

Q & A from the FTZ Survey Webinar

Questionnaire Receiving and Submission Related Questions

1. Which companies should expect to receive the questionnaire?

Answer: Companies that have been granted production authority prior to January 1, 2022 and have had production activities at any time during 2016-21. If you think your company should receive but has not received the questionnaire, please contact: ftz.investigation@usitc.gov.

2. What should I do if I received a questionnaire, but have not been granted production authority prior to January 1, 2022, or have not had production activities during 2016-21?

Answer: Please contact the project team: ftz.investigation@usitc.gov. You may be eligible for an exemption to responding to the questionnaire.

3. My company was granted production authority in 2020, admitted articles into our FTZ for production purposes, but did not produce any finished goods in 2021 and therefore did not ship any finished goods. Should my company expect to receive the questionnaire?

Answer: If your company reported production data to the FTZ Board for its annual report at any point during 2016-2021, you should have received a questionnaire. Please contact the project team: ftz.investigation@usitc.gov if further clarification is needed.

4. How do I submit the questionnaire?

Answer: You should access and submit the questionnaire from our website at <https://www.usitc.gov/ftzinvestigation>

5. Who should I list as my firm's contact on the questionnaire?

Answer: The contact listed in Section 1 (Firm Information) of the questionnaire should be the person the USITC FTZ Survey team may contact if we have any questions regarding your response.

6. Is it possible to skip a question and come back to it later?

Answer: Respondents can skip most questions by clicking the "Next" button on the bottom of your screen. However, you will not be able to skip some questions when the following questions are based off your response to those questions. Respondents may return to previous questions by clicking the "Previous" and "Next" buttons on the bottom of your screen. You may preview all questions in a downloadable PDF version of the questionnaire [here](#).

7. Do I need to enter all the information in one session, or can I log into the questionnaire portal multiple times to complete my questionnaire without losing my progress?

Answer: You can access the questionnaire using your token multiple times to complete the questionnaire. The platform will save any information entered online, based on your token, as you click the "Previous" and "Next" buttons on the bottom of your screen. The information saved in the questionnaire will not be treated as a submission until the respondent completes the entire questionnaire and formally certifies and submits their response.

8. We are a parent/holding company with multiple entities, each with different federal IDs. Do you issue a questionnaire to each entity? We have multiple FTZs located in different states. Does each FTZ facility get a questionnaire?

Answer: No. When a company had multiple entities/FTZ facilities, we sent the questionnaire to the parent company because many questions in sections 3-5 focus on company-wide operations. If your firm had production operations in multiple U.S. FTZs, please combine requested information into one response (except when noted in question 2.3) to avoid double counting your firm's experiences. If, in reviewing the questions, you find the responses to these questions would be different per entity/facility (or if the responses cannot be provided on a company-wide basis), please contact the team so they can issue separate tokens.

9. Our FTZ includes both production and warehousing, do we need to fill in the questionnaire?

Answer: Yes, any company granted production authority prior to January 1, 2022 and that had production activities anytime during 2016-2021 must fill out the questionnaire. For those companies, the questionnaire asks for quantitative data for production and non-production related activities (e.g., warehousing) separately.

10. If the FTZ is only used for warehousing, do you have another version of the questionnaire?

Answer: No. The survey focuses only on firms that have been granted FTZ production authority prior to January 1, 2022 and have had production activities during 2016-21. While not covered in the questionnaire, the Commission's report will cover warehousing/distribution operations collective via interviews with and information from companies with warehousing/distribution operations in FTZs. If your company did not receive a questionnaire, but would like to provide information for the report, please reach out to the team at ftz.investigation@usitc.gov.

11. Can we get an extension of the deadline of Oct. 6 for submission?

Answer: Upon request, limited extension can be granted on a case-by-case basis to the questionnaire respondent only. Please send the extension request to ftz.investigation@usitc.gov with reasons to support the request.

Data Entry/Availability Related Questions

12. If some data are not available or do not apply (to us), if we cannot breakdown data for some questions but just have a grand total, or if we have production activities but do not have complete data for certain period during 2016-21, how should we handle this? Where can we notate?

Answer: If any data are not available, please provide your best estimate and note in the narrative (Question 6.1) for which questions estimates are provided.

13. Is there a character limit to the responses in Section 6? Can you upload files with supporting information?

Answer: There is a character limit of 32,767 characters to question 6.1. If you wish to provide supplemental information or documents, you must file them through the Commission's Electronic Document Information System (EDIS, <https://edis.usitc.gov>) by November 30, 2022. No in-person paper-based filings or paper copies of any electronic filings will be accepted until further notice. Persons with questions regarding electronic filing should contact the Office of the Secretary, Docket Services Division (202-205-1802), or consult the Commission's Handbook on Filing Procedures.

