



HOW CJ LOGISTICS AMERICA HELPS BUSINESSES SAVE THROUGH FTZS



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RANGE
157M

A BRIEF HISTORY AND WHY FTZS ARE IMPORTANT

Foreign trade zones, also known as FTZs, have been a huge boom for international businesses looking to save money and reduce headaches when importing goods into the United States. The United States government first began setting up FTZs in the 1930s in an effort to strengthen the nation's economy, promote global trade, encourage growth, and attract foreign investment. While the enormous increase in economic globalization we've seen over the last century isn't entirely due to FTZs, it's safe to say they have definitely been a contributing factor.



New York Central Mercury
streamlined locomotive running
between Cleveland and Detroit, 1936

THE FIRST FOREIGN TRADE ZONE OPENED IN NEW YORK IN 1936. TODAY, THERE ARE NEARLY 3,500 FTZS ACROSS THE UNITED STATES, MORE THAN HALF A MILLION U.S. WORKERS ARE EMPLOYED IN AN FTZ, AND BILLIONS OF DOLLARS OF GOODS FLOW THROUGH THESE ZONES EVERY SINGLE YEAR.

BUT...

- **WHAT EXACTLY IS A FOREIGN TRADE ZONE?**
- **HOW DOES IT FUNCTION?**

AND, MOST IMPORTANTLY,

- **HOW CAN BUSINESSES USE THEM TO THEIR ADVANTAGE?**

The background of the slide is a composite image. The top portion shows a city skyline at sunset, with buildings and a large yellow crane in the foreground. The bottom portion shows a port area with a large blue ship docked at a pier, surrounded by stacks of colorful shipping containers (red, blue, green) and yellow cranes. The text is overlaid on a semi-transparent white banner across the middle.

THE BASICS AND BENEFITS OF FOREIGN TRADE ZONES

Essentially, FTZs are designated areas within the U.S. where certain trade and tax laws differ from the rest of the nation's import and export regulations.

AT A VERY BASIC LEVEL, THEY CAN BE THOUGHT OF AS "INTERNATIONAL SOIL" WHERE TRADE IS ALLOWED TO OPERATE MORE FREELY. LOGISTICS COMPANIES DO HAVE TO PASS A RIGOROUS GOVERNMENT APPROVAL PROCESS TO GAIN FOREIGN TRADE ZONE APPROVAL, BUT THERE ARE SIGNIFICANT BENEFITS ONCE THEY ATTAIN THAT STATUS.

SO HOW DO BUSINESSES SEE VALUE WHEN UTILIZING FTZS?

DUTY DEFERRAL OR ELIMINATION

When products are shipped into the FTZ, the importing business can avoid paying customs duties and taxes until the goods are actually distributed for sale within the market. If the products aren't distributed at all and need to be re-exported back to the country of origin for one reason or another (like lack of demand), the company can sometimes avoid duties entirely.



STREAMLINED CUSTOMS PROCEDURES

Companies that import products into the United States typically have to follow very strict rules and regulations. However, because the FTZ-approved logistics business has been thoroughly vetted and complies with government security requirements with very clear systems and "guardrails" in place, the importing process goes much more smoothly.



FLEXIBLE INVENTORY MANAGEMENT

Importing companies can store goods in an FTZ-approved warehouse without paying any taxes until the products are actually withdrawn for distribution. This allows the company to spread out their tax bill over a longer period of time and more effectively control their finances when managing varying demand within their supply chain.



VALUE-ADDED SERVICES

Sometimes, it isn't possible or economically feasible for businesses to gather all the parts needed to actually create and test a product until later on in the supply chain process and they are closer to the end user sale. If this occurs in an area that isn't a foreign trade zone, it will mean the company will pay taxes on every single component of the finished product, which can also result in a significant cut into profit margins. However, when those individual components are shipped into an FTZ and assembled there, the company only pays one tax on the finished product once it is withdrawn for distribution.

HELPING OUR CUSTOMERS THROUGH FTZS

One of CJ Logistics' customers, with whom we have been working for decades, has seen millions of dollars in savings over the years by taking advantage of our FTZ-approved warehouse in Elwood, Illinois.

This company, which makes a wide variety of audio and electronic equipment, ships products from Asia to the West Coast. They then send the products via the BNSF Railway to our warehouse, which is conveniently located right next to the railhead. While some of these products are already packaged and ready for distribution, others require some assembly and kitting. Since the customer doesn't need to pay taxes on each of the different product components, they are already seeing significant cost savings.

This customer's brand is world-famous for the precise manufacturing, quality, and performance of their products. Once we receive the goods at the warehouse, our on-site teams ensure the end product is stored safely and assembled appropriately so we can help the customer maintain that high standard with their consumer.

