

§ 146.0 Scope.

Foreign trade zones are established under the Foreign Trade Zones Act and the general regulations and rules of procedure of the Foreign Trade Zones Board contained in 15 CFR part 400. This part 146 of the Customs Regulations governs the admission of merchandise into a foreign trade zone, manipulation, manufacture, or exhibition in a zone; exportation of the merchandise from a zone; and transfer of merchandise from a zone into Customs territory.

Subpart A—General Provisions**§ 146.1 Definitions.**

(a) The following words, defined in section 1 of the Foreign-Trade Zones Act of 1934, as amended (19 U.S.C. 81a), are given the same meaning when used in this part, unless otherwise stated: “Board”, “Grantee”, and “Zones”.

(b) The following are general definitions for the purpose of this part:

Act. “Act” means the Foreign-Trade Zones Act of June 18, 1934, as amended (48 Stat. 998-1003; 19 U.S.C. 81a-u).

Activation. “Activation” means approval by the grantee and port director for operations and for the admission and handling of merchandise in zone status.

Admit. “Admit” means to bring merchandise into a zone with zone status.

Alteration. “Alteration” means a change in the boundaries of an activated zone or subzone; activation of a separate site of an already-activated zone or subzone with the same operator at the same port; or the relocation of an already-activated site with the same operator.

Conditionally admissible merchandise. “Conditionally admissible merchandise” is merchandise which may be imported into the U.S. under certain conditions. Merchandise which is subject to permits or licenses, or which may be reconditioned to bring it into compliance with the laws administered by various Federal agencies, is an example of conditionally admissible merchandise.

Constructive transfer. “Constructive transfer” is a legal fiction which permits acceptance of a Customs entry for

merchandise in a zone before its physical transfer to the Customs territory.

Customs territory. “Customs territory” is the territory of the U.S. in which the general tariff laws of the U.S. apply. “Customs territory of the United States” includes only the States, the District of Columbia, and Puerto Rico. (General Note 2, Harmonized Tariff Schedule of the United States (19 U.S.C. 1202)).

Deactivation. “Deactivation” means voluntary discontinuation of the activation of an entire zone or subzone by the grantee or operator. Discontinuance of the activated status of only a part of a zone site is an alteration.

Default. “Default” means an action or omission that will result in a claim for duties, taxes, charges, or liquidated damages under the Foreign Trade Zone Operator Bond.

Domestic merchandise. “Domestic merchandise” is merchandise which has been (i) produced in the U.S. and not exported therefrom, or (ii) previously imported into Customs territory and properly released from Customs custody.

Foreign merchandise. “Foreign merchandise” is imported merchandise which has not been properly released from Customs custody in Customs territory.

Fungible merchandise. “Fungible merchandise” means merchandise which for commercial purposes is identical and interchangeable in all situations.

Merchandise. “Merchandise” includes goods, wares and chattels of every description, except prohibited merchandise. Building materials, production equipment, and supplies for use in operation of a zone are not “merchandise” for the purpose of this part.

Operator. “Operator” is a corporation, partnership, or person that operates a zone or subzone under the terms of an agreement with the zone grantee. Where used in this part, the term “operator” also applies to a “grantee” that operates its own zone.

Port Director. For those foreign trade zones located within the geographical limits of a port of entry, the term “port director” means the director of that port of entry. For those foreign trade zones located outside the geographical limits of a port of entry, the