the direction of U.S. trade policy and Customs regulations.

Sources: FTZ Board Annual Reports, U.S. Census Bureau.
SECTOR SPOTLIGHT: MANUFACTURING, FOREIGN INVESTMENT, AND RE-SHORING

Along with its export success, one of the big stories for the U.S. Foreign-Trade Zones program has been its effectiveness as a magnet for attracting new investment in the U.S. manufacturing sector from abroad and the “re-shoring” of U.S. investment.

Manufacturing and other production activity remains at the heart of the FTZ program, accounting for two-thirds of FTZ activity as measured by merchandise received. Locating in an FTZ allows a manufacturer to source components globally and to choose the lower duty on either the original foreign material or on the final product produced in the zone. This offsets “inverted duties” that can create incentives for locating manufacturing offshore rather than in the United States.

For foreign-owned manufacturing affiliates in the United States, FTZ status makes it more economical to maintain supply lines, to locate production closer to the world’s largest consumer market, and to export products made by American workers to the rest of the Western Hemisphere and the world.

Those advantages have made the FTZ program a popular option for some of the most high-profile foreign-owned manufacturing companies in America. Among those currently utilizing the program are Ricoh, Mitsubishi, Yamaha, Airbus, L.G. Electronics, Sony, Michelin, Bayer CropScience, AstraZeneca, Kawasaki, BP, Citgo, Konica, Canon Virginia, Samsung, and STIHL. British-owned Rolls-Royce Energy Systems has applied for zone status for a facility in Mount Vernon, Ohio, that produces industrial gas turbines, power generation turbines and generator sets. NAFTZ has partnered with the U.S. Commerce Department’s SelectUSA division to promote the FTZ program among other potential foreign investors.

One of the most active users of the FTZ program is the international automobile manufacturing sector.

Workers assemble a vehicle at Nissan’s FTZ Subzone plant in Canton, MS.
One of the most active users of the FTZ program is the international automobile manufacturing sector. In recent years, active FTZ subzones have been established in the United States by BMW, Mercedes-Benz, Honda, Hyundai, Nissan, Subaru, Toyota, and Volkswagen. Their FTZ production facilities employ tens of thousands of American workers in well-paying, sustainable jobs. Combined exports from those facilities in 2013 was more than $10 billion, with BMW Manufacturing in FTZ No. 38 in South Carolina, Nissan North America in FTZ No. 78 in Tennessee, Mercedes-Benz in FTZ No. 98 in Alabama, and Toyota Motor Manufacturing in FTZ No. 29 in Kentucky among the top exporting subzones in the United States.

The FTZ program has also given U.S. producers another reason to relocate or “re-shore” production to the United States. Re-shoring occurs when manufacturing production by U.S.-owned affiliates abroad is re-located back to the United States.

General Electric Appliances and Whirlpool have each recently re-shored major manufacturing enterprises to foreign-trade zones in the United States. GE has invested $800 million in a huge appliance manufacturing facility with FTZ status near Louisville, Kentucky. GE opened the brand-new, cutting edge assembly line in 2012 to manufacture low-energy water heaters, replacing production in China.

In Clyde, Ohio, Whirlpool has opened a 2.4-million-square-foot facility that it calls the largest washing-machine plant in the world. FTZ status allows the company to reduce or eliminate duties on such imported components as circuit boards, pumps, and motors, which would otherwise face duties as high as 9%. With the added attraction of FTZ status, Whirlpool is shifting production of washing machines back to the United States from Monterrey, Mexico.

Foreign-trade zones have proven equally appealing to high-tech manufacturers. In Silicon Valley in California, Tesla Motors is now producing its state-of-the-art electric sports cars in a foreign-trade zone plant in Fremont. Tesla imports battery cells, battery pack components, and electric motor components, which it combines in the plant with U.S. supplies to make completed battery packs and transmission assemblies.

Just down the road, Lam Research, an equipment supplier and service provider to the semiconductor industry, utilizes its foreign-trade zone status to reduce tariffs on components that it uses to manufacture production equipment, more than 95% of which it then exports. According to a report in the Silicon Valley Business Journal, the company estimates it saves $1.4 million a year from operating in a foreign-trade zone.

