



BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE
Foreign-Trade Zones Board
[B-66-2018]

Foreign-Trade Zone (FTZ) 259 – International Falls, Minnesota;
Notification of Proposed Production Activity
Digi-Key Corporation
(Consumer Electronics)
Thief River Falls, Minnesota

Digi-Key Corporation (Digi-Key) submitted a notification of proposed production activity to the FTZ Board for its facilities in Thief River Falls, Minnesota. The notification conforming to the requirements of the regulations of the FTZ Board (15 CFR 400.22) was received on October 31, 2018.

The applicant indicates that it will be submitting a separate application for FTZ designation at the Digi-Key facilities under FTZ 259. The facilities are used for light value-added production and kitting of cable connectors and small fans for electronics. Pursuant to 15 CFR 400.14(b), FTZ activity would be limited to the specific foreign-status materials and components and specific finished products described in the submitted notification (as described below) and subsequently authorized by the FTZ Board.

Production under FTZ procedures could exempt Digi-Key from customs duty payments on the foreign-status components used in export production. On its domestic sales, for the foreign-status materials/components noted below, Digi-Key would be able to choose the duty rates during customs entry procedures that apply to: floor preparation tapes; tape polymer resins; anti-reflective tapes; custom cable assemblies of light emitting diodes; velostat foam; heatshrinks; hook and loop re-closable fasteners;

radio frequency shielding gold and copper tapes; wire sleeves; radio frequency shielding tape aluminum foil; custom fan cooling assemblies; starter evaluation boards; aluminum strips; custom reels of electrical transformers; modular power supplies; nickel-metal hydride battery packs; custom reel of inductors; alkaline battery packs; lithium battery packs; carbon zinc battery packs; nickel cadmium battery packs; custom reel of radio frequency integrated circuits; custom speaker cables; programmed microcontrollers; custom buzzers for indication or alerts; custom reel of ceramic dielectric capacitors; custom reel of capacitors; custom reel of fixed carbon resistors; custom reel of resistors; custom cable of thermistors; custom cable of rotary non-contact sensors; custom reel of diodes for over voltage protection; custom reel of integrated circuits; custom cable assemblies for pushbutton switches; custom cable assemblies; custom reel of female terminal connectors and slotted PVC wire ducts for cable management; custom reel of zener diodes; custom reel of mosfets; custom reel of transistors; custom reel of LEDs and optocouplers; custom reel of piezoelectric crystals and programmed oscillators; programmed reel of integrated circuits – memories and amplifiers; custom reel of integrated circuits; custom reel of particle accelerators; programmed encoders; coaxial cables; modular cables and custom cable of female terminal connectors; multi-pair cables, insulated displacement custom cables, ribbon cable custom cables, and cable grounds; ribbon cable custom cables; cable fiber optics; cable flex shields; protective sleeving hoses; snap-on lens for light emitting diodes and brightness enhancement films; custom reel of pressure sensors; custom reel of current switch sensors, and dual lock adhesive custom assemblies (duty rate ranges from duty-free to 7%). Digi-Key would be able to avoid duty on foreign-status components which

become scrap/waste. Customs duties also could possibly be deferred or reduced on foreign-status production equipment.

The components and materials sourced from abroad include: fan axials; alkaline batteries; zinc batteries; nickel cadmium batteries; nickel metal hydride batteries; aluminum capacitors; plug insulation displacement connectors, printed circuit board connector ribbons, and connector plugs; connector splices, connector terms, connector strain reliefs, cable modular coils, and cable ribbons used in custom cable assemblies (duty rate ranges from duty-free to 5.3%). The request indicates that several components will be admitted to the zone in privileged foreign status (19 CFR 146.41), thereby precluding inverted tariff benefits on such items. The request also indicates that certain materials/components are subject to special duties under Section 232 of the Trade Expansion Act of 1962 (Section 232) and Section 301 of the Trade Act of 1974 (Section 301), depending on the country of origin. The applicable Section 232 and Section 301 decisions require subject merchandise to be admitted to FTZs in privileged foreign status (19 CFR 146.41).

Public comment is invited from interested parties. Submissions shall be addressed to the Board's Executive Secretary at the address below. The closing period for their receipt is **[INSERT DATE 40 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

A copy of the notification will be available for public inspection at the Office of the Executive Secretary, Foreign-Trade Zones Board, Room 21013, U.S. Department of Commerce, 1401 Constitution Avenue, NW, Washington, DC 20230-0002, and in the

"Reading Room" section of the Board's website, which is accessible via www.trade.gov/ftz.

For further information, contact Christopher Wedderburn at Chris.Wedderburn@trade.gov or (202) 482-1963.

Dated: November 1, 2018.

Andrew McGilvray,
Executive Secretary.

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