



# CITY OF MOBILE

**SAMUEL L. JONES**  
MAYOR

May 25, 2011

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Mr. Andrew McGilvray  
Executive Secretary  
Foreign-Trade Zones Board  
International Trade Administration  
U.S. Department of Commerce  
1401 Constitution Avenue, NW.  
Room 2111  
Washington, DC 20230

Re: Docket Number ITA-2010-0012, RIN 0625-AA81

Dear Mr. McGilvray:

I am writing on behalf of the City of Mobile, Grantee of Foreign-Trade Zone No. 82, regarding proposed changes to the Foreign-Trade Zones Board regulations.

Foreign-Trade Zone No. 82 was approved by Foreign-Trade Zones Board Order No. 208 on February 24, 1983. The City of Mobile is the Zone Grantee. The Mobile Foreign-Trade Zone Corporation serves as the Zone Project Administrator.

The General-Purpose Zone was activated in November, 1986, and has been expanded twice pursuant to Board Order No. 464, approved on February 27, 1990, and Board Order No. 1312, approved on December 19, 2003. Our Zone project has five active subzones, with a sixth, ThyssenKrupp Stainless, USA, in the process of activation. For FY 2010, overall Zone-related activity for the entire Zone project exceeded \$3.6 billion, which included more than \$800 million in value-added activity. Companies using

Zone procedures employ about 3,600 of our areas citizens, with more than 900 jobs devoted to manufacturing activity within our General-Purpose Zone.

We are very happy with the manner in which our Zone project has developed under our Grantee/Administrator structure over the past 25 years, and we believe there are several proposed changes in the regulations that would negatively affect the manner in which we manage and operate our Zone project. The City adopted its current Zone management structure in response to the report published in 1985 by the Leadership Mobile Economic Development Team entitled, "The Mobile Foreign Trade Zone: Boon or Boondoggle?" While the City did not agree with all of the Leadership Mobile group's findings, it did recognize that making Zone management an ancillary part of one City employee or department did not work. We also recognized the value of making one party solely responsible for – and dependent upon – successful Zone development. The City also took to heart the report's assertions that successful development of the Zone would require professional Zone management that offers real local expertise, and that potential Zone users must be able to avail themselves of "one-stop-shopping" for Zone-related services. In 1986, the Mobile Foreign-Trade Zone Corporation began management of the Zone project with funding provided by the City of Mobile and the Mobile Airport Authority. Today, thanks to the success of the Zone project, nearly 90% of the Zone project's management is funded from Zone user fees.

From its inception, our Zone Project Administrator's policy has been to provide a complete array of services to Zone users, while at the same time allowing them to utilize the services of other FTZ service providers for applications, activations, compliance consulting, legal services and customs brokerage services. Its policy has been to facilitate the work of other FTZ and trade compliance professionals involved with users of Mobile's Zone project. These policies and the work that has followed have been aimed at one object: enhancing the ability of area companies in using the FTZ program.

To date our management structure has worked well for all parties concerned. Zone users both large and small have enjoyed the benefits of locally based FTZ expertise, as well as the continuance of existing relationships with FTZ and other trade compliance professionals. The City as grantee has enjoyed the benefits of industry retention and attraction to which the FTZ program has made a significant contribution, and done so with two

important benefits: minimal cost to the City and its taxpayers, and continuity of management.

As is well known, City governments have been under serious financial strain in recent years. As recently as last year, the City of Mobile was forced to increase its sales tax temporarily in order to maintain many of its basic services. We recognize that the physical safety and well-being of our citizens is dependent upon adequate staffing and infrastructure for our Police and Fire Departments. Likewise, we fully understand that the well-being of our policemen, firefighters and their families is dependent on the City's ability to fund their activities. It is with no small amount of relief that I can say that the economic benefits of our Foreign-Trade Zone project are now almost entirely dependent on the relationships that exist between our Zone users and our Zone Project Administrator. We believe this structure works well, is entirely transparent, and should continue as is.

