

# **Expanding Ambitions of Inter-tribal Trade and Growing Opportunities for All Communities**

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# What Do We Mean By Trade?

- Is It Just About The Exchange of Goods, Services, and Capital?

# Barriers

- Tariffs
- Non-tariff barriers
  - Treaties
  - Import Licenses
  - Import Quotas
  - Subsidies
  - Embargo
  - Currency Fluctuations
  - Distances
  - Bureaucracy
  - Complexity
  - Politics

# Benefits of International *Trade*

- Greater Variety of Goods Available
- Efficient Allocation & Better Utilization of Resources
- Promotes Efficiency in Production
- More Employment as Markets Expand
- Cheaper Cost
- Reduces Trade Fluctuations
- Utilization of Surplus Produce
- Fosters Peace and Goodwill

# Foreign Trade Zones

- While No Precise Definition Exists, Generally
  - An FTZ Is A Specific Location Within A Country That Is Officially Designated for Eligibility for Tariff and Tax Exemptions With Respect To The Purchase or Importation Of Raw Materials, Components, or Finished Goods.

# Public Benefits of FTZs

- Help Facilitate and Expedite International Trade
- Encourage and Facilitate Exports
- Help Attract Offshore Activity & Encourage Retention of Domestic Activity
- Assist state/local/tribal economic development efforts
- Help Create Employment Opportunities

# Benefits to the Zone User

- **Duty Exemption:** No duties on or quota charges on re-exports.
- **Duty Deferral:** Customs duties and federal excise tax deferred on imports.
- **Inverted Tariff:** If production results in a finished product that has a lower duty rate than the rates on foreign inputs (inverted tariff), the finished product may be entered at the duty rate that applies to its condition as it leaves the zone.
- **Logistical Benefits:** Access to streamlined customs procedures.
- **Other Benefits:** Foreign goods & domestic goods held for export are exempt from state/local inventory taxes.

# Permitted Activity in FTZs

- Merchandise may be assembled, exhibited, cleaned, manipulated, manufactured, mixed, processed, relabeled, repackaged, repaired, salvaged, sampled, stored, tested, displayed, and destroyed.
- Production activity must be specifically authorized by the FTZ Board. (Production activity is defined as activity involving the substantial transformation of a foreign article or activity involving a change in the condition of the article which results in a *change in the customs classification* of the article or in its eligibility for entry for consumption.)
- Retail trade is prohibited in zones.



# Types of Permitted Merchandise

- Any merchandise that is not prohibited from entry into the territory of the U.S. may be admitted to a zone.
- If applicable, import licenses or permits from other governmental agencies may still be required to bring the merchandise into the zone.

Currently within the U.S. there are approximately 250 general-purpose zones and over 500 subzones approved.

# Primary Products

- The largest industry currently using zone procedures is the petroleum refining industry. Significant zone manufacturing also occurs in the automotive, electronic, and pharmaceutical product areas.

# FTZs in U.S. & Canada

- U.S.
  - Duty Deferral
  - Duty Reduction
  - Duty Elimination
  - Bonded Warehouses
  - Lower Inventory Costs
  - Improved Cash Flow
  - Reduced Operating Expenses
  - Increased International Competitiveness
- Canada
  - Duty Deferral
  - Duty Drawback/Refunds
  - Duty Elimination
  - Bonded Warehouses
  - Lower Inventory Costs
  - Improved Cash Flow
  - Reduced Operating Expenses
  - Increased International Competitiveness

# Canada's FTZs

## (A Few Small Differences)

- Export Distribution Centre Program: Provides upfront relief of GST (Goods & Services Tax-VAT) on certain imports & domestic purchases. Must be export-oriented commercial entity that adds only limited value to goods.
- Exporters of Processing Services Program: Upfront relief of GST on certain imports. Goods must belong to non-resident and be re-exported after being processed.
- Reference: <https://www.fin.gc.ca/ftz-zf/index-eng.asp>.

# Iron Horse Industrial Park

## (A Platform for Inter-tribal Trade)

- **LOCATION:**

- 400-acre industrial park on Native American trust land
- Located less than 10 miles from Interstate 40 and within 2 miles of US 177
- Immediate rail connection to the Union Pacific Railroad via the AOK Railroad
- Rail-served assembly, industrial, and manufacturing sites in the central U.S.
- Regional population of over 1 million people

- **FEATURES:**

- All utilities for light industry, manufacturing, and assembly
- High-Speed telecommunications
- Workforce training
- Build-to-suit
- Favorable lease rates
- Tax and Foreign-Trade Zone incentives
- Financing available

# Iron Horse Authorization

A Resolution of the Port Authority of Greater  
Oklahoma City (FTZ 106)

Supporting the Application for a Foreign Trade  
Zone - *Magnet Site*

At Iron Horse Industrial Park

Passed, Approved, and Adopted 15 January  
2014





# Where To Get Help

- International Inter-tribal Trade and Investment Organization (IITIO.org)
- National Association of Foreign Trade Zones (NAFTZ.org)
- Department of Finance – Canada ([www.fin.gc.ca/ftz-zf](http://www.fin.gc.ca/ftz-zf))

# Questions

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