



IMS Operating Services, Inc.

Foreign-Trade Zone Operations and Services

To Whom It May Concern:

These comments are being presented in response to the Proposed Regulatory Changes governing the U.S. Foreign-Trade Zone program Docket No. ITA-2010-0012.

IMS Operating Services, Inc. (IMSOS) is a company that works within the Foreign-Trade Zone (FTZ or Zone) program assisting companies and communities in the establishment, activation and operation of Zone programs and sites. Within that experience, IMSOS has seen the difference the FTZ program can make to a company seeking to maintain or grow its presence in the U.S. by offering savings that make U.S. operations comparable with moving off shore. These companies are all in locations that are work tirelessly to maintain the levels of employment in their communities and surrounding areas. The community's involvement in the FTZ program is directly driven by the need for each community to offer local or regional incentives. These incentives are designed to level the economic benefit of remaining or locating in their community to those economic benefits available to the company if it were to move its operations out of the area or out of the U.S.

One of the underlying successes of the FTZ program has been its clear and concise communication of the stated goals of the program within the preamble of the regulatory changes in 1990. The stated goal was to allow companies to conduct operations in the U.S., within an FTZ, if that operation could be done outside the U.S. The benefits that have been established over the 77 year history of the FTZ program are all related to the leveling of the playing field between U.S. based operations and those operations that are held outside the U.S. The comments made by the NAFTAZ for this proposed rule clearly outline the need for that focus to remain in these new regulations. IMSOS supports and stands with the NAFTAZ regarding the comments made by the association.

Additionally, IMSOS would like to offer the following comments specific to sections of the regulations that we believe need to be emphasized for the sake of the review of these proposed regulations.

1. Section 400.14

Under the activities that require approval for production activity, IMSOS supports the efforts of the FTZ Board and the Administration in promoting exports and believes the FTZ Program can assist the Administration with its stated goals regarding export increases. Within this section, IMSOS recommends some additional assurances related to the permanent nature of the approvals of Production Authority. Companies will not make site location decisions based on temporary approvals or tentative approvals of FTZ Production Authority. Companies will require a more stable approval. Additionally, companies are looking for their approvals to move more rapidly through all levels of state and local governments. With this in mind, IMSOS requests that the

FTZ Board's docketing and review times be shortened so that the timelines, often facing companies and communities within the program, are met with swift action by the FTZ Board.

2. Section 400.16

As a company based in Texas, who conducts business in Texas, IMSOS asks that the proposed regulations maintain the integrity of the original language of the Act that established the FTZ program. Any changes to the manner in which this section reads, even the slightest modifications to the original Act, will result in confusion. IMSOS agrees with the recommended language proposed by the NAFTAZ for this section of the regulations.

3. Subpart C

Within this entire section of the regulations, IMSOS believes that a full disclosure by the FTZ Board of the Alternative Site Framework (ASF) and the application processes should be defined. Additionally, IMSOS feels there should be some control as to the Web based guidelines that are developed by the FTZ Board for the application filing process.

4. Section 400.34

A general comment for this section relates to the application for Production Authority. IMSOS believes that the process of utilizing HTSUS numbers for approving the scope of authority for a production application should be discontinued. The review of the application for Production Authority can just as easily be accomplished with the description of the finished goods and any subassemblies that will be produced, and the approval can be reviewed as to all manner of inputs into the production process that can be used to manufacture the finished goods.

The HTSUS number is not a number that is controlled by the FTZ Board or the Zone Operator. Therefore it can be changed by parties that are not involved in the application or approval of the Production Authority requested. These HTSUS changes impact the approvals received by Zone Operators and threaten noncompliance with the FTZ Board's order and the FTZ program. This noncompliance is something that threatens the overall operation of the Zone and could be a factor in costing production line shutdowns or limiting the production outputs. Both are detrimental to the employment goals of the Zone program.

By not using the HTSUS number within the scope of authority for production, a company can deal with any of the changes to the classification of its products with U.S. Customs and Border Protection (CBP) and not the FTZ Board.

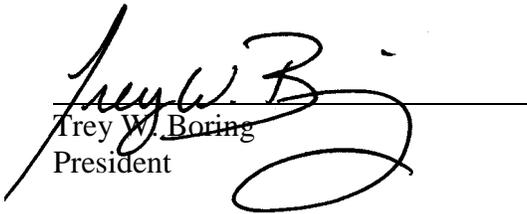
5. Subpart E

As a company that provides Zone services to both companies and communities, IMSOS believes that there should be significant changes made to Subpart E of the proposed regulations. While we stand with the FTZ Board's concern over the guarantee of each Zone's access and operation as a public utility, the proposed regulations go too far in its zeal for enforcement of these areas of concern. Any Zone refusing access to the Zone program or requiring services be purchased from a third-party in a manner that is clearly a conflict of interest, should be investigated and proper enforcement action taken by the FTZ Board. The fact though that the FTZ Board seeks to remove the few monopolistic Zone projects is a noble cause; the NAFTAZ Grantee Committee solution is a much better method and is endorsed herein.

IMSOS applauds the efforts of the FTZ Board in taking the action of updating the regulations and stands with the NAFTAZ in its efforts to work closely with the FTZ Board in making changes to the proposed regulations that fit both the desires of the FTZ Board and needs of the FTZ community. As such IMSOS herein endorses all of the NAFTAZ recommended changes in their comment submission.

Sincerely,

IMS Operating Services, Inc.


Trey W. Boring
President