AT THIS POINT, THE CUSTOMER HAS *STILL* NOT PAID ANY MAJOR IMPORT FEES OR DUTIES TO THE GOVERNMENT — YET IS SIGNIFICANTLY FAR ALONG IN THE DISTRIBUTION CHAIN. THANKS TO CJ LOGISTICS' FTZ STATUS, OUR CUSTOMER CAN MAINTAIN FLEXIBILITY AND WILL ONLY END UP PAYING TAXES WHEN THEY DECIDE WHAT'S BEST FOR THEIR PRODUCT DISTRIBUTION PLAN.

AVAILABLE **ACTIVE FTZ** WAREHOUSE SPACE



21705 W. Mississippi Street
Elwood, IL

SPECIAL FEATURES:

- Systems and Equipment in place (WMS)
- Ready workforce
- Rail access
- Close to intermodal yards
- Active FTZ
- Controlled room temperature space available

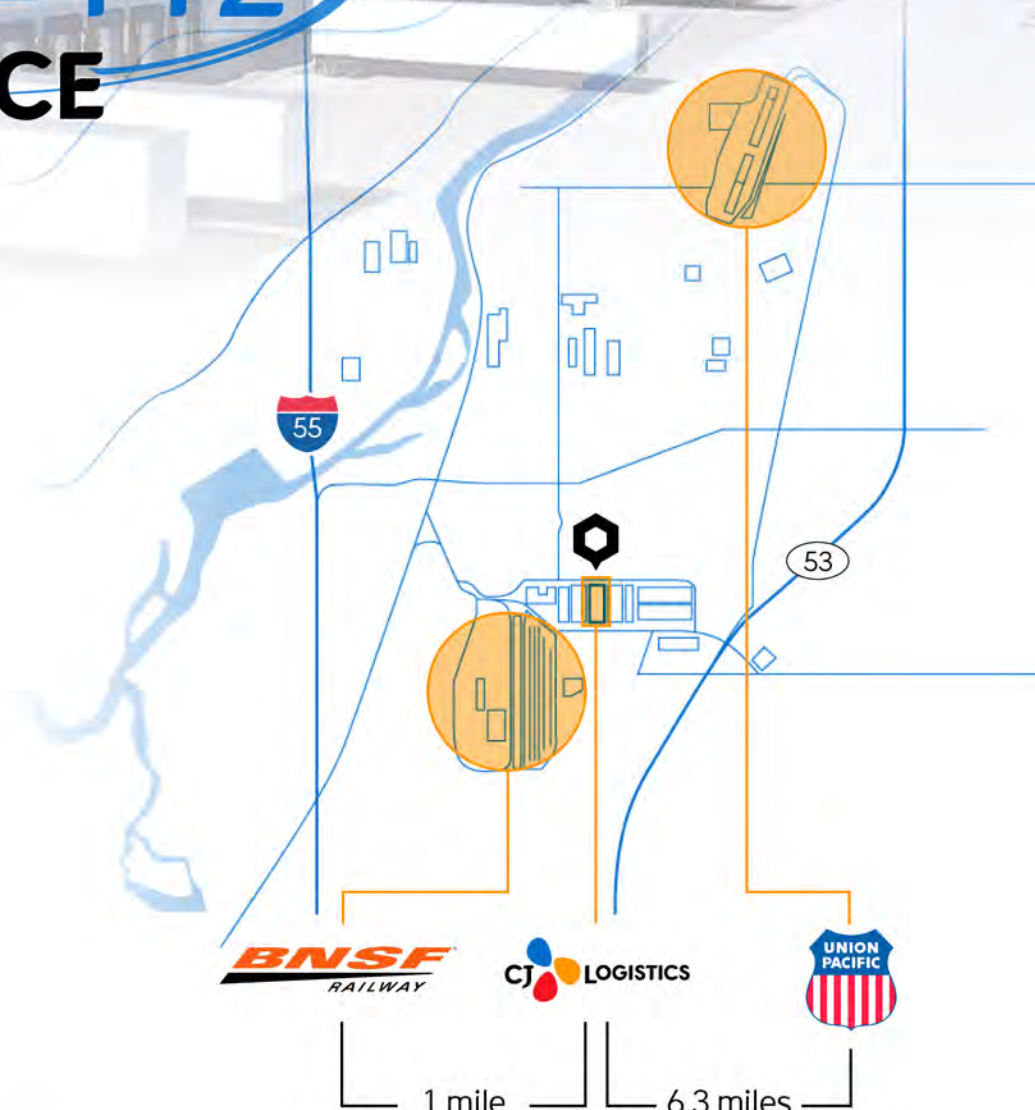
LOADING:

- 5 Rail Doors
- 116 Dock Doors
- 200 Yard spots

DISTANCE TO LOGISTICS INFRASTRUCTURE:

- 3 miles to HWY I-55
- Adjacent to BNSF Intermodal Yard

[Click here to learn more](#)



INTERESTED IN LEARNING HOW CJ LOGISTICS AMERICA CAN HELP YOUR BUSINESS TAKE ADVANTAGE OF FOREIGN TRADE ZONE BENEFITS?

Contact us for more information
on our Elwood, Illinois, warehouse.



[Click here to learn more](#)

This is Site 5B within the active FTZ #22.