



Weekly Customs Entry/Returned Goods Shelter

Arctic Cooling Systems*—Refrigeration Equipment Importer

Situation

ACS imports components to manufacture refrigeration equipment and maintains its world-wide warranty repair facility in the U.S.

- ACS makes approximately 400 Customs entries annually. Half of these entries are for the warranty repairs and “warranty items” which are the only items entered some of the weeks.
- The average merchandise processing fee (MPF) per entry is \$200, which resulted in an \$80,000 cost for a “duty free” product.
- About 50% of the returned goods are not repairable and are destroyed.

Analysis and Opportunity

ACS was frustrated with making entry on items it later scrapped. This was a drain on time and money.

- The Foreign Trade Zone (FTZ) enabled them to inspect and scrap items prior to Customs entry.
- In addition, the FTZ allowed ACS to make a weekly Customs entry.

Results

Under FTZ rules, ACS was able to scrap goods and return repairs without making entry. In addition, weekly entry enabled the company to reduce its MPF costs by over \$70,000.

Use the GMAFTZC Savings Calculator to help you determine how the FTZ can improve your company's profits.

*The names have been changed to protect the proprietary nature of the business.

