

BC CAL KAL

Inland Port Development Corporation
Port of Battle Creek—Foreign-Trade Zone 43
4950 W. Dickman Road, Ste. A-1
Battle Creek, Michigan 49037
Phone: 269.962.7526
Fax: 269.962.8096
Email: frantz@bcunlimited.org
Web: www.bcunlimited.org

INSIDE THIS ISSUE:

**FTZ 43 brings
greater flexibility,
prompt response** 1

**A message from the
Executive Director** 2

**Michigan promotes
exports** 2

**Foreign-Trade
Zones: Better than
bonded** 3

**Raising the bar on
labor standards** 3

C-TPAT update 3

**International trade
legislation updates** 4

Port of Battle Creek Foreign-Trade Zone 43

VOLUME 4, ISSUE 2

FALL 2011



Foreign-Trade Zone 43 brings greater flexibility, prompt response

To better meet the needs of business and industry, Foreign-Trade Zone 43 (FTZ 43) soon will be among the first zones in the nation to offer FTZ services with rapid response.

The application under development will allow FTZ users greater flexibility and efficient delivery of FTZ advantages. The service area of FTZ 43 includes but is not limited to the counties of Allegan, Barry, Berrien, Branch, Calhoun, Cass, Clinton, Eaton, Hillsdale, Ingham, Ionia, Kalamazoo, Jackson, Ottawa, St. Joseph, and Van Buren.

All counties will be notified as part of a public process, bringing greater visibility and access to the benefits of conducting business in a FTZ. The purpose of establishing the service area is not to create an exclusive territorial jurisdiction, although

certain areas adjacent to ports of entry other than the Port of Battle Creek may overlap.

Since 1978, BC CAL KAL has supported economic development activities across Southwest Michigan by encouraging regional global competitiveness through the use of the Port of Battle Creek and FTZ 43.

Under the reorganized framework, BC CAL KAL will continue to operate FTZ 43 on public utility principles, making zone services available on a uniform basis to companies in its service area.

Under the new organizational framework, FTZ 43 keeps local industries on a level playing field with their competitors abroad, supporting job creation and retention.

A message from the Executive Director

Welcome to our final issue for 2011. As we wrap up the calendar year, we find an abundance of newsworthy items to share with you.

The Michigan Economic Development Corporation has launched an initiative in support of export development, known as the State Trade and Export Promotion (STEP) program. The initiative promises almost \$2 million to qualified Michigan companies for eligible export activities.

Also newsworthy, bilateral trade agreements between the US and South Korea, Colombia and Panama open opportunities for US firms to export product. Next steps include scheduling cooperative work with each nation including discussions with partner countries to review the laws and regulations of each nation and assurances that each will comply with the obligations of the agreements. Formal diplomatic notes will ensure that Korean obligations of the 2011 exchange of letters on autos will be in force, and Colombia will implement key elements of the Labor Action Plan. The US Trade Representative will monitor compliance moving forward.

Finally, Foreign-Trade Zone 43 is diligently working toward a new organizational framework, intended to make access to FTZ services more geographically available in a timely manner to all who need them.

I hope you'll find this newsletter informative and enlightening. If you have questions or need more information, please don't hesitate to contact us.

Michigan promotes exports

With its newly-established State Trade Export Promotion (STEP) Program, Michigan companies now may qualify for financial assistance for export-related activities. The Michigan Economic Development Corporation (MEDC) began offering the program October 1, 2011 with the goal of rapidly growing export sales in Michigan.

Funds are awarded through a \$1.5 million federal export award to the State of Michigan under the US Small Business Administration (SBA). With SBA and MEDC dollars combined, a total of \$1,956,000 in program funding can reimburse qualified small and medium-sized export companies for export-related activities. Reimbursements are intended to cover 50% of allowable costs.

Eligible companies may qualify for up to \$25,000 in assistance to enhance their ability to launch or expand export operations in Michigan.

Visit www.michiganadvantage.org/STEP to determine your eligibility and to complete the online intake form. The MEDC encourages applicants to propose any export marketing-related activities believed to benefit and enhance launching or expanding export operations.