As proposed in Section 400.43 of the draft regulations, all FTZ user agreements would have to be executed between the Zone user and the Grantee. While this may be useful as a general rule, we believe that exceptions such as exists in our case should be allowed. By design, our Zone user agreements are between Zone users and our Zone Project Administrator. This enables Zone users engaged in non-manufacturing activities to activate more quickly because their user agreements do not have to go through the process of being put on the agenda of the City Council and being approved by the Council. As you know, the price of separation of powers is the time needed for any action to be approved by both Administrative and Legislative bodies. Our current structure enables the nimbleness that is sometimes required to meet the needs of Zone users without compromising the City's interests. As noted in the January 31, 2007 letter of Metro International Trade Services in response to the Board's request for public comment on Uniform Treatment in Local Access to FTZ Procedures (see attached letter), our current contractual and management structure works very well for Zone users. User agreements between Zone users and Zone Project Administrators are allowed under the Board's current regulations. They should continue to be allowed under the Board's future regulations.

Likewise, we agree that in most cases it makes sense for the Grantee to collect user fees. However, in cases where it makes sense for a Zone Project Administrator to collect user fees, it should be allowed under the Board's regulations. A provision as proposed in Section 400.42 of the draft

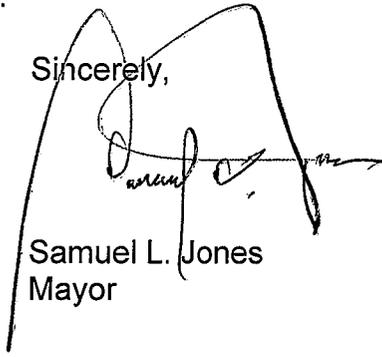
regulations would prohibit this. As noted above, one strategic consideration in the City's decision to contract with a Zone Project Administrator was to make that party's success dependent on its ability to derive income by bringing Zone procedures to the trade community. Our Zone Project Administrator has been successful in this, and it has done so under public utility principles. We see value in keeping FTZ user fees completely separate from City finances. Zone user fees should rightly be directed towards the party responsible for day-to-day interaction with Zone users and government agencies (e.g. local Customs officials) with oversight of Zone activities. Collection of user fees by our Zone Project Administrator is transparent to Users, and lets them know whom to call when they have a technical issue or problem. It also keeps a clean boundary between City finances and FTZ finances. Collection of user fees by Zone Project Administrators is a reasonable business practice that should continue to be allowed under the Board's future regulations.

Another area of very significant concern is proposed Section 400.43, which, if enacted as proposed, would cripple our Zone project's ability to provide many valuable services to our trade community. We recognize that all potential and existing Zone users should have freedom of choice when it comes to using the services of Zone-related service providers. Furthermore, we have no hesitation in stating that if a potential or existing Zone user were to come to us with a concern that our Zone Project Administrator was using its position to force that user into utilizing its consulting services, we would gather the facts, and if warranted, take immediate corrective action. We are 100% confident that our Zone Project Administrator is aware of this. Accordingly, Zone users are quite capable of having their interests protected at the local level. In our case, as we believe is common nationwide, federal government intervention in the form of a regulatory prohibition is not necessary. Indeed, as proposed in the draft regulations, it is counterproductive. The history of our Zone project (in concrete terms as evidenced by applications to the Board) clearly indicates that a number of FTZ service providers have been able to ply their trade within our Zone project, and have been able to do so with the cooperation and aid of our Zone Project Administrator. I am confident in saying that on each occasion in which a Zone user has chosen our Zone Project Administrator for Zone-related consulting work, the Zone user has done so because it believed that our Zone Project Administrator would provide the best value for the services to be rendered. The "Conflict of Interest" provisions of Section 400.43 would, if enacted, more to restrict freedom of choice for Zone users than to guarantee it. We believe that "one-stop-shopping" for Zone-related services

should continue to be an option available to existing and potential Zone users. If the Board wants to assure that Zone users will not be pressured by local Zone-related parties (be they Grantee-contracted services providers or the Grantees themselves), then the Board should find a way of doing so that does not throw out the baby with the bath water.

We appreciate the opportunity of submitting these comments and hope that our thoughts will receive due consideration. If you have further questions, please feel free to contact Ms. Barbara Malkove, our Executive Director of Finance, at (251) 208-7164.

Sincerely,

A handwritten signature in black ink, appearing to read 'Samuel L. Jones', is written over a horizontal line. The signature is stylized and somewhat cursive.

