



Port E-News

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GALVESTON'S FOREIGN TRADE EXPANDED U.S. Department of Commerce Approves Request for 251 Additional Acres

The City of Galveston and the Port of Galveston have received notification that the expansion of Foreign-Trade Zone (FTZ) No. 36 from 883.8 acres to 1,208.9 acres was approved.

"The approval of the expansion of Galveston's Foreign Trade Zone could be the impetus to attract businesses to Galveston Island that may not have considered locating here before," stated Lyda Ann Thomas, Mayor of the City of Galveston. "It is the intent of the U.S. Foreign Trade Zones program to stimulate economic growth and development in the United States. With the expansion of this zone, Galveston has the opportunity to attract a variety of companies interested in expanding in the U.S."

The original Foreign Trade Zone consisted of eight acres on Galveston Island and 876 acres on Pelican Island. The new expansion makes the Galveston Island site total 238 acres, including 74 new acres at Scholes International Airport. The new zone on Pelican Island will now total 971 acres.

"The Port of Galveston is an international business, focused on global trade," stated Benjamin F. Holland, Chairman of the Board of Trustees of the Galveston Wharves. "Recognizing the value of the Foreign-Trade Zone program as an economic development tool, we planned the FTZ expansion to include the west end of the port. Our expanded FTZ will provide the opportunity to entice companies to Galveston using zone benefits to promote competitiveness for U.S. based companies."

Galveston was notified of the approval by Senator John Cornyn's office. "This foreign trade zone expansion will greatly benefit the people of Galveston and the region by helping businesses increase trade and create good jobs," said U.S. Sen. John Cornyn, a member of the President's Export Council. "I applaud the people of Galveston for their continued efforts to grow the economy and to keep Texas and America the most jobs-friendly places on the planet."

The original grant of authority for Foreign-Trade Zone No. 36 was given to the City of Galveston in March 1978. It is a general purpose zone and, as such, must be operated as a public utility and must be located within 60 miles of a U.S. Customs port of entry.

In February 2000, the U.S. Department of Commerce - Foreign-Trade Zones Board approved a change in the grant of authority making the Board of Trustees of the Galveston Wharves the grantee of Foreign Trade Zone No. 36.

In January 2004, the Galveston Wharves requested that Foreign-Trade Zones Board consider an expansion and reorganization of FTZ No. 36 to increase the acreage with the current sites as well as to add the new site at the airport.

Companies that are interested in increasing their cash flow and improving their bottom line by locating their operations in U.S. foreign-trade zones can benefit in several important ways. Economic growth and development are stimulated because jobs are retained and created in the community. The FTZ program impacts indirect employment as well because a business location not only creates jobs specific to itself but also creates opportunities for suppliers and service providers in the community. An FTZ project can also be a valuable asset when a community is trying to attract new business investment to its area.

Additionally, a community with an FTZ may experience an improved infrastructure as a result of higher employment and the influx of new businesses.

Legally, a Foreign Trade Zone is an area within the United States that government considers outside the country or at least outside the U.S. Customs territory. Certain types of merchandise can be imported into a zone without going through formal Customs entry procedures or paying import duties. This ability to defer paying duties lowers companies' operating expenses and increases cash flows, making the FTZ another economic development tool for communities.

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