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Northeast Kingdom Entire NEK Granted Foreign Trade Zone Status

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The U.S. Foreign Trade Zones Board has granted a special foreign trade zone designation to the entire Northeast Kingdom, which is expected to drive more economic development.

The foreign trade zone (FTZ) will benefit in particular the two foreign companies coming to set up shop in Newport City under Bill Stenger's NEK Economic Development Initiative -- AnC Bio Vermont and Menck Window Systems, both slated to create hundreds of jobs at the former Bogner site.

But other companies anywhere in the NEK that import materials for local production could qualify for the tariff- and tax-breaks in the foreign trade zone, said David Snedeker of Northeastern Vermont Development Association, which applied for the zone.

Companies that get approval from NVDA and U.S. Customs and Border Protection at the Derby Line port of entry can import materials with special tariff and tax-breaks and then assemble their products and ship them out again, he said.

"It's like it never came into the country," Snedeker said of the foreign goods that are imported in the zone.

The zone designation was granted March 22 and is intended to expedite and encourage foreign commerce, according to the trade zones board.

"I am extremely pleased with the granting of the Foreign Trade Zone status," Newport City Mayor Paul Monette said Tuesday.

"It is another economic tool which will help attract and maintain businesses in the Northeast Kingdom. Many thanks goes out to all the people involved in the application process."

Vermont's congressional delegation supported the creation of the trade zone in a letter to the trade zone board in November, noting that both AnC Bio Vermont from South Korea and Menck from Germany will take advantage of the zone.

"We anticipate the FTZ designation will strengthen these two companies, attract other manufacturers in similar fields and help existing manufacturers to grow," stated U.S. Sens. Patrick Leahy and Bernie Sanders and U.S. Rep. Peter Welch in the letter.

"This designation is a critical component of a multi-faceted economic development effort," the delegation stated.



FILE PHOTO

AnC Bio Vermont, which is expected to build a research tower like this at the former Bogner plant site in Newport City, expects to take advantage of the new foreign trade zone status for the Northeast Kingdom.



FILE PHOTO

Zach Gauvin washes a plane last fall at the Newport State Airport, a magnet site in the new foreign trade zone created in the Northeast Kingdom.

"Newport City Renaissance is delighted with the great news about Foreign Trade Zone status approval for the Northeast Kingdom of Vermont," said Patricia Sears, executive director of Newport City Renaissance Corporation.

"Foreign Trade Zone locations located in Newport and at the Newport State Airport in Coventry signal Newport's competitive edge and that we're 'Open for Business,' Sears said.

"The FTZ asset helps us develop Newport into the international innovative hub of the future."

Snedeker thanked Sears and others for promoting the idea of a foreign trade zone for Newport City and the airport, which NVDA expanded to benefit the entire NEK.

The former Bogner location is called a user-driven site within the trade zone -- because AnC Bio Vermont and Menck Windows are already approved to use the trade zone benefits, Snedeker said.

The zone also has three magnet sites, the Newport State Airport in Coventry and NVDA's two industrial parks in Orleans and St. Johnsbury -- Lyndon, he said.

The magnet sites would allow businesses to establish at the parks and at the airport and then take advantage of the pre-approved status of those sites and save money, Snedeker said.

They would still have to get Customs approval.

"We have land available," Snedeker said.

But any business owner anywhere in the NEK can apply on his or her own with NVDA and Customs to get the breaks from the zone, he said.

Companies can save money on reporting on shipments, and they can import materials and warehouse them and not pay duty until needed, he said, another benefit. A warehouse for such uses could be built at the airport, he said.

One company that already sees an advantage is Eden Ice Cider, which would import bottles to use for its products.

Several companies in St. Johnsbury -- Weidmann and Mobile Medical -- have inquired about the foreign trade zone and others are expected to be interested in the NEK because of the zone, Snedeker said.

"It's another tool available for economic development projects," he said.

NVDA is creating a fee schedule and agreements to present to businesses about the zone and the magnet sites. NVDA will hold an information meeting with interested businesses sometime in April, he said.

The NEK zone was granted under a new designation called alternative site framework, which allows an entire region to qualify as a foreign trade zone instead of just one industrial park, for example.

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