

The Foreign-Trade Zone Export Enhancement Act of 2026

A bipartisan fix that levels the playing field for **American manufacturers** operating inside U.S. Foreign-Trade Zones — closing a duty loophole that Mexico and Canada have used to undercut U.S. jobs.

01 / THE PROBLEM

Under USMCA, U.S. manufacturers in Foreign-Trade Zones must pay duties on inputs used in products made by **American workers** and exported to Canada or Mexico. Both countries have implemented special duty regimes that **override that requirement** — putting U.S. FTZs at a structural disadvantage in the trilateral market they helped build.

02 / THE PURPOSE

Clarify tariff treatment for merchandise in U.S. foreign-trade zones — and ensure FTZs continue to drive U.S. competitiveness, capital investment, and American jobs. If enacted, this **bipartisan legislation** extends duty-relief to goods produced or altered in a federally designated FTZ and exported to Mexico or Canada.

03 WHAT THE BILL DOES

I.

DUTY-FREE EXPORT TREATMENT

Merchandise processed or altered in a U.S. FTZ and classifiable under **HTSUS 9801.00.95** enters free of duty upon export — regardless of existing statutory restrictions.

II.

COVERAGE FOR COMPONENTS

If a product consists of components processed in an FTZ under the same procedures, **those components also receive duty-free status** — protecting the full domestic value chain.

III.

NEW TARIFF CATEGORY

Inserts **HTSUS subheading 9801.00.95** for FTZ goods subject to USMCA duty-deferral rules and exported directly to a USMCA partner. Duty rate: **F R E E**.

04 WHAT IT DOES NOT DO

✗ DOES NOT CHANGE USMCA ITSELF.

Amends U.S. statutes, not the treaty.

✗ DOES NOT ALTER U.S. IMPORT DUTIES.

Applies **only to FTZ goods exported** to a USMCA country.

✗ DOES NOT EXPAND FTZ OPERATIONS.

Modifies tariff treatment only; no change to governance, admission, or zone authority powers.

✗ DOES NOT CREATE NEW FUNDING.

No appropriations, no new agencies, no grant programs.

✗ DOES NOT GRANT BLANKET FTZ RELIEF.

Benefit applies **only to goods meeting all four conditions** below.

✗ DOES NOT TOUCH BROADER TRADE POLICY.

Scope is tightly limited to FTZ-processed goods exported to *USMCA markets only*.

05 THE FOUR - CONDITION TEST

A good qualifies only if all four are met

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Falls under **HTSUS 9801.00.95**

02

Subject to **USMCA** duty-deferral rules

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Manufactured or altered inside a U.S. FTZ

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Exported directly to a USMCA partner