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S. 1291

To identify and evaluate the compliance of foreign free trade zones with international standards, and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 3, 2025

Mr. CASSIDY (for himself and Mr. WHITEHOUSE) introduced the following bill;
which was read twice and referred to the Committee on Finance

A BILL

To identify and evaluate the compliance of foreign free trade zones with international standards, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Containing and Lim-
5 iting the Extensive Abuses Noticed in Free Trade Zones
6 Act of 2025” or the “CLEAN FTZ Act of 2025”.

7 **SEC. 2. DEFINITIONS.**

8 In this Act:

1 (1) COMMISSIONER.—The term “Commis-
2 sioner” means the Commissioner of U.S. Customs
3 and Border Protection.

4 (2) ILLICIT INTERNATIONAL TRADE.—The term
5 “illicit international trade” means any practice or
6 conduct that—

7 (A) is prohibited by United States law or
8 in violation of relevant international standards,
9 including the guidelines and standards de-
10 scribed in section 4(b)(3); and

11 (B) relates to production, shipment, re-
12 ceipt, possession, distribution, sale, or purchase
13 of any goods, including any practice or conduct
14 intended to facilitate such activity.

15 (3) NON-UNITED STATES FREE TRADE ZONE;
16 ZONE.—

17 (A) IN GENERAL.—The terms “non-United
18 States free trade zone” and “zone” mean a des-
19 ignated area within the customs territory of a
20 foreign country that is treated for purposes of
21 payment of duties or taxes as though the area
22 were located outside the customs territory of
23 that country.

24 (B) SYNONYMOUS TERMS.—Synonymous
25 terms commonly used to refer to zones de-

1 scribed in subparagraph (A) include “free
2 zones”, “special economic zones”, “export proc-
3 essing zones”, “free economic zones”, and
4 “freeports”.

5 (4) PERSON.—The term “person” means an in-
6 dividual or entity.

7 **SEC. 3. IDENTIFICATION OF INTERNATIONAL FREE TRADE**
8 **ZONES.**

9 (a) IN GENERAL.—Not later than 2 years after the
10 date of the enactment of this Act, the Commissioner, in
11 consultation with the Secretary of Commerce, the Sec-
12 retary of State, the Secretary of the Treasury, and the
13 United States Trade Representative, shall identify and
14 publish, on a publicly accessible internet website, a list of
15 non-United States free trade zones that includes the iden-
16 tity, location, and administrators of each such zone.

17 (b) PERIODIC REVIEWS.—The Commissioner shall
18 review the list of non-United State free trade zones re-
19 quired by subsection (a) on a periodic basis, and not less
20 frequently than annually—

21 (1) to ensure the information included for each
22 zone is correct;

23 (2) to add new zones to the list; and

24 (3) to remove zones no longer in existence from
25 the list.

1 **SEC. 4. CLASSIFICATION OF COUNTRIES INTO TIERS.**

2 (a) IN GENERAL.—Not later than 180 days after the
3 list of zones required by section 3 is published, the Com-
4 missioner, in consultation with the Secretary of Com-
5 merce, the Secretary of State, the Secretary of the Treas-
6 ury, and the United States Trade Representative, shall
7 publish, on a publicly accessible internet website, a classi-
8 fication of the countries in which those zones are located
9 into tiers as provided by this section.

10 (b) METHODOLOGY.—The Commissioner shall base
11 the tier classification of countries under subsection (a) on
12 the following standards:

13 (1) Maintenance of a low level of transnational
14 criminal activity in illegally trading narcotics, arms,
15 persons, tobacco, counterfeit consumer goods, com-
16 modities, and wildlife occurring in zones located in
17 a country.

18 (2) Effective efforts by the government of the
19 country to counter illicit international trade in zones
20 located in the country, including the effectiveness of
21 penalties and sanctions imposed on countering such
22 trade, compliance with United States and United
23 Nations sanctions regimes, screening practices to de-
24 tect illicit goods, and eliminating criminal activities
25 related to illicit international trade.

