

Barnes Consulting, LLC

122 Lakeland Avenue
Moore, SC 29369-9799
864-595-1382

www.BarnesConsultingLLC.com

May 24, 2011

Foreign-Trade Zones Board
Hoover Building
14th Street and Constitution Avenue, NW
Washington, DC 20230

Ladies and Gentlemen:

Reference: FTZ Board Proposed Rule, Docket ITA-2010-0012
75 Federal Register 82340-82362, December 30, 2010

Barnes Consulting, LLC, agrees with comments filed by the National Association of Foreign-Trade Zones (NAFTZ). Additionally, we submit the following comments:

400.2(s) Non-privileged foreign status merchandise. Add the following:

NPF status may be assigned even if there is no change in merchandise condition from the time of admission to the time of entry.

Explanation: Not all NPF designations are for inverted tariff benefit. In a distribution operation, for example, the operator may ship the same merchandise day after day. There is no change in the duty rate and no manufacturing or processing has occurred. If reporting this on an entry using privileged foreign (PF) status, there would be one line on the entry for each receipt date of those goods, even though the goods are identical. If reporting as NPF, the receipt date would be maintained in the FTZ inventory system, but there would be only one line by HTS on the entry.

400.51 Accounts, records and reports. Note that the **total** value of exports from zones must be reported in and shown on graphs in the annual report.



Foreign-Trade Zones Board (ITA-2010-0012)

May 24, 2011

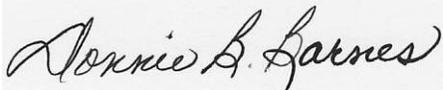
Page 2

Explanation: Though the value added is now included in the narrative, it is not included in FTZ statistics. Omitting the value of domestic materials and administrative costs is doing a disservice to the program because it understates the value of exports and, in doing so, FTZs to the United States. Having worked in an FTZ where the value of exports included foreign merchandise, domestic merchandise, and labor, overhead and profit for the US corporation, I know that the value of exports was understated by up to 100 percent. With the directive to double exports, reporting this value is extremely important.

Sec. 400.14 Production—activity requiring approval or reporting; restrictions. Having operated the largest subzone in the US for 17 years, I personally would like to bring focus to the NAFTAZ's comments requesting that emphasis be placed on intermediate and finished goods as outlined in the scope of authority - including all inputs employed in making these goods. Using the HTS number for tracking of components is too onerous a demand to put on FTZ operators that are faced with decreased budgets and work force. Quarterly reports must be eliminated since they also take away from existing resources. Annual reporting is sufficient for reports to Congress. Capacity limitations should be avoided. If making 200,000 widgets in the US is in the public interest, then making more widgets would only add to meeting the public interest requirement.

We look forward to the final rule that reflects the comments above and those submitted by the NAFTAZ.

Sincerely,



Donnie Bailey Barnes, LCB, AZS
Vice President / CEO

c NAFTAZ