For the reviving American manufacturing sector, the Foreign-Trade Zones program has provided a much needed assist in attracting, re-shoring, and keeping jobs here in the United States.
## New Foreign-Trade Zones Approved in 2014

<table>
<thead>
<tr>
<th>Zone Location</th>
<th>Zone No.</th>
<th>Approval Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ontario County, NY</td>
<td>FTZ 289</td>
<td>March 21, 2014</td>
</tr>
<tr>
<td>Cortland County, NY</td>
<td>FTZ 290</td>
<td>June 11, 2014</td>
</tr>
</tbody>
</table>

## ASF Reorganizations Approved in 2014

The following zones were approved for reorganization under the Alternative Site Framework in 2014. As of Dec. 18, 2014, there were 128 Zones organized under ASF, with 12 applications pending.

<table>
<thead>
<tr>
<th>Zone Location</th>
<th>Zone No.</th>
<th>Approval Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Culpeper County, VA</td>
<td>FTZ 185</td>
<td>February 21, 2014</td>
</tr>
<tr>
<td>Ontario County, NY</td>
<td>FTZ 289</td>
<td>March 21, 2014</td>
</tr>
<tr>
<td>City of New York, NY</td>
<td>FTZ 1</td>
<td>March 25, 2014</td>
</tr>
<tr>
<td>Kansas City, MO</td>
<td>FTZ 15</td>
<td>May 27, 2014</td>
</tr>
<tr>
<td>Cortland County, NY</td>
<td>FTZ 290</td>
<td>June 11, 2014</td>
</tr>
<tr>
<td>Dona Ana County, NM</td>
<td>FTZ 197</td>
<td>July 8, 2014</td>
</tr>
<tr>
<td>Nogales, AZ</td>
<td>FTZ 60</td>
<td>July 31, 2014</td>
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<tr>
<td>Brownsville, TX</td>
<td>FTZ 62</td>
<td>September 8, 2014</td>
</tr>
<tr>
<td>Anchorage, AK</td>
<td>FTZ 160</td>
<td>September 9, 2014</td>
</tr>
<tr>
<td>Koochiching County, MN</td>
<td>FTZ 259</td>
<td>October 10, 2014</td>
</tr>
<tr>
<td>Richmond, VA</td>
<td>FTZ 207</td>
<td>October 17, 2014</td>
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</tbody>
</table>

## New FTZ Subzones Approved in 2014

This list includes Subzones approved for Traditional Site Framework (TSF) and Alternative Site Framework (ASF) zones. It does not include new ASF Usage-Driven Sites.

