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Santa Teresa Foreign Trade Zone Expands *Expansion will allow creation of “Binational Campus”*

SANTA FE, NM –New Mexico Economic Development Department’s (NMEDD) Cabinet Secretary Fred Mondragón today announced the expansion of the Foreign Trade Zone (FTZ) in Santa Teresa, NM. The expanded FTZ provides manufacturers, suppliers and logistics suppliers in Doña Ana County the opportunity to locate on the U.S.-Mexico border adjacent to the Santa Teresa-San Jeronimo Port of Entry, near Union Pacific Railroad’s planned \$150 million fueling and intermodal facility linking Santa Teresa with Juarez, Chihuahua and U.S. Interstate 10.

“This is exciting news for companies doing business in Doña Ana County,” said Juan Massey, Director of NMEDD’s Office of Mexican Affairs (OMA). “By expediting the path to market of certain approved goods and services along the FTZ and eliminating some trade duties and fees, trade will increase to the mutual benefit of New Mexico and Mexico. It’s a true win-win situation.”

Foreign-Trade Zones (FTZs) are secure areas under U.S. Customs and Border Protection (CBP) supervision that are generally considered outside CBP territory upon activation. Located in or near CBP ports of entry, they are the United States’ version of what are known internationally as free-trade zones. Authority for establishing these facilities is granted by the Foreign-Trade Zones Board under the Foreign-Trade Zones Act of 1934.

The expanded Santa Teresa FTZ encompasses roughly 1,200 acres along the New Mexico-Mexico border, with approximately 2.3 million square feet of existing manufacturing and distribution facilities.

“This is a timely initiative, given the imminent fueling and intermodal facility,” said Senate Majority Whip Mary Jane Garcia, D-Dona Ana. “This will be a boost to the economy of Doña Ana County.”

According to OMA Director Juan Massey, the FTZ expansion will allow the creation of a Santa Teresa-San Jeronimo Binational Campus to recapture the original advantages of the New Mexico-Mexico *maquiladora* (twin-plant) industry with facilities built on the Mexican side of the border within 60 feet of their companion facilities in New Mexico.

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Such an arrangement will allow tenants of the campus to achieve previously unattainable levels of economic advantage derived from combining the business climate advantages of both countries.

"Santa Teresa will become one of the most important logistics, manufacturing and distribution centers of the U.S.-Mexico border in the near future," said Representative Mary Helen Garcia, D-Doña Ana. "With the establishment of modern infrastructure, Foreign Trade Zones and the Binational Campus, the New Mexico border will no longer go unnoticed as one of the most competitive staging points for global trade."

About Foreign Trade Zones

Foreign and domestic merchandise may be moved into Foreign Trade Zones for operations, not otherwise prohibited by law, including storage, exhibition, assembly, manufacturing, and processing. All FTZ activity is subject to public interest review. Foreign Trade Zone sites are subject to the laws and regulations of the United States as well as those of the states and communities in which they are located.

Under zone procedures, the usual formal CBP entry procedures and payments of duties are not required on the foreign merchandise unless and until it enters CBP territory for domestic consumption, at which point the importer generally has the choice of paying duties at the rate of either the original foreign materials or the finished product. Domestic goods moved into the zone for export may be considered exported upon admission to the zone for purposes of excise tax rebates and drawback.

Qualified public or private corporations that may operate the facilities themselves or contract for the operation sponsors foreign-trade zones. The operations are conducted on a public utility basis, with published rates. Many zone projects include an industrial park site with lots on which zone users can construct their own facilities.

For more information, visit www.cbp.gov/xp/cgov/import/cargo_control/ftz/about_ftz.xml

About the Santa Teresa-San Jeronimo Binational Campus

The creation of the Santa Teresa-San Jeronimo Binational Campus will provide the U.S.-Mexico border the ability to become more competitive against production threats from the Pacific Rim. This binational campus will allow the border region to attract more value-added manufacturers and prevent the further flight of companies to the Pacific Rim.

Manufacturing firms will be able to establish operations on both sides of the border within a "stone's throw" from each other. On the Mexican side of the border, manufacturers will be able to establish the labor-intensive side of their operations and take advantage of the region's highly skilled workforce. Production inputs from around the world will be imported duty-free into the *recinto fiscalizado* (controlled enclosure), where they will be transformed into finished products. These products will be transferred (again duty-free) to the staging and distribution operations within the FTZ on the Santa Teresa side of the border.

Automated integrated manufacturing, technology research and development companies, software developers, medical equipment manufacturers and electronics manufacturing are some of the sectors that would be attracted to such a business environment.

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