1 (3) The compliance of zones located in the
2 country with the international guidelines and stand-
3 ards set forth in—

4 (A) the document of the Organisation for
5 Economic Co-operation and Development enti-
6 tled “Recommendation on Countering Illicit
7 Trade: Enhancing Transparency in Free Trade
8 Zones”;

9 (B) chapter 2 of Specific Annex D of the
10 International Convention on the Simplification
11 and Harmonization of Customs Procedures,
12 done at Kyoto, Japan, on May 18, 1973, as
13 amended by the Protocol of Amendment, done
14 at Brussels, Belgium, on June 26, 1999 (com-
15 monly referred to as the “Revised Kyoto Con-
16 vention”);

17 (C) the United Nations Convention against
18 Transnational Organized Crime, done at New
19 York November 15, 2000, and entered into
20 force September 29, 2003 (TIAS 13127);

21 (D) the United Nations Convention against
22 Illicit Traffic in Narcotic Drugs and Psycho-
23 tropic Substances, done at Vienna December
24 20, 1988;

1 (E) the international standards on combating money laundering and the financing of
2 terrorism and proliferation of the Financial Action Task Force;
3

4
5 (F) the United Nations Convention against
6 Corruption, signed at Merida December 9,
7 2003;

8 (G) the Practical Guidance on Free Zones
9 of the World Customs Organization;

10 (H) the Agreement on Trade Facilitation
11 of the World Trade Organization;

12 (I) the Agreement on Trade-Related Aspects of Intellectual Property Rights of the
13 World Trade Organization (commonly referred
14 to as the “TRIPS Agreement”); and
15

16 (J) best practices and guidelines of multi-
17 lateral export control regimes of which the
18 United States is a member, including practices
19 and guidelines related to implementation of controls on transit and transshipment of export-
20 controlled commodities, software, and technology.
21
22

23 (4) Such other standards as the Commissioner
24 considers relevant.

1 (c) TIERS.—The Commissioner, in consultation with
2 the Secretary of Commerce, the Secretary of State, the
3 Secretary of the Treasury, and the United States Trade
4 Representative, shall classify each country in which zones
5 on the list required by section 3 are located into one of
6 the following 4 tiers:

7 (1) Countries with zones that fully comply with
8 standards described in subsection (b) (to be known
9 as “tier I countries”).

10 (2) Countries with zones that do not fully com-
11 ply with those standards but are making significant
12 efforts to bring themselves into compliance with
13 those standards (to be known as “tier II countries”).

14 (3) Countries (to be known as “tier III coun-
15 tries”) with zones that do not fully comply with
16 those standards and are making efforts to bring
17 themselves into compliance with those standards,
18 but—

19 (A) the volume of goods or type of goods
20 processed in those zones is significant and the
21 country is not taking proportional concrete ac-
22 tions; or

23 (B) there is a failure to provide evidence of
24 increasing efforts to combat illicit international
25 trade in those zones from the previous year.

1 (4) Countries with zones that do not comply
2 with those standards and are not making efforts to
3 bring themselves into compliance with those stand-
4 ards (to be known as “tier IV countries”).

5 (d) PUBLICATION OF CLASSIFICATION CRITERIA.—

6 The Commissioner shall publish the assessment criteria
7 and methodology used to classify countries into the tiers
8 described in subsection (c).

9 (e) CLASSIFICATION CHANGE.—

10 (1) PROGRESS IN MEETING STANDARDS.—A

11 tier II, tier III, or tier IV country may be reclassi-
12 fied as a tier I, tier II, or tier III country, respec-
13 tively, if the zones located in the country show sig-
14 nificant progress in complying with the standards
15 described in subsection (b), as determined by the
16 Commissioner, in consultation with the Secretary of
17 Commerce, the Secretary of State, the Secretary of
18 the Treasury, and the United States Trade Rep-
19 resentative.

20 (2) DECREASING COMPLIANCE WITH STAND-

21 ARDS.—A tier I, tier II, or tier III country may be
22 reclassified as a tier II, tier III, or tier IV country,
23 respectively, if the zones located in the country show
24 decreasing compliance with the standards described
25 in subsection (b), as determined by the Commis-

1 sioner, in consultation with the Secretary of Com-
2 merce, the Secretary of State, the Secretary of the
3 Treasury, and the United States Trade Representa-
4 tive.

