



Lakewood Foreign Trade Zone

~21 ADVANTAGES OF ZONE PARTICIPATION~

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| 1. Imports may enter and be held in an FTZ without customs duties. Duty is paid only when those imports are shipped into U.S. Customs territory | 12. Customs supervision of security procedures saves on individual security expenses and insurance. |
| 2. Customs duties are not paid on merchandise exported from an FTZ. | 13. Increased accountability reduces problems with inaccurate inventory, receiving and shipment, and helps track, waste and scrap. |
| 3. Duties are reduced or eliminated on materials subject to defect, damage, obsolescence, waste and scrap. | 14. Materials used/consumed in FTZ processing are generally not subject to duties. |
| 4. Duties are not owed on labor, overhead or profit attributed to FTZ production operations. | 15. Tangible personal property held in an FTZ for export is not subject to state and local ad valorem taxes. Most states and countries exempt all FTZ merchandise from inventory taxes. |
| 5. FTZ users can pay the duty rate on component material or merchandise produced from component materials whichever is lower. | 16. Merchandise may be held for exhibition without duty payment |
| 6. Merchandise may be exported and returned to an FTZ without duty payment. | 17. Duty payable on FTZ merchandise need not be included when calculation insurable value. |
| 7. Spare parts may be stored, returned or destroyed without paying duty. | 18. Due to FTZ security, discounted cargo insurance rates (up to 40% off) have been negotiated. |
| 8. Most merchandise subject to U.S. quotas may be held in an FTZ until quotas open. | 19. No duty is owed on in-bond, zone-to-zone transfer of FTZ merchandise. |
| 9. Delays in customs clearances and duty drawback procedures are eliminated. | 20. Title of merchandise may be transferred in an FTZ if there is no "retail" sale. |
| 10. Quality control inspections can identify sub-standard goods to be destroyed or returned without duty payment. | 21. Specific merchandise ID is unnecessary. FIFO (first in-first out) and FOFI (foreign first) inventory methods are acceptable in an FTZ. |
| 11. No country-of-origin labels are required on merchandise admitted on an FTZ. | |