

# San José Foreign Trade Zone and Sister Cities Program

**Community and Economic Development Committee**

**June 16, 2025**

**Item d(4)**

Joseph Hedges, International Affairs Manager

City Manager's Office of Economic Development and Cultural Affairs

# City of San José – Foreign Trade Zone 18 Grantee

The Foreign Trade Zone is a federal program passed into law by the U.S. Congress to foster U.S. commerce and trade.

San José received federal approval in 1974 to establish the 18<sup>th</sup> Foreign Trade Zone in the U.S.

The City administers the Foreign Trade Zone to facilitate economic growth, support jobs, manufacturing and trade.



# Foreign Trade Zone

- A site in the U.S., through federal designation, considered to be outside of a U.S. Customs area.
- Foreign merchandise is admitted into a Foreign Trade Zone duty free – duties are paid only if the merchandise enters into U.S. Customs area.
- A company can delay, reduce, or eliminate federal duties on foreign merchandise that is admitted into a Foreign Trade Zone.



# FOREIGN TRADE ZONE 18

## Service Area includes:

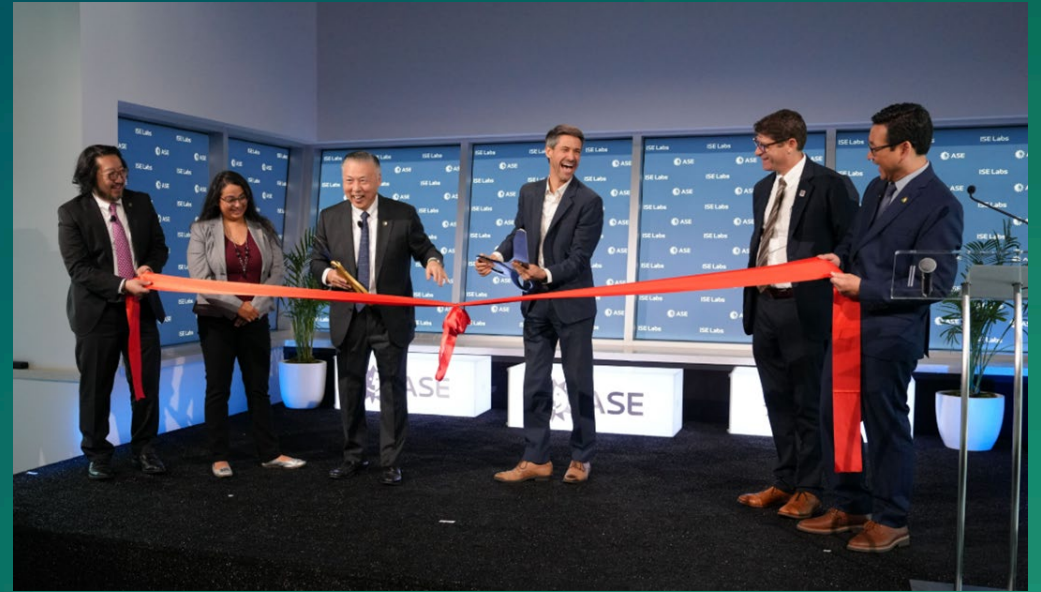
- Cities and towns in Santa Clara County
- Fremont
- Hayward
- Newark
- Santa Cruz
- Scotts Valley
- Union City





# Foreign Trade Zone Benefits

- Financial savings and operational benefits that allow businesses to maintain and grow U.S. operations.
- Enhances the global competitiveness of companies operating in the U.S.
- Helps to drive the economy at every level—national, state and local.
- Provides flexibility for company operations and protects companies in times of trade uncertainty.



