

# SILICON VALLEY MANUFACTURERS USE FOREIGN TRADE ZONES TO PROTECT JOBS, SAVE MONEY, SPEED GOODS TO MARKET

*New case study published by The Reshoring Institute outlines benefits, cost-savings, strategic advantages of a 3PL-operated FTZ*

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/EINPresswire.com/ -- SAN JOSE, CA – JUNE 20, 2018 – Local Silicon Valley manufacturers are reaping significant benefits in product quality, lower costs, reduced tariffs and supply chain efficiency through strategic application of local [Foreign Trade Zone](#) (FTZ) operations in their manufacturing processes. Those were among the findings of a recent study published by The [Reshoring Institute](#), a Silicon Valley-based non-profit organization providing research and support for companies bringing manufacturing back to America.



Reshoring Institute



“Use of a Foreign Trade Zone involves how imported goods, such as parts or sub-assemblies, are brought into the U.S., staged and sequenced for manufacturing. The goal is to strategically time final assembly of goods to coincide with peak demand or until the market is ready for the goods,” said

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Using Foreign Trade Zones involves imported goods, such as parts or sub-assemblies, brought into the U.S., staged, and sequenced for manufacturing before duty is paid and the goods are imported.”

*Rosemary Coates, Executive Director*

Rosemary Coates, Executive Director of The Reshoring Institute. “It’s a strategic supply chain strategy where companies, using an FTZ, can reduce, defer or in some cases eliminate import duties and taxes,” payment of which typically are triggered when material leaves the FTZ and enters U.S. commerce.

The study, which can be downloaded [here](#), examined the FTZ operations of Fremont, Calif.-based [RK Logistics Group](#), which operates Northern California’s only general purpose FTZ, and acts as a third-party logistics provider for several Silicon Valley manufacturers. RK has operated its FTZ in Fremont since 2016 and maintains 14 warehousing locations in the greater San Francisco Bay Area.

“RK is a great example of an FTZ which can support multiple clients in multiple industries,” noted Coates, adding that any business which imports parts and then assembles them into a finished product for sale in the U.S., or for export, can benefit from an FTZ.

Lean-based, just-in-time manufacturing depends on timely staging, delivery and sequencing into the assembly process of globally-sourced materials, as small as a bolt to a multi-ton sub-assembly, explained Coates. “The speed of a global supply chain can flex up and down as sourcing strategies shift and supply and demand parameters change,” she explained. “For any company looking to bring back or expand manufacturing operations in the U.S., an FTZ can be a quickly deployed, viable strategic option that has both service and cost benefits.”

FTZ’s are an important element in support of reshoring, the Reshoring Institute noted in the study. “Operations within an FTZ, whether manufacturing, kitting, warehousing or repairing goods, create jobs for Americans that might otherwise exist overseas,” Coates said. In addition, there is the magnifier effect on local economies. FTZs can facilitate other commerce through jobs such as trucking, import processing and documentation, and other logistics-related activities.

RK’s strategy is to help customers eliminate waste from the supply chain and provide long-term value-added services more as a partner than a vendor, says Rock Magnan, RK Logistics president. “We chose to make this investment in an FTZ as part of our 3PL-Plus philosophy of providing services whose capabilities and value goes beyond simple logistics,” he said.

In addition to FTZ operations, RK provides global spare parts staging and distribution; testing, assembly and kitting, hazmat storage, clean-room services, custom-designed, line-side sequencing operations for production lines, and customized transportation programs for local, regional, statewide and national needs. The company also supports retailers and e-tailers with warehousing and fulfillment of ecommerce orders, as well as JIT store-door deliveries.

A privately-held minority business enterprise, Fremont-based RK Logistics Group is a growing local company with over 700 employees. The company’s network of 14 warehousing centers in the greater San Francisco Bay Area represents nearly 1 million square feet of commercial distribution space for inventory management, manufacturing support and ecommerce fulfillment.

RK is also an industry leader in adopting robotics-assisted order picking and fulfillment technologies, and creating special industry-specific programs, such as sequencing parts into lean production lines at automotive and technology equipment factories, and just-in-time (JIT) deliveries to construction sites.

**ABOUT THE RESHORING INSTITUTE:** The Reshoring Institute, a 501c3 non-profit organization, offers free, downloadable research from its website, created and curated by graduate student interns from Santa Clara University, University of Southern California, University of San Diego, Rutgers University and St. Louis University. We also offer personalized consulting assistance at reasonable fees. The Institute’s mission is to provide research and support for companies bringing manufacturing and services back to America and to educate student interns about the business of manufacturing. For more information, contact Rosemary Coates, Executive Director, at [rcoates@ReshoringInstitute.org](mailto:rcoates@ReshoringInstitute.org) or +1 408.605.8867.

**ABOUT RK LOGISTICS GROUP:** RK Logistics is a premier 3PL provider of full-spectrum, customized supply chain services for the world’s most demanding customers. RK’s manufacturing support, warehousing, order fulfillment and transportation services feature lean practices, ISO-9001 and CA Board of Pharmacy 3PL Certifications, which is unique to a family-owned business. RK Logistics is

also a certified minority business enterprise. For more information, go to [www.rklogisticsgroup.com](http://www.rklogisticsgroup.com). For media inquiries, contact Gary Frantz, RK Logistics Group, (925) 594-1434, email to [garyf@rklogisticsgroup.com](mailto:garyf@rklogisticsgroup.com)

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