Data/Scope Clarification Questions

14. Do the data requested cover FTZ production during the entire period between 2016 and 2021?

Answer: The data requested covers FTZ production during any time between 2016 and 2021.

15. Question 2.2: How do you determine production vs. warehousing?

Answer: In this questionnaire, references to “Production operations” refers to activity within FTZs involving the substantial transformation of a foreign article resulting in a new and different article having a different name, character, and use, or to 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. (See 15 CFR § 400.2(o)). References to “goods produced” within FTZs refers to the output of FTZ production operations (production operations within FTZs with production authority), which may incorporate both foreign and domestic status materials.

“Warehousing and distribution” characterizes any activity occurring within FTZs for purposes of receiving, storing, or delivering goods without those goods undergoing any substantial transformation within the FTZ.

16. Can you clarify question 2.3 regarding “Facility’s share of total shipments from U.S. FTZs in 2021 (should add to 100%)”?

Answer: If the company has operation in only one FTZ, the share would be 100%; if the company has operation in multiple FTZs, enter the share of shipments from each U.S. FTZ based on dollar value. These shares should add to 100%.

17. How should "shipments" be reported?

Answer: Shipments should be reported on a dollar-value basis in actual terms (not in terms of thousands or millions).

18. How should we report destroyed/scrap merchandise in shipment figures?

Answer: If merchandise is destroyed in the U.S. FTZ and not shipped outside of the FTZ as scrap, do not report those goods under shipments. Recoverable waste and scrap should be reported as non-privileged foreign status for U.S. shipments and exports. Specifically,

- For question 2.10, U.S. shipments and exports, notwithstanding the use of the term "inputs," we recommend reporting the value of scrap as valued at entry under "non-privileged foreign status inputs" (consistent with 19 CFR § 146.42(b)).
- For question 3.4, report U.S. duties paid on scrap in the second row ("duties paid on non-privileged foreign status merchandise...") and duty savings for U.S. Customs entries in the third row ("estimate of duty savings on U.S. Customs entries..."). If you export recoverable waste and scrap, report duty savings on exports ("estimate of duty savings on exports...") in the fourth row of question 3.4.

19. In question 2.6, what is meant by expanding or reducing FTZ production operation: expansion of scope or increased volume/value of existing scope?

Answer: An expansion of U.S. FTZ production operations includes an expansion of the scope of your firm’s production authority or activation/reactivation of a zone site intended for production operations. A reduction of U.S. FTZ production operations includes a narrowing of the scope of your firm’s production authority or deactivation of a zone site intended for production operations.

20. For question 2.7 regarding employment: how do you define “U.S. employment engaged in production operations within U.S. FTZ”—total employees of the company, or just those directly involved in FTZ production operation, or only employees who specifically work within the zone, or FTZ manufacturing employees?

Answer: For question 2.7 data on “your firm’s U.S. employment engaged in production operations within U.S. FTZs,” please include all FTZ production-related workers (direct or contract manufacturing workers), expressed on a full-time equivalent basis, within the U.S. FTZs with production authority. Production-related workers can include working supervisors and all nonsupervisory workers (including group leaders and trainees) engaged in fabricating, processing, assembling, inspecting, receiving, storage, handling, packing, warehousing, shipping, trucking, hauling, maintenance, repair, janitorial and guard services, product development, auxiliary production for plant’s own use (e.g., power plant), recordkeeping, and other services closely associated with the above production operations. For part time workers, please report a full-time equivalence (e.g., 60 contract employees working 20 hours per week (or whatever half time is for your facility) would equal a full-time equivalent of 30 workers). Annual employment is based on your own record-keeping approach but ideally will be an average employment across the full year.

Note: Questions 3.6 and 3.7 ask about the effects of U.S. FTZ use on U.S. employment, which should include all U.S. employees and not limited to those engaged in production operations within U.S. FTZs.

21. For question 2.15 regarding capital investment and net assets in facilities operating within U.S. FTZs: not all space and equipment are dedicated to the FTZ; do we include non-FTZ Capital items. If our entire facility is within the authorized zone, do we include all investments?

Answer: For question 2.15 data on capital investment and net assets in facilities operating within U.S. FTZs, please include physical or tangible assets for direct use in U.S. FTZ operations, including those that may have dual purpose in and outside of the zone. If there are assets within the FTZ that are never used within FTZ production operations, exclude those to the extent possible.

Note: Questions 3.6 and 3.7 ask about the effects of U.S. FTZ use on your firm’s investment in the United States, which should not be limited to investment for direct use in U.S. FTZ operations.