Samuel L. Jones  
Mayor

SLJ/bb

Attachment



Thursday, January 31, 2008

Mr. Andrew McGilvray  
Executive Secretary  
Foreign-Trade Zones Board  
U.S. Department of Commerce  
1401 Constitution Ave., NW, Room 2111  
Washington, DC 20230  
202-482-0002 (fax)

RECEIVED

*Handwritten signature*

FOREIGN-TRADE ZONES BOARD  
EXECUTIVE SECRETARY

RE: Comments on Uniform Treatment in Local Access to FTZ Procedures

Dear Mr. McGilvray:

Pursuant to Docket 46-2007 on September 21, 2007, which was extended on November 5, 2007 in regard to the request for comments on uniform treatment (and related issues) in local access to foreign-trade zone (FTZ) procedures, please accept this letter as express comments on this issue from Metro International Trade Services LLC.

As you know, Metro International Trade Services LLC is one of the largest independent FTZ Operators of General-Purpose Zones in the United States. Metro International Trade Services LLC operates public warehouses in numerous ports around the nation: FTZ #2 in New Orleans, FTZ #50 in Long Beach, FTZ #70 in Detroit, FTZ #82 in Mobile, FTZ #102 in St. Louis, FTZ #152 in Chicago, and FTZ #153 in San Diego.

The most recent Zone project in which Metro International Trade Services LLC has activated a General-Purpose FTZ is in Mobile, Alabama. Metro International Trade Services LLC opened a public warehouse and activated it with the U.S. Customs & Border Protection (CBP) under agreement with the local Zone Grantee—the City of Mobile in 2007.

Metro International Trade Services LLC has worked closely with the local Zone Administrator of FTZ #82 in Mobile—the Foreign-Trade Zone Corporation. Metro International Trade Services LLC prepared the application for activation. The Zone Administrator submitted the application to CBP and the Zone Grantee on Metro's behalf and facilitated the security survey with CBP and the submittal of the Annual Blanket Manipulation Permit on CBP Form 216 on Metro's behalf. Also, the Zone Administrator coordinated the execution of the Zone Operator Agreement between the City of Mobile and Metro International Trade Services LLC on behalf of the Zone Grantee.

Detroit • Long Beach • San Diego • New Orleans

**Metro International Trade Services LLC**

Corporate Offices

6850 Middlebelt Road • Romulus, MI 48174  
tel: [734] 721•3334 • fax: [734] 721•3963

www.metroftz.com

The overall experience and satisfaction that Metro International Trade Services LLC encountered in Mobile regarding FTZ #82 was positive and outstanding. Metro International Trade Services LLC really enjoyed working with a professional and experienced firm like the Foreign-Trade Zone Corporation because of its efficient, knowledgeable, effective and hard-working staff, work ethic and business practices regarding the FTZ, the City of Mobile, CBP and doing business in Mobile.

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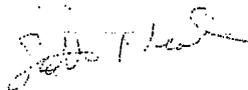
The Foreign-Trade Zone Corporation truly exemplifies the principle of free trade by facilitating the FTZ through its knowledge and experience with the FTZ program, local city politics, and the CBP maze while encouraging businesses to locate and conduct international business activities in Mobile. Without the efforts and cooperation of the Foreign-Trade Zone Corporation, Metro International Trade Services LLC would have probably experienced numerous delays, additional costs, unavoidable aggravations and perhaps even a loss in business in regard to becoming a Zone Operator and activating FTZ #82 in Mobile.

Since the activation of FTZ #82 in Mobile by Metro International Trade Services LLC in 2007, Metro International Trade Services LLC has commenced FTZ operations with one warehouse consisting of 72,000 square feet or 1.65 acres and is in the process of activating four additional warehouse facilities totaling approximately 300,000 square feet or 6.88 acres in additional FTZ space. A five-year projection could result in an expansion of approximately 1 million square feet or 23 acres.

In fiscal year 2007, Metro International Trade Services LLC handled approximately \$304 thousand in international trade activity (receipts and transfers). Since then, cargo through Mobile has increased tremendously. Metro International Trade Services LLC has recently received some 650 truckloads of cargo with a value of approximately 34.4 million dollars in receipts. Metro International Trade Services LLC anticipates these trade numbers to increase at exponential rates due to favorable market conditions of supply and demand in Mobile. Metro International Trade Services LLC considers Mobile to be a prime location for expansion of the FTZ program and an ideal port to handle the influx of increased containerized, bulk and break-bulk cargo that is destined to Southern United States for both importation and exportation.

Thank you for this opportunity to present you with these comments and a briefing on Metro's experience and recent activities in Mobile. If you have any questions or require additional information please contact me at 310-420-1310.

Best regards,



Scott Neal, LCB  
Director of Marketing & FTZ Compliance