

**National Association of Foreign-Trade Zones**

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May 18, 2017

The Honorable Robert Lighthizer  
United States Trade Representative  
600 17th Street NW  
Washington, DC 20508

RE: Request for Meeting Concerning Needed Revisions to NAFTA

Dear Ambassador Lighthizer:

On behalf of the National Association of Foreign-Trade Zones (NAFTZ), we offer our congratulations on your confirmation as United States Trade Representative. We strongly support the Administration's goal to expand U.S. exports, U.S. manufacturing, and U.S. employment. We believe the U.S. Foreign-Trade Zone (FTZ) program can play an important role in achieving those objectives.

As you prepare for renegotiation of NAFTA, we want to highlight certain NAFTA provisions that currently place U.S.-based companies operating in FTZs at a competitive disadvantage to Canadian and Mexican firms.

The FTZ program provides incentives for companies to manufacture and operate in the United States, rather than in foreign countries. These include:

- Duty Deferral – U.S.-based companies operating in an FTZ may delay payment of customs duties until goods are transferred out of the zone and into U.S. Customs territory;
- Duty Elimination – No Duties are paid on merchandise exported from an FTZ to a foreign country, which simplifies management of a company's cash flow;
- Duty Reduction – FTZ users may elect to pay duty at either the rate applied to the foreign inputs used or the rate for the finished product – whichever is lower – thereby reducing customs duty burdens for U.S.-based manufacturers in FTZs.

Notwithstanding these benefits, some FTZ-based manufacturers still face unbalanced duty competition from imports. Specifically, U.S. manufacturers are currently denied similar duty treatment on components used in zone-based production to that provided producers in NAFTA-partner countries for certain imported components.

In addition, NAFTZ also seeks revisions of the NAFTA rules on drawback/duty deferral, to ensure FTZ manufacturers can compete on equal terms with companies in Canada and Mexico, which have rules relieving their manufacturers from duty on certain goods destined for export.

As you approach renegotiation of NAFTA, we ask you to keep these issues in mind to ensure FTZ-based manufacturers can remain competitive in the U.S. and global marketplaces.

We request the opportunity to meet with you as soon as possible to discuss these issues and possible remedies. Thank you for your consideration.

Respectfully yours,

A handwritten signature in black ink that reads "Erik O. Autor". The signature is written in a cursive, flowing style.

Erik O. Autor  
President