<table>
<thead>
<tr>
<th>Company</th>
<th>Location</th>
<th>Subzone</th>
<th>Approval Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phillips 66 Company</td>
<td>Rodeo, CA</td>
<td>3E</td>
<td>January 2, 2014</td>
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<tr>
<td>Flextronics America, LLC</td>
<td>Austin/Pflugerville, TX</td>
<td>183C</td>
<td>January 8, 2014</td>
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<tr>
<td>Toshiba International Corporation</td>
<td>Houston, TX</td>
<td>84T</td>
<td>January 27, 2014</td>
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<tr>
<td>Janssen Ortho LLC</td>
<td>Gurabo, PR</td>
<td>61N</td>
<td>February 6, 2014</td>
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<td>Expeditors International of Washington, Inc.</td>
<td>Bensenville and Roselle, IL</td>
<td>22U</td>
<td>February 7, 2014</td>
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<tr>
<td>Crosman Corporation</td>
<td>Bloomfield and Farmington, NY</td>
<td>289A</td>
<td>March 7, 2014</td>
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<tr>
<td>Apple Inc./GT Advanced Technologies Inc.</td>
<td>Mesa, AZ</td>
<td>221A</td>
<td>March 19, 2014</td>
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<td>PPC Broadband, Inc.</td>
<td>Dewitt, NY</td>
<td>90C</td>
<td>March 26, 2014</td>
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<tr>
<td>Newell-Rubbermaid Distribution LLC</td>
<td>Atlanta, GA</td>
<td>26M</td>
<td>June 12, 2014</td>
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<td>ASML US, Inc.</td>
<td>Wilton and Newtown, CT</td>
<td>76A</td>
<td>July 24, 2014</td>
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<tr>
<td>Betterroads Asphalt Corporation</td>
<td>Guaynilla, PR</td>
<td>163C</td>
<td>July 24, 2014</td>
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<tr>
<td>HVPH Motor Corp.</td>
<td>Guaynabo, PR</td>
<td>163B</td>
<td>July 24, 2014</td>
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<tr>
<td>Panasonic Systems Communications Co.</td>
<td>Rockaway, NJ</td>
<td>44G</td>
<td>July 25, 2014</td>
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<tr>
<td>Firth Rixson Forgings LLC</td>
<td>Brunswick, GA</td>
<td>144B</td>
<td>August 1, 2014</td>
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<tr>
<td>Neolpharma, Inc.</td>
<td>Caguas, PR</td>
<td>70</td>
<td>August 13, 2014</td>
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<tr>
<td>Correa Tire Distributor, Inc.</td>
<td>Dorado, PR</td>
<td>163D</td>
<td>August 21, 2014</td>
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<td>LEEVAC Shipyards, LLC</td>
<td>Jennings, LA</td>
<td>87D</td>
<td>September 15, 2014</td>
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<tr>
<td>Morgan Fabrics Corporation</td>
<td>Vernon, CA</td>
<td>202F</td>
<td>September 18, 2014</td>
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<tr>
<td>Firth Rixson Forgings LLC</td>
<td>Midway and Ellabell, GA</td>
<td>104E</td>
<td>September 29, 2014</td>
</tr>
<tr>
<td>Southern Motion, Inc.</td>
<td>Pontotoc and Baldwin, MS</td>
<td>158G</td>
<td>September 30, 2014</td>
</tr>
<tr>
<td>Kinder Morgan Operating L.P.</td>
<td>Hawesville, KY</td>
<td>29M</td>
<td>November 7, 2014</td>
</tr>
<tr>
<td>General Electric Company</td>
<td>Decatur, AL</td>
<td>83D</td>
<td>November 17, 2014</td>
</tr>
<tr>
<td>Tenaris Bay City, Inc.</td>
<td>Bay City, TX</td>
<td>155D</td>
<td>December 9, 2014</td>
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</tbody>
</table>
2015: WHAT’S AHEAD FOR NAFTZ MEMBERS

FTZ Board Calendar
• March 31, deadline for all grantees to report 2014 zone activity to FTZ Board
• FTZ Board’s 76th Annual Report to Congress on FTZ Activity in 2014 likely to be released in late August or early September.

Regulatory Action
• July 2015: FTZ 06 Entry types will be accepted in ACE.

Congressional Action
• Congress will consider passage of Customs Reauthorization, Trade Promotion Authority, and a Miscellaneous Tariff Bill.
• NAFTZ plans annual Congressional visits February 11

NAFTZ Priorities for Advocacy in 2015
• Secure a pilot or new regulations to extend direct delivery privileges to subsidiaries and non-owner operators.
• Elevate the rewriting of the Part 146 regulations to a top priority at Customs.
• Clear the way for operator/users to expand the use of the FTZ identifier in AES on virtually all FTZ exports.
• Significantly increase the reporting of full export value, including value added and indirect exports, in annual reports to the FTZ Board.
• Work through the ACE Task Force to oversee a smooth transition of FTZ data elements into ACE in July and full sensitivity to FTZs in single-window reporting to PGAs through the ITDS.
• Raise awareness of the FTZ program in Congress, including the need for full funding of automation in the Customs Reauthorization bill.
• Raise awareness of the FTZ program nationally and abroad through the NAFTZ Annual Report, articles, public presentations, and involvement in global zones initiatives such as the Association of Free Zones in Latin America (AZFA), the World Free Zones Organization (WFZO), and such multinational organizations as the World Customs Organization (WCO).

In addition to our regularly scheduled events, NAFTZ will continue to host its series of monthly educational webinars on a wide range of topics important to FTZ professionals. The webinars will continue to be free to NAFTZ members.