5 (f) NOTIFICATION TO ZONES.—Not later than 240
6 days after publishing the classification of countries re-
7 quired by subsection (a), the Commissioner shall notify the
8 government of each country of the tier to which the coun-
9 try was classified.

10 (g) PERIODIC REVIEWS.—The Commissioner shall
11 review each country in which zones on the list required
12 by section 3 are located on a periodic basis, and not less
13 frequently than annually, to determine whether the coun-
14 try is correctly classified under this section.

15 **SEC. 5. ASSISTANCE WITH RESPECT TO TIER II, TIER III,**
16 **AND TIER IV COUNTRIES.**

17 (a) IN GENERAL.—The Commissioner may provide
18 recommendations and best practice methodologies to coun-
19 tries classified as tier II, tier III, or tier IV countries
20 under section 4 to improve the effectiveness of law en-
21 forcement and to combat illicit international trade in the
22 zones located in those countries.

23 (b) FOREIGN COMMERCIAL SERVICE STRATEGY.—
24 The Commissioner shall consider the list of zones required
25 by section 3 in the development of strategies regarding

1 the distribution, priorities, and activities of foreign com-
2 mercial service officers in countries classified as tier II,
3 tier III, or tier IV countries under section 4.

4 (c) SCRUTINY UNDER SANCTIONS LAWS.—The Com-
5 missioner shall monitor countries classified as tier II, tier
6 III, or tier IV countries under section 4 to determine if
7 the President may impose the measures under section 6
8 to ensure greater implementation in the zones located in
9 those countries of the standards described in section 4(b).

10 (d) PHONE HOTLINE AND SECURE WEBSITE FOR
11 REPORTING.—The Commissioner shall establish and
12 maintain a dedicated, publicly accessible telephone hotline
13 and secure internet website for entities operating in a zone
14 located in a tier I, tier II, tier III, or tier IV country to
15 report instances of illicit international trade in that zone
16 that—

17 (1) impact or potentially impact their oper-
18 ations; or

19 (2) may justify reclassification of the country
20 under section 4(e).

1 **SEC. 6. IMPOSITION OF ECONOMIC SANCTIONS AND VISA**
2 **RESTRICTIONS WITH RESPECT TO FACILITA-**
3 **TION AND SUPPORT OF ILLICIT INTER-**
4 **NATIONAL TRADE IN TIER II, TIER III, AND**
5 **TIER IV COUNTRIES.**

6 (a) **IN GENERAL.**—The President may impose the
7 measures described in subsection (b) with respect to any
8 foreign person that the President determines, on or after
9 the date of the enactment of this Act and based on credible
10 evidence—

11 (1) has organized, arranged, financed, con-
12 ducted, or participated in illicit international trade
13 within a zone located in a country classified as a tier
14 II, tier III, or tier IV country under section 4;

15 (2) has acted as an agent of or on behalf of an-
16 other foreign person in facilitating an action leading
17 to illicit international trade occurring in such a zone;

18 (3) has materially assisted, sponsored, or pro-
19 vided financial, material, or technological support
20 for, or goods or services in support of, illicit inter-
21 national trade occurring in such a zone; or

22 (4) has conducted or facilitated corruption or
23 money laundering occurring in such a zone.

24 (b) **MEASURES DESCRIBED.**—The measures de-
25 scribed in this subsection are the following:

1 (1) BLOCKING OF PROPERTY.—The President
2 may exercise all of the powers granted to the Presi-
3 dent under the International Emergency Economic
4 Powers Act (50 U.S.C. 1701 et seq.) to the extent
5 necessary to block and prohibit all transactions in
6 property and interests in property of a foreign per-
7 son described in subsection (a) if such property and
8 interests in property are in the United States, come
9 within the United States, or are or come within the
10 possession or control of a United States person.

11 (2) INELIGIBILITY FOR VISAS, ADMISSION, OR
12 PAROLE.—

13 (A) VISAS, ADMISSION, OR PAROLE.—A
14 noncitizen described in subsection (a) is—

15 (i) inadmissible to the United States;

16 (ii) ineligible to receive a visa or other
17 documentation to enter the United States;

18 and

19 (iii) otherwise ineligible to be admitted
20 or paroled into the United States or to re-
21 ceive any other benefit under the Immigra-
22 tion and Nationality Act (8 U.S.C. 1101 et
23 seq.).

