

MONTGOMERY  
AREA CHAMBER OF COMMERCE

May 25, 2011

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:

On behalf of the Montgomery Area Chamber of Commerce, Grantee of Foreign-Trade Zone No. 222, I am writing to address several areas of your proposed revisions to the Foreign-Trade Zones Board regulations that are of concern to us. As you know, Zone status has been an essential tool for the Montgomery Area Chamber of Commerce in recruiting major manufacturing operations to the Montgomery area.

Foreign-Trade Zone status enables U.S.-based operations to maintain the operating margins necessary to win production share and increase employment opportunities for the U.S.-based manufacturing plants and their U.S.-based suppliers. While we support the Board's stated goals of the regulatory rewrite – increased transparency and access to the Zones program – we are concerned that some of the proposed changes will have the real potential to negatively affect the utility of the Foreign-Trade Zones program for our Users.

One proposed regulatory change seeks to make it easier for manufacturing operations to expand their scope of FTZ benefits when changes in sourcing or operations occur. Under today's regulations, such changes require application to, and the prior approval of, the Foreign-Trade Zones Board. Under the Board's proposed regulations, the Zone User would have the choice of using the current procedure, or, alternatively, a "notification procedure" that would grant temporary/interim authority for new Zone activity. If my



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understanding of this proposed procedure is correct, there appears to be a catch – that is, all current Zone activity would be subject to public comment and review in order to use the new procedure. Under the existing FTZ Board regulations an affected party may at any time appeal for a review of our current Zone activity. We can accept this. However, we see no need for existing activity to be reviewed in order for a manufacturer to avail itself of expedited review procedures for new Zone activity. If the Foreign-Trade Zones Board seriously wants to give companies the ability to respond to production changes, the proposed regulation to do so should come with no strings attached.

Another area of concern for us is the proposal concerning the preclusion of so-called “conflicts of interest” concerning services provided to Zone Grantees and to Users of those Grantees’ Zone projects. If implemented as proposed, the manner in which the change is proposed would deny Zone Users the choice of using the local Zone Project Administrator to help them with any consulting work. In our Zone project, our Zone users have found local expertise to be a convenience, not a hindrance. In any case, should our Zone Project Administrator actually do anything that crosses the line that protects public utility or uniform treatment principles, the Zone User would be quite capable of protecting its own interests. We do not need government interference in the guise of protection for which we and our Zone users have no need.

Our third major area of concern involves the proposed regulations that lay out in great detail the Board’s ability to fine Zone participants – including Zone Users – for violations of the FTZ Act or regulations. The current Board regulations devote 27 words to the subject. The proposed regulations expand the discussion of fines and penalties to about 1,900 words, and fundamentally alter the Board’s focus – changing the Board staff from the gatekeeper of access to Zone status and benefits to a policing agent over day-to-day Zone management.

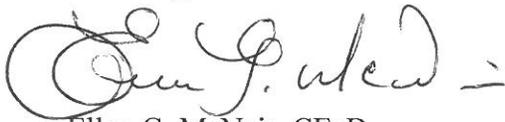
We are sure that our Zone Users recognize and accept that their use of the FTZ program depends on that use serving the public interest. We applaud efforts to amend the regulations to make access to the FTZ program easier and faster; however, we are concerned that the regulations as proposed concentrate more power in the hands of the Board’s Executive Secretary and enable the Board staff to intrude upon the day-to-day operations and policy decisions of Zone Grantees and Users with no additional safeguards to the FTZ program’s operation or integrity than exist under the current Board regulations.

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Finally, we believe that the provisions of the current regulations – which allow User Agreements between users and intermediaries – should be maintained. Such arrangements should remain within the discretionary purview of grantees, along with the manner in which services to Zone users are provided and paid for. We believe that our Zone project operates well within the spirit of public utility and uniform treatment principles, and, we believe that changing the letter of the Board's regulations as proposed in draft sections 400.42 and 400.43 of your January 30 Federal Register Notice would do more harm than good.

Thank you for the opportunity of providing these comments. I hope they provide important perspective to you as you update the Foreign-Trade Zones Board regulations.

Sincerely,

A handwritten signature in cursive script, appearing to read "Ellen G. McNair".

Ellen G. McNair, CEcD  
Senior Vice-President  
Corporate Development  
Montgomery Area Chamber of Commerce  
Grantee, Foreign-Trade Zone No. 222