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:

The Huntsville-Madison County Airport Authority serves as the Grantee of Foreign-Trade Zone No. 83. As the Airport Authority's Executive Director I am writing in response to the request for public comments in your Federal Register Notice of January 30, 2010. Our Foreign-Trade Zone was established in 1983. A review of our Annual Reports to your office will show relatively little Zone-related activity in recent years; however, a more comprehensive review will give you a good idea of how important FTZ status was in helping a local automotive electronics plant and its Just-In-time suppliers compete under the pre-Uruguay Round Tariff structure. The success of our Zone project in helping the local trade community was due in no small part to several structural elements in our Zone project's organization. In my review of your proposed regulatory changes, I see that you are seeking to destroy those structural elements. Please don't.

Instead, take a look at our website (http://www.hsvairport.org) and see what we do and how we operate. I think this will help you understand how large, multifaceted organizations manage their affairs, and how a combination of in-house management and contract functions blend together to serve the community in an efficient, fair fashion.

Look at our organizational chart on our homepage. You will see that the Huntsville-Madison County directly operates the Airport, the Intermodal Center, and the Jetplex Industrial Park. Our contract operations include Signature Flight Support, the Four Points by Sheraton Hotel, the Sunset Landing Golf Course, and

the Foreign-Trade Zone. As you can discern, we have elected to keep the management of some services and infrastructure in-house, and contract for the management of other services and facilities. Our rule for deciding which approach to take for any item on the chart is pretty simple: Provide the highest quality, the most convenience and safety, at the lowest cost to the public.

Our Foreign-Trade Zone management is conducted under contract by the Huntsville Foreign-Trade Zone Corporation. User Agreements are three-way agreements between and among the Zone user, the Airport Authority and the Huntsville Foreign-Trade Zone Corporation. The User Agreement stipulates that User fees shall be paid directly to the Huntsville Foreign-Trade Zone Corporation. For Zone-related consulting services and products, Zone users are free to choose from among any qualified provider, including the Huntsville Foreign-Trade Zone Corporation's sister company, the Foreign-Trade Zone Corporation. (As a note of full disclosure, I have been involved in several developments regarding the founding and development of the Foreign-Trade Zone Corporation. In the early 1990's I encouraged the principals of the company to add consulting work to administrative services. I also encouraged other Zone grantees to retain them as Zone project Administrators. My reasoning was straightforward: Give the public highest quality, the most convenience and safety, at the lowest cost.)

In reviewing the proposed regulations I see that the Foreign-Trade Zone Corporation would be prohibited from providing consulting services in our Zone project because its principals also have an interest in the Huntsville Foreign-Trade Zone Corporation. I believe that this prohibition as a national policy would have four important negative effects. First, it would force really competent FTZ experts to choose between consulting and administrative work. I'm sure that you know which of the two fields is more financially rewarding. That's right, the answer is consulting. Second, in order to compete for talent (either in-house or contract) grantees would have to pay more. Third, that cost would either be borne by the grantees, or, alternatively passed along to Zone users in the form of higher user fees. Fourth, Zone users would not be able to avail themselves of local consulting expertise which, the vast majority of the time, costs less than nationally or international consulting practitioners.

After reading the details of the proposed regulations concerning public utility principles and uniform treatment, I would like to point out how, as a practical matter, we conform to these as they exist under the current Board regulations. Let me do so by comparing another of our contracted functions to that of Foreign-Trade Zone management. I'll use the golf course as an example.

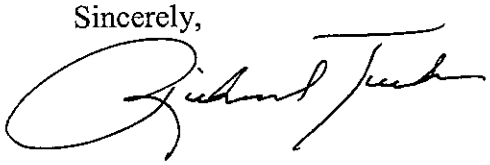
Our Sunset Landing Golf Course is north of our terminal building and hotel, and is accessible from our Complex entrance without the need to drive to or through any airport infrastructure. The course is not too long, not too short, not too difficult, and not too easy. It is operated under contract under what can easily be described as public utility principles. Under these principles we would not dream of allowing the course management to dictate that golfers must use clubs or golf balls purchased at the club's pro shop. (If it did, golfers would probably exercise the same solution that Zone users have at their disposal under current regulation; they would go to the nearest golf course within the state.) At the same time, we would see no reason why the course's professionals should be prohibited from giving private lessons to the course's patrons, even though the course professionals are contracted by us to manage the course itself. Additionally, it would be silly and inefficient to make golfers come to the Airport terminal, pay their greens fees to the Airport Authority, then turn around to the golf course. Likewise, we would have no desire to handle the greens fee money then send it over to the golf course. In similar fashion, Zone users make their own choices about FTZ consultants or software, but FTZ User fees are collected by and go directly to the FTZ management firm.

In using the example of the golf course, please do not think that I'm having too much fun at the expense of the federal government in demonstrating how the proposed regulations may not be the most efficient means for assuring that the trade community is treated fairly. I will however, point out in all seriousness that the federal government is unwise to promulgate regulations that try to dictate specific behavior rather than establish clear performance objectives. I can tell you that I have no small amount of experience in dealing with the Federal Aviation Administration (FAA) and other federal agency regulations, and I know the principles behind their establishment and promulgation. The proposed FTZ Board regulations concerning public utility and uniform treatment issues clearly try to dictate or prohibit specific behaviors. This is fine for regulating traffic laws and assuring that people travel safely and efficiently across town; however, for providing rules and guidelines for the infinitely more complex tasks involved in helping American communities and U.S.-based businesses use the Foreign-Trade Zones program as a competitive tool, I think these proposed regulations take the program down the wrong road.

Legitimate concerns about public utility and uniform treatment issues should be addressed in the regulations by stating clear performance objectives. Grantees and their contractors <u>must</u> be allowed to maintain their discretion about the means by which they meet these performance objectives and bring Zone services to their communities.

Thank you for the opportunity of sharing my thoughts and experiences. I look forward to reviewing an improved set of proposed regulations.

Sincerely,



Richard Tucker
Executive Director
Huntsville-Madison County Airport Authority
Grantee, Foreign-Trade Zone No. 83

cc: The Honorable Richard Shelby
The Honorable Jeff Sessions
The Honorable Mo Brooks
The Honorable Jo Bonner
The Honorable Martha Roby
The Honorable Mike Rogers
The Honorable Robert B. Aderholt
The Honorable Spencer Bachus
The Honorable Terri A. Sewell