NAFTZ Scheduled Events

Fundamentals of FTZs
January 4-5, 2015
Sheraton Austin at the Capitol
Austin, TX

Legislative & Regulatory Seminar
February 10, 2015
Loews Madison Hotel
Washington, DC

Annual Spring Seminar
May 17-19, 2015
Hilton Tampa Downtown Hotel
Tampa, FL

Annual Conference & Exposition
September 27-30, 2015
Loews Hollywood Hotel
Los Angeles, CA
# Meet the NAFTZ Board of Directors, Committee Chairs & Staff

## Board of Directors

**Chairman of the Board**
- Jan Frantz  
  Executive Director  
  BC/CAL/KAL Inland Port Development Corp.

**Vice Chairman**
- Jose Quinonez  
  Foreign-Trade Zone Manager, City of El Paso, El Paso Int’l Airport

**Directors**
- Frankie Bryson  
  Manager, Import Compliance  
  Nissan North America
- Kenneth Carlstedt  
  Global Trade Compliance Manager, Momentive Performance Materials
- William Carr  
  US Customs Compliance Phillips 66
- Charles Daniels  
  Director of Logistics  
  Fortessa Tableware Solutions LLC
- Johnny Fernandez  
  Executive Director  
  CODEZOL C.D.
- Bill Fisher  
  Vice President of Customs Compliance  
  American Global Brokerage Services, LLC

**Treasurer**
- Trey Boring  
  Sr. Vice President  
  IMS Worldwide, Inc.

**Secretary**
- Julie Brown  
  President & CEO, Georgia Foreign-Trade Zone, Inc.

**Honorary Director**
- David Ostheimer  
  Lamb & Lerch

## Committee Chairs

**Chair, Grantee Committee**
- Angie Atwood  
  FTZ Administrator  
  Columbus Regional Airport Authority

**Chair, Operator/User Committee**
- Lesley Couch  
  Principal and Owner  
  Indigo Trade Solutions LLC

**Chair, Regulatory Committee**
- Sean Murray, Esq.  
  Partner  
  Miller & Company P.C.

**Chair, Accreditation Committee**
- Sean Lydon, AZS  
  President  
  ISCM Incorporated

**Chair, Program Committee**
- Shane Williams  
  FTZ Administrator  
  Port of Houston Authority

**Chair, Automation Committee**
- Elizabeth Connell  
  Vice President – Product Management  
  Integration Point

**Chair, Customs Committee**
- Curtis Spencer  
  President  
  IMS Worldwide, Inc.

**Chair, Policy Committee**
- David Murphy, Esq.  
  Partner, Grunfeld, Desiderio, Lebowitz, Silverman & Klestadt LLP

**Chair, Membership Committee**
- Eric Berry  
  Senior Manager  
  PointTrade Services, Inc.

**Chair, Petroleum Committee**
- Michael Thomas  
  President/CEO  
  Thomas International Group

## Staff

- Daniel Griswold  
  President

- Matthew S. Dougherty  
  Manager of Financial and Administrative Affairs

- Victoria Cartwright  
  Manager of Education and Meetings
NAFTZ PAST BOARD CHAIRS & PRESIDENTS
& HONORARY LIFE MEMBERS

Past Board Chairs and Presidents

2012-2013 Scott Wienke, Abbvie, Inc.  
2011-2012 Lewis Leibowitz, Hogan Lovells US LLP  
2009-2011 Linda C. Hothem, Pacific American Group  
2007-2009 Brandi B. Hanback, The Rockefeller Group  
2005-2007 Ray E. Shaw, Aligned Borders Solutions LLC  
2003-2005 Phyllis Saathoff, Port Freeport  
2001-2003 Donnie B. Barnes, LCB BMW Manufacturing Co., LLC  
1999-2001 Dom Gambardella, PricewaterhouseCoopers, LLP  
1997-1999 Karen Sager, FTZ Consulting LLC  
1995-1997 Chris Koelfgen, Foreign-Trade Zone Services

1991-1993 Catherine Durda, FTZ 49, New York, NY  
1989-1991 Tommy L. Berry, PointTrade Services, Inc.  
1987-1989 Dennis J. Curran, Sandler & Travis Trade Advisory Inc.  
1985-1987 Roy Jaeger, FTZ 49, Newark, NJ  
1983-1985 Joseph O’Connor, FTZ 44, Mount Olive, NJ  
1977-1979 Craig J. Rovzar, FTZ 18, San Jose, CA  
1975-1977 Robert N. Dee, FTZ 2, New Orleans, LA  
1973-1975 Homer A. Maxey, FTZ 9, Honolulu, HI