22. Can you please provide more clarification for question 2.9 “For 2021 or your firm’s last full year of production, please report the share of your firm's FTZ production operations’ admissions of domestic status merchandise, by domestic vs. foreign origin of the materials being admitted”?

Answer: Domestic status merchandise includes both domestic-origin merchandise and foreign-origin merchandise that has been previously entered into U.S. consumption channels. As a total admissions of your firm’s domestic status merchandise, please report what share of the admissions were domestic-origin merchandise (grown, produced, or manufactured in the United States) and what share were foreign-origin merchandise that have previously been entered for consumption (with duties paid, if applicable) prior to FTZ admission.

23. Question 3.4 indicates that we should not include "additional duties" (e.g., 301, 232, etc.), but the chart asks for privileged foreign (PF) status duties paid, which includes Section 301 and

Section 232 duties. Can you please clarify the instructions, should we include or not include the additional duties in the narrative portion of this question?

Answer: If your firm makes U.S. Customs entry on PF status goods and pays duties other than those classified as “additional duties”, please enter the value of those duties paid within the first row of question 3.4. (Please note additional duties are defined in the questionnaire as section 301, section 232, section 201, and antidumping and countervailing duties.) Otherwise, enter \$0 for that first row even if additional duties are paid. If your firm exports PF status goods from the FTZ and is therefore exempt from paying duties on those goods, include in the summation in the fourth row of question 3.4 the duties other than those classified as additional duties that would have been paid on such goods if entry had been made.

24. Can you please clarify section 4 - is this asking about all foreign affiliates or only foreign affiliates who participate in an FTZ-type program?

Answer: All foreign affiliates in those countries. The section further asks about the FTZ-type programs these foreign affiliates participate in (with none being an option).

North American Competitiveness Related Questions

25. Several questions in section 5 of the questionnaire ask for my firm’s perceptions of other North American facilities’ “relative competitiveness,” “cost competitiveness,” or “production costs.” What do “relative competitiveness” and “cost competitiveness” mean? And how can I answer these questions if I do not know their cost structures?

Answer: “Competitiveness” is not defined in the glossary or elsewhere in the questionnaire because this term may mean different things depending on the firm or market involved. In other words, please feel free to define competitiveness in your own terms. That said, firm competitiveness can refer to the firm’s combined attributes and internal factors that affect its ability to compete. This can include its production and logistical costs (“cost competitiveness”). If such costs are low, it may improve the firm’s ability to invest in itself or reduce sales prices as a means of gaining market share. Competitiveness can also refer to production and logistical capabilities, operational capacity, and innovation and product differentiation. Questions (such as 5.3 and 5.4) asking for your perceptions of whether programs improved other firms’ “relative competitiveness” are asking whether those firms’ competitiveness (as defined based on the factors important in your market) improved relative to that of your firm or other market participants.

If you do not have a basis to answer questions about your competitors’ “relative competitiveness,” “cost competitiveness,” or “production costs,” you can answer “do not know or cannot evaluate” for those questions. Question 5.1 also allows for firms to specify their level of knowledge of their competitors’ operations. However, we do ask that all firms provide responses to all questions in section 5, even if firms indicate a lack of knowledge of other North American firms’ operations.

26. What are some examples of FTZ-type programs in Canada and Mexico? Does a maquiladora in Mexico count?

Answer: FTZ-type programs in Canada and Mexico provide similar duty and/or customs treatment to the U.S. FTZ program. For purposes of this survey, Canadian FTZ-type programs include the Duties Deferral Program, Export Distribution Center Program, and Exporters of Processing Services Program. Mexican FTZ-type programs include Industria Manufacturera,

Maquiladora y de Servicios de Exportación (IMMEX); trade promotion instruments such as Programa de Promoción Sectorial (PROSEC), Rule 8 (Regla 8); comprehensive certification schemes such as Value Added Tax (VAT)/Special Tax on Production and Services (IEPS) Certification, and the Authorized Economic Operation (AEO) Certification; and special customs regimes such as Automotive Fiscal Deposit (Depósito Fiscal para la Industria Automotriz), Recinto Fiscal, Recinto Fiscalizado Estratégico, and Operadores Económicos Autorizados (OEA) (previously Nuevo Esquema de Empresas Certificadas (NEEC)). Yes, a maquiladora in Mexico counts because maquiladoras are under the umbrella of the IMMEX program.

27. My company has operations in Mexico/Canada but we produce a different product altogether than what we produce in our U.S. FTZ. Should we report on those operations in section 4 of the questionnaire or is this section only for production in Mexico/Canada that is related to what we produce in our U.S. FTZ?

Answer: You should report on any products your company produces in Mexico and/or Canada in this section of the questionnaire.