# Recent Foreign Trade Zone 18 Activity

- Activity in 2023:
  - \$10-\$25 billion in merchandise received
  - Over \$5 billion in exports
  - 30,000+ employees
- Activity in 2024:
  - 50<sup>th</sup> Anniversary of Foreign Trade Zone 18
  - Three new companies joined
- Activity in 2025:
  - April Presidential Executive Order changed the benefits of operating within a foreign trade zone



Source: Reports submitted by FTZ 18 operators



# San José Sister Cities Program

- San José is a charter member of the national Sister Cities network and established one of the nation's first Sister City affiliations.
- A Sister City affiliation encourages international citizen diplomacy collaboration and exchanges in education, the arts, economic development, sport, civic affairs and other community programs.



# San José's Sister Cities

Okayama, Japan (1957)\*

Dublin, Ireland (1986)\*

San José, Costa Rica (1961)

Ekaterinburg, Russia (1992)

Veracruz, Mexico (1975)

Pune, India (1992)\*

Tainan, Taiwan (1977)\*

Guadalajara, Mexico (2014)\*

\*Sister City Program with active community organization

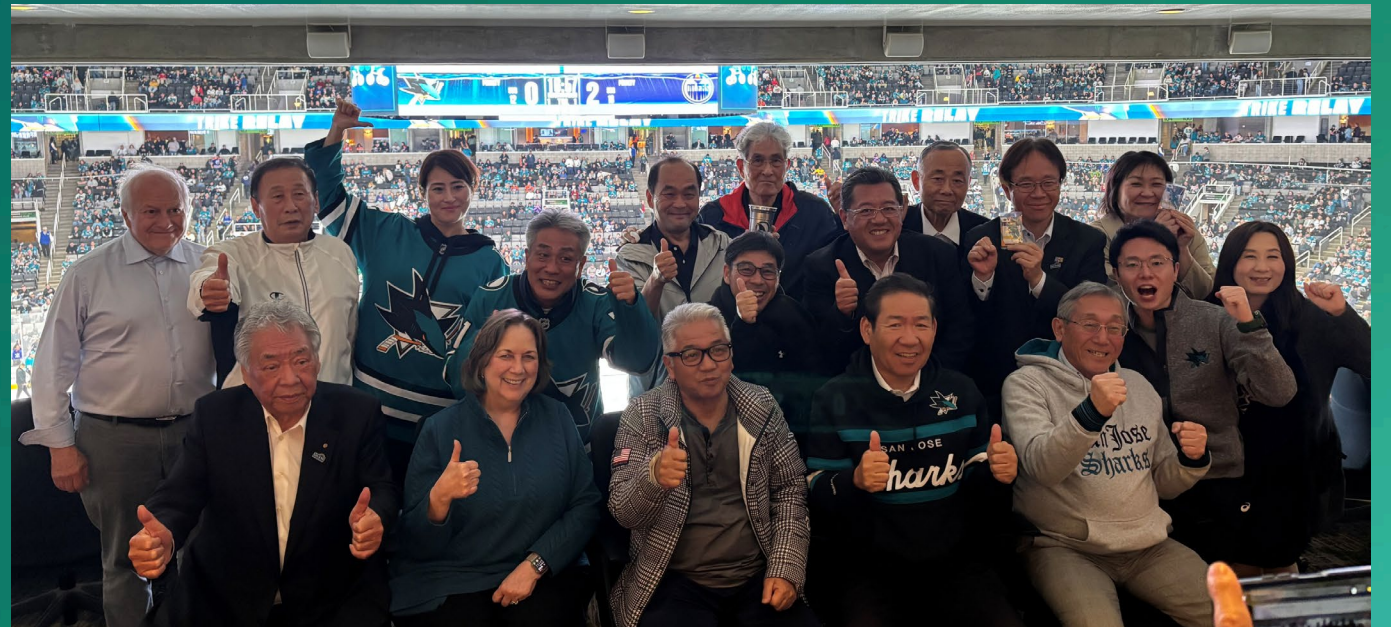


# San José Delegation Visit to Dublin – September 2024





# Okayama Delegation Visit April 2025



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