Honorary Life Members

1979 Homer A. Maxey, Jr., FTZ 9, Honolulu, HI  
1986 Robert N. Dee, FTZ 2, New Orleans, LA  
1988 Joseph O’Connor, FTZ 44, Mount Olive, NJ  
1993 Dennis J. Curran, Sandler & Travis Trade Advisor  
1995 Tommy L. Berry, PointTrade Services, Inc.  
2000 Greg Jones, Foreign-Trade Zone Corporation  
2007 Domenick Gambardella, PriceWaterhouseCoopers, LLP  
2008 Donnie Barnes, BMW Manufacturing Co., LLC  
2008 David Ostheimer, Lamb & Lerch

LIFETIME ACHIEVEMENT AWARD FOR KAREN SAGER

NAFTZ members honored the life of NAFTZ Past Chair Karen Sager (1952-2014) on Sept. 15, 2014, at the NAFTZ Annual Conference in Fort Worth, TX. To a standing ovation by more than 400 people in attendance, Karen’s husband, Roger Sager, accepted the newly created NAFTZ Lifetime Achievement Award on her behalf. Pictured with Roger are current NAFTZ board members and past chairs. Front row, left to right: Trey Boring, Julie Brown, Jan Frantz, Roger Sager, NAFTZ President Dan Griswold, Jose Quinonez, Cornelia Steinert, Frankie Bryson. Second row, left to right: William Carr, Kenneth Carlstedt, Charles Daniels, Bill Fisher, Marshall Miller, Melissa Irmen, Scott Wienke, Tommy Berry, Greg Jones, David Ostheimer, Brandi Hanback, Dom Gambardella, Ray Shaw, Jim Maloney, Rebecca Williams, and Johnny Fernandez.
# National Association of Foreign-Trade Zones Statement of Activities

for the Years Ended December 31, 2012 and 2013

<table>
<thead>
<tr>
<th>SUPPORT &amp; REVENUE</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dues</td>
<td>$ 532,249</td>
<td>$ 600,415</td>
</tr>
<tr>
<td>Registrations</td>
<td>517,607</td>
<td>514,379</td>
</tr>
<tr>
<td>Sponsorships</td>
<td>143,082</td>
<td>139,656</td>
</tr>
<tr>
<td>Investment income</td>
<td>1,937</td>
<td>268</td>
</tr>
<tr>
<td>Exhibit booths</td>
<td>20,250</td>
<td>23,160</td>
</tr>
<tr>
<td>Other income</td>
<td>12,625</td>
<td>16,992</td>
</tr>
<tr>
<td><strong>Total Support &amp; Revenue</strong></td>
<td><strong>$ 1,227,750</strong></td>
<td><strong>$ 1,294,870</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENSES</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>$ 329,218</td>
<td>$ 336,470</td>
</tr>
<tr>
<td>Conference &amp; seminars</td>
<td>235,433</td>
<td>292,434</td>
</tr>
<tr>
<td>Professional fees</td>
<td>185,842</td>
<td>133,016</td>
</tr>
<tr>
<td>Rent</td>
<td>83,990</td>
<td>83,590</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>48,168</td>
<td>59,323</td>
</tr>
<tr>
<td>Credit card fees</td>
<td>24,173</td>
<td>28,423</td>
</tr>
<tr>
<td>Communications</td>
<td>29,102</td>
<td>24,947</td>
</tr>
<tr>
<td>Printing</td>
<td>31,892</td>
<td>24,415</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>23,563</td>
<td>22,999</td>
</tr>
<tr>
<td>Taxes</td>
<td>13,405</td>
<td>14,437</td>
</tr>
<tr>
<td>Insurance</td>
<td>9,508</td>
<td>13,651</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>8,841</td>
<td>10,113</td>
</tr>
<tr>
<td>Equipment rental &amp; maintenance</td>
<td>12,364</td>
<td>10,042</td>
</tr>
<tr>
<td>Travel</td>
<td>10,052</td>
<td>9,236</td>
</tr>
<tr>
<td>Depreciation</td>
<td>4,214</td>
<td>8,020</td>
</tr>
<tr>
<td>Website</td>
<td>10,149</td>
<td>6,560</td>
</tr>
<tr>
<td>Postage &amp; delivery</td>
<td>5,662</td>
<td>5,948</td>
</tr>
<tr>
<td>Supplies</td>
<td>7,463</td>
<td>5,884</td>
</tr>
<tr>
<td>Publications &amp; subscriptions</td>
<td>4,274</td>
<td>4,819</td>
</tr>
<tr>
<td>Contract labor</td>
<td>7,439</td>
<td>3,296</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>$ 1,084,752</strong></td>
<td><strong>$ 1,097,623</strong></td>
</tr>
</tbody>
</table>

