

THE PORT OF LOS ANGELES

FOREIGN-TRADE ZONE 202 BENEFITS TO LOCAL COMMUNITY & BUSINESS



What is a Foreign-Trade Zone?

2020 ZONE OVERVIEW

TYPE OF SITES Magnet (Industrial Parks) = 5Usage-Driven (Company Specific) = 35 Subzone (Company Specifc) = 3Single-User = 5Multi-User = 30

Foreign-Trade Zones (FTZ) are a federal economic incentive program to bring international trade within the capability of even the smallest of businesses. FTZs are designated sites within the U.S. where foreign and domestic merchandise is considered to be outside the U.S. Customs territory.

The program is designed to lower the cost of doing business and stimulate economic growth and development in the U.S. by allowing companies to defer, reduce or eliminate U.S. Customs duties. Certain types of merchandise can be imported into a Zone without going through formal Customs entry procedures or paying import duties until the products are transferred from the FTZ for U.S. consumption. If merchandise

never enters the U.S. commerce or is

re-exported to other countries, then no duties are paid on those items. This program was developed to offer U.S.-based facilities with the ability to compete on a more level playing field with offshore locations.

Activities Permitted in an FTZ

Storage Repackaging Manufacturing **Testing** Assembly Scrapping

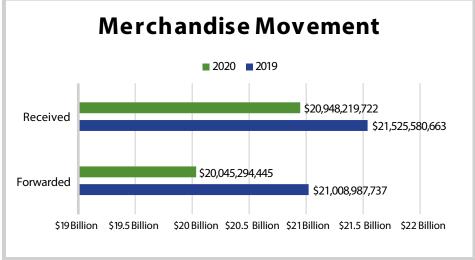
Foreign-Trade Zone 202 Project Overview

Foreign-Trade Zone 202, established in 1994, comprises of Port property and General Purpose sites in Los Angeles, Orange, and San Bernardino Counties, totaling more than 5,089 acres. In addition, FTZ 202 comprises Subzones in the Southern California cities of Los Angeles, Vernon, and El Segundo. In 2010, the project was approved under the Alternative Site Framework (ASF) structure, which allows for faster approval processing of applications.

Business Benefits Available Within Foreign-Trade Zone 202

- Designated Service Area, which includes all of Orange County and large portions of Los Angeles and San Bernardino Counties
- Businesses can receive FTZ designation in an expedited manner under the ASF structure
- Your organization can benefit from increased cash flow and inventory control
- Many of the top names in fashion and household goods operate warehouses within FTZs as a means to reduce operating costs, improve supply chain velocity and manage security at distribution facilities
- Defer, delay or eliminate payment of some duties, merchandise processing fee, and harbor maintenance fee



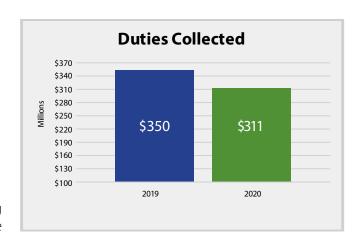




Is the Port of Los Angeles Foreign-Trade Zone Right for Your Business?

Contact the Port of Los Angeles Foreign-Trade Zone to help you determine the return on investment you can achieve through this program if any of the following apply to you:

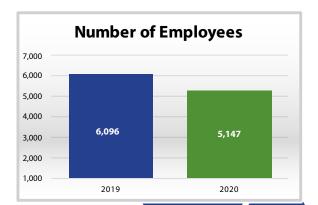
- You need to store imported goods, or show them to prospective buyers
- Your merchandise must be processed, cleaned, tested, relabeled, re-packaged or otherwise manipulated before it is released into the U.S. or exported
- Your domestic goods will be sold abroad and carry a high excise tax burden
- Some of your imported goods are damaged or destroyed, or some of the raw material you import is destroyed in the finishing process. You only pay fees on product that enters U.S. commerce
- Your final product is taxed at a lower rate than the imported materials used in production
- Your finished product is subject to U.S. quota restrictions
- You have a facility within the approved Zone Service Area



Growing Business and Bringing Jobs to the Region

The Port of Los Angeles FTZ strengthens the region's ability to create jobs and expand business by:

- Attracting and expanding businesses to the community
- Encouraging local companies to grow and participate in international trade
- Attracting secondary and associated business to locate in the region
- Increasing local employment opportunities and local tax base
- Increasing the effectiveness of state and local economic development efforts
- Encouraging the retention of local jobs while attracting offshore companies and international businesses to the region
- Helping U.S. manufacturing companies by leveling the playing field with foreign competitors







The Port of Los Angeles, also known as America's Port®, Southern California's gateway to international commerce, is located in San Pedro Bay, 20 miles south of downtown Los Angeles. The nation's number one Port not only sustains its competitive edge with record-setting cargo operations, but also for its groundbreaking environmental initiatives, progressive security measures, and diverse recreational and educational facilities.

The Port of Los Angeles is a department of the City of Los Angeles and is often referred to as the Los Angeles Harbor Department. The Port is operated and managed under a State Tidelands Trust that grants local municipalities jurisdiction over ports and stipulates that activities must be related to commerce, navigation and fisheries. A five-member Board of Harbor Commissioners is appointed by the Mayor and confirmed by the Los Angeles City Council to provide direction and create policy for the Port.

As a proprietary and self-supporting department, the Port is not supported by city taxes. Instead, revenue is derived from fees for shipping services such as dockage, wharfage, pilotage, storage, property rentals, royalties, and other Port services. Considered a landlord port, the Port of Los Angeles leases its property to tenants who then, in turn, operate their own facilities.

The Port encompasses 7,500 acres, 43 miles of waterfront and features 27 cargo terminals, including dry and liquid bulk, container, breakbulk, automobile, and warehouse facilities.

For more information about FTZ 202, Contact:

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