24 (B) CURRENT VISAS REVOKED.—A noncit-
25 izen described in subparagraph (A) is subject to

1 revocation and cancellation, in accordance with
2 section 221(i) of the Immigration and Nation-
3 ality Act (8 U.S.C. 1201(i)), of any visa or
4 other entry documentation in the possession of
5 the noncitizen, regardless of when the visa or
6 other entry documentation is or was issued.

7 (c) IMPLEMENTATION; PENALTIES.—

8 (1) IMPLEMENTATION.—The President may ex-
9 ercise all authorities provided under sections 203
10 and 205 of the International Emergency Economic
11 Powers Act (50 U.S.C. 1702 and 1704) to carry out
12 this section, including investigating, regulating, or
13 prohibiting—

14 (A) any transactions in foreign exchange
15 by any person, or with respect to any property,
16 subject to the jurisdiction of the United States;

17 (B) transfers of credit or payments be-
18 tween, by, through, or to any banking institu-
19 tion, to the extent that such transfers or pay-
20 ments involve—

21 (i) any interest of any foreign country
22 or national of a foreign country; and

23 (ii) any person, or with respect to any
24 property, subject to the jurisdiction of the
25 United States; and

1 (C) the importing or exporting of cur-
2 rencies or securities any person, or with respect
3 to any property, subject to the jurisdiction of
4 the United States.

5 (2) PENALTIES.—Any person that violates, at-
6 tempts to violate, conspires to violate, or causes a
7 violation of subsection (b)(1) or a regulation, license,
8 or order issued to carry out that subsection shall be
9 subject to the penalties set forth in subsections (b)
10 and (c) of section 206 of the International Emer-
11 gency Economic Powers Act (50 U.S.C. 1705) to the
12 same extent as a person that commits an unlawful
13 act described in subsection (a) of that section.

14 (d) EXCEPTION TO COMPLY WITH UNITED NATIONS
15 HEADQUARTERS AGREEMENT AND LAW ENFORCEMENT
16 OBJECTIVES.—Subsection (b)(2) shall not apply with re-
17 spect to a noncitizen if admitting or paroling the noncit-
18 izen into the United States—

19 (1) would further important law enforcement
20 objectives; or

21 (2) is necessary to permit the United States to
22 comply with the Agreement regarding the Head-
23 quarters of the United Nations, signed at Lake Suc-
24 cess June 26, 1947, and entered into force Novem-
25 ber 21, 1947, between the United Nations and the

1 United States, or other applicable international obli-
2 gations of the United States.

3 (e) DEFINITIONS.—In this section:

4 (1) ADMISSION; ADMITTED.—The terms “ad-
5 mission” and “admitted” have the meanings given
6 those terms in section 101 of the Immigration and
7 Nationality Act (8 U.S.C. 1101).

8 (2) FOREIGN PERSON.—The term “foreign per-
9 son” means an individual or entity that is not a
10 United States person.

11 (3) NONCITIZEN.—The term “noncitizen”
12 means an individual who is not a citizen or national
13 of the United States (as defined in section 101 of
14 the Immigration and Nationality Act (8 U.S.C.
15 1101)).

16 (4) UNITED STATES PERSON.—The term
17 “United States person” means—

18 (A) an individual who is a United States
19 citizen or an alien lawfully admitted for perma-
20 nent residence to the United States; or

21 (B) an entity organized under the laws of
22 the United States or any jurisdiction within the
23 United States, including a foreign branch of
24 such an entity.

1 **SEC. 7. AUTHORIZATION OF APPROPRIATIONS.**

2 (a) IN GENERAL.—There are authorized to be appro-
3 priated to the Commissioner, without fiscal year limita-
4 tion, such sums as may be necessary to carry out this Act.

5 (b) AVAILABILITY OF AMOUNTS.—Amounts appro-
6 priated pursuant to the authorization of appropriations
7 under subsection (a) shall remain available until expended.

8 (c) SUPPLEMENT NOT SUPPLANT.—Amounts appro-
9 priated pursuant to the authorization of appropriations
10 under subsection (a) shall supplement and not supplant
11 other amounts available for such purposes.

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