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Congress of the United States  
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May 24, 2011

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DEPUTY WHIP

Mr. Andrew McGilvray  
Executive Secretary  
Foreign-Trade Zones Board  
1401 Constitution Avenue, NW  
Room 2111  
Washington, D.C. 20230

Dear Mr. McGilvray,

I write today to comment on the Foreign-Trade Zone Board's Proposed Rule (75 *Federal Register* 82340-82362) issued on December 30, 2010. First and foremost, I appreciate and applaud the work put into updating the rules and regulations for Foreign Trade Zones (FTZ). Over the years, FTZs have attracted foreign investment in the United States; creating thousands of jobs for American workers. I appreciate the underlying recognition that continuous evaluation of federal regulations streamlines regulatory enforcement and continues to make FTZs and the companies operating in them more competitive.

The current rule as drafted will have many positive benefits, including expanding export trade, streamlining the processes and providing a more modern framework for determining economic benefit. However, I am concerned about part of the proposed rule which would have the unintended consequence of adding an additional regulatory burden on companies operating in FTZs.

Specifically, section 400.14 requires quarterly information to the Foreign-Trade Zone Board regarding any changes in source materials or component parts. Of particular concern is the two year look back period allowing the Foreign-Trade Zone Board to retroactively disapprove of a source material or component part deemed unacceptable. Making retroactive changes to existing production is very costly for businesses that have been acting in good faith. Greater flexibility is needed to allow companies to source the necessary component materials and parts to remain competitive. Annual reporting of overall sources of supply and domestic content should provide sufficient information that the general conditions of the board approval are met and any concerns should be satisfied prospectively.

Finally, with respect to controversial materials, we support the continued disclosure of these materials to the Foreign-Trade Zone Board in a timely manner by the manufacturer. Continuing timely disclosure of these materials allows full transparency and timely payment of any penalties by the manufacturer.

As the Foreign-Trade Zone Board continues to refine its proposed rule, we urge you to consider and address these concerns. Should you have any questions, please contact my office.

Sincerely,



Lynn Westmoreland  
Member of Congress