

Trade zone sought

Tejon Ranch pursues status for warehouse complex to spur international business

By Matt Phillips

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Large landowner Tejon Ranch Corp. is preparing its warehouse complex to tap into the booming Pacific port trade.

“We’re laying the groundwork for more international business,” said Barry Hibbard, vice president of commercial industrial real estate for Tejon Ranch.

Swedish furniture and housewares retailer IKEA has started applications to designate its 1.7 million-square-foot warehouse at the Tejon Industrial Complex as a foreign trade zone.

Companies in designated foreign trade zones can import items duty-free. Duties aren’t paid until the products leave the zone and are sold in the country.

Delayed duty payments free up cash companies can use to make money elsewhere.

In an October 19 letter to the U.S. Department of Commerce, the Kern County Board of Supervisors supported IKEA’s trade zone application.

The port of Los Angeles’ Board of Harbor Commissioners signed off on IKEA’s application at its October 27 meeting

Foreign trade zone designation can save companies on fees, time and paperwork, Hibbard said.

It could also help companies get their containers out of the Port of Los Angeles faster.

“That’s a bigger and bigger deal for some of the major retailers,” Hibbard said.

IKEA’s foreign trade zone would only apply to that one building in Tejon’s distribution complex. That’s why Tejon Ranch Corp. plans to apply for trade zone designation on other parcels at its warehouse complex.

“We’re currently talking to a couple of groups that will assist us in going through the applications process,” Hibbard said.

Foreign trade zone designation may help Tejon court more international business for its warehousing complex.

It could also generate better-paying jobs for the people of Kern County, said Allan Krauter, legislative analyst for the county.

Officials say the designation can help spur job growth by making an attractive environment for manufacturing companies to set up shop.

“The foreign trade zone status gives a big advantage to bringing additional business to Kern County,” said Jon McQuiston, chairman of the Kern County Board of Supervisors.

It may take awhile to set up.

The designation process can take as long as 18 months, said Jim MacLellan, director of marketing at the Port of Los Angeles.

Ultimately, approval is decided by the Foreign Trade Zones Board, a regulatory agency in Washington D.C.

There’s another step after designation. Designated areas can’t be used for zone activity until the site has been approved by U.S. Customs agents.

There are currently some 240 communities, according to the Foreign Trade Zones Board.