*Jan Frantz
Licensed U.S. Customs Broker
Executive Director
BC CAL KAL Inland Port
Development Corporation*

Foreign-Trade Zones: Better than bonded

Foreign-Trade Zones	v.	Bonded Warehouses
Goods are entered and stored without Customs formalities or control		Formal entry is made and goods are under continuous Customs control
Goods are not in the US for Customs and excise purposes		Goods are in the US for Customs purposes
Imported goods may be manipulated, processed, mixed with other foreign or domestic goods, without Customs supervision or expense		Foreign durable goods are stored and manipulated under constant Customs supervision at owner's expense; specific authorization needed for each lot
Goods may be withdrawn in any amount and any size package; may be repacked		Goods may be withdrawn only in an entire bale, case, box, etc., in the original package; permission needed to repack
Goods may remain without time limit		Five year maximum limit
Articles which may not be marked in US may be marked in FTZ, then entered into Customs territory		Articles must be re-exported; may not be marked in bonded warehouse
Any quota merchandise may be stored even if quota for period is filled		Only dutiable quota merchandise may be stored if quota is filled
Importers may auction their goods in a FTZ		Auctions are not permitted
Samples of merchandise may be taken from FTZ by making informal entry and paying duty at FTZ Customs port		Importers must make application approved by Customs and under supervision of storekeeper of sample merchandise
Formal exhibition and display of merchandise is permitted		Formal exhibition of merchandise is forbidden; examining of merchandise with permission of Customs is allowed
Manufacturing is permitted using foreign and domestic parts		Manufacturing is regulated and limited to imported parts only

Raising the bar on labor standards

According to an October 27, 2011 report in *The New York Times*, new trade agreements with Korea, Colombia and Panama stand to improve labor standards in those countries. When multinationals know they will be judged by consumers in their native land on their corporate social responsibility abroad, the multinational firms tend to compel offshore suppliers to abide by conditions required at home.

C-TPAT update

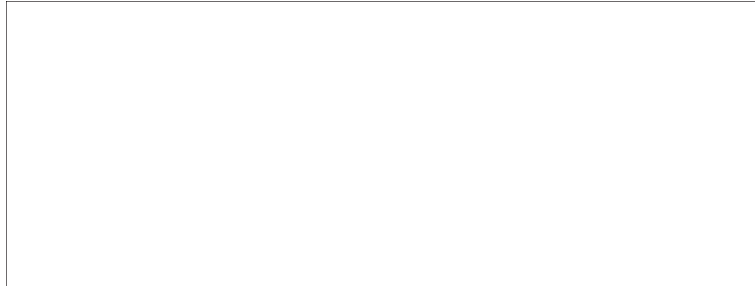
For participants in Customs Trade Partnership Against Terrorism, the C-TPAT web portal now includes a revised validation response page with credits awarded for implementing best practices and recommendations.

BC CAL KAL

Inland Port Development Corporation
Port of Battle Creek—Foreign-Trade Zone 43
4950 W. Dickman Road, Ste. A-1
Battle Creek, Michigan 49037

Board of Directors

Susan Baldwin, **President**
Susan Baldwin Consulting
Marty Feilen, **Vice President**
CTS Telecom
Dr. Pollis Robertson, **Secretary/Treasurer**
Kathy Barker
Peter Battani, Kalamazoo County Government
Jill Bland, Southwest Michigan First
Larry Bowron, W.K. Kellogg Airport
Eric Brown, Jr., Miller, Canfield, Paddock
and Stone
Doug Butler, Denso Manufacturing Michigan, Inc.
Tom Comer, Western Michigan University
Tony DeRose, TDR & Associates
George Erickcek, W.E. Upjohn Institute for
Employment Research
Donald Gilmer
Dustin King, Russell A. Farrow (U.S.) Inc.
Laura McGuire, KCC – Regional
Manufacturing Technology Center
Tracy Miller, PRIMIX
Kelly Scott, Calhoun County Administrator
Peggy Sindt, Albion Economic Development
Corporation
William K. Stoffer, Albion Machine & Tool Company
Jon Werme, Fifth Third Bank
Jason Wright, Pfizer Global Manufacturing



*Dustin King
Vice President
Russell A. Farrow (U.S.) Inc.*

International trade legislation updates

On October 21, 2011, the President of the United States signed H.R. 2832 into law. This trade legislation will affect various aspects of Customs business. The three main changes are as follows:

The Merchandise Processing Fee (MPF) rate has been increased from .21% (.0021) to .3464% (.003464) effective October 1, 2011-June 30, 2021. The minimum and maximum fees, \$25 and \$485 respectively, did not change.

Generalized System of Preferences (GSP) program was extended through July 31, 2013. The GSP program lapsed on December 31, 2010. Therefore, it has also been retroactively renewed for all consumption entries during the period January 1, 2011-November 4, 2011.

Free Trade Agreements (FTAs) on October 21, 2011, President Obama signed into law implementing legislation for the Korea, Panama and Colombia Free Trade Agreements, as well as renewal legislation for the Trade Adjustment Assistance (TAA). The Colombia implementing legislation also includes a retroactive renewal of the Andean Trade Preferences Act (ATPA), through July 31, 2013.

Please visit www.farrow.com to view “RECENT NEWS” as it pertains to US and Canadian Customs clearance. If your firm has further questions with regards to any of the recent changes, please contact your Farrow Group representative at 269-966-4549.