**Operating Income (Loss)**

<table>
<thead>
<tr>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 142,998</td>
<td>$ 197,247</td>
</tr>
</tbody>
</table>

**Other Income (Expense)**

| Realized & unrealized investment gains (losses) | 12,768 | — |

**Change in Net Assets**

<table>
<thead>
<tr>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 155,766</td>
<td>$ 197,247</td>
</tr>
</tbody>
</table>

**Net Assets, Beginning of Year**

<table>
<thead>
<tr>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>126,588</td>
<td>282,354</td>
</tr>
</tbody>
</table>

**Net Assets, End of Year**

<table>
<thead>
<tr>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 282,354</td>
<td>$ 479,601</td>
</tr>
</tbody>
</table>
APPENDIX: WHAT IS A FOREIGN-TRADE ZONE?

Foreign-trade zones (FTZs) are designated areas within the United States which, for the purposes of tariff laws and Customs entry procedures, are treated as though they are outside of U.S. Customs territory. Congress established the program in 1934 with passage of the Foreign-Trade Zones Act.

Foreign and domestic merchandise may be admitted into foreign-trade zones for storage, exhibition, assembly, manufacture, production, and processing, without formal Customs entry procedures, the payment of Customs duties, or the payment of federal excise taxes. These benefits help stimulate U.S. employment, attract foreign investment, and improve the export competitiveness of U.S.-based companies.

FTZs help the U.S. economy by allowing companies to source component products from around the world at competitive prices, while keeping important value-added activities such as manufacturing within the U.S. For example, when a manufacturer removes a finished product from an FTZ for U.S. consumption, they may elect to pay Customs duties at either the rate of the finished product or that of its foreign components. This option allows U.S. based firms to select the lower of the two duty rates, placing them on equal footing with their foreign competitors.

Zones also increase the export competitiveness of U.S.-based producers. When merchandise is removed from a foreign-trade zone, Customs duties can be eliminated if the goods are then exported from the United States. This benefit helps U.S. firms compete in export markets.

If merchandise is removed from a zone and formally entered into U.S. commerce, Customs duties and excise taxes are not due until the time of transfer from the foreign-trade zone. This delay allows firms to realize cash flow savings while goods are being processed in the zone.

Designation as a foreign-trade zone is granted by the Foreign-Trade Zones Board, which is an independent agency housed within the U.S. Department of Commerce. The Board consists of the Secretary of Commerce and the Secretary of the Treasury. An Executive Secretary administers the day-to-day activities of the Board and supervises the FTZ Board staff. Grants of Authority are given by the FTZ Board to state and local government agencies or non-profit corporations, known as Grantees, which are then empowered to establish and maintain zone projects in their communities as a public utility. Since 2009, a majority of active zones have re-organized under the Alternative Site Framework, which allows a simpler and expedited process for designating “subzones” and “usage-driven sites” at the facilities of specific companies.

The other important federal agency involved in the FTZ program is U.S. Customs and Border Protection (CBP). U.S. Customs and Border Protection is responsible for the control of merchandise moving into and out of FTZs, and ensures that all revenues are collected properly. In addition, CBP is charged with ensuring that all zone procedures are in compliance with the Foreign-Trade Zones Act, and that all CBP and other federal agency laws and regulations pertaining to zone use are followed. The CBP Port Director where the FTZ is located is the local representative of the Foreign-Trade Zones Board.