AES Newsletter

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End of an Era

by Keith Jones, AES Census Client Representative, Foreign Trade Division

Yes, the rumors are true! Trade Ombudsman Jerome (Jerry) Greenwell retired in early January 2009, after more than 36 years of federal service, all of it in the Foreign Trade Division (FTD) of the U. S. Census Bureau. At the time of this publication, Mr. Greenwell had not announced his future plans, but hoped to continue in the area of export compliance.

We congratulate Jerry Greenwell on his retirement and numerous accomplishments, and thank him for many years of excellent service representing the FTD throughout the trade community.

Changing of the Guard

by Wendy Peebles, Chief, Automated Export System Branch, Foreign Trade Division

The FTD is pleased to announce the selection of Ms. Dale Dickerson Kelly as Assistant Division Chief for Data Collection Programs and of Mr. Joe Cortez as Branch Chief of the Regulations, Outreach, and Education Branch (ROEB). Ms. Kelly joined the ROEB in 1999 and Mr. Cortez in 2003. They have been responsible for the Foreign Trade Regulations (FTR) as well as for outreach and education initiatives with the trade community pertaining to the collection of export data via the Shipper's Export Declaration (SED, Form 7525-V) and the Automated Export System (AES). In 2008, each was awarded the U.S. Department of Commerce Silver Medal for Leadership and the Census Bureau Director's Award for Innovation.

Both played major roles in the publication of the new FTR published in the *Federal Register* on June 2, 2008. Mr. Cortez now is responsible for maintaining the FTR as well as the FTD's outreach and education programs. Ms. Kelly will coordinate the projects and programs in four branches: the ROEB, AES, Data Collection Coordination, and the AES programs in the Customs Systems Requirement Branch.

What Unit of Measure Should I Use?

by Eric Gauthier, AES Census Client Representative, Foreign Trade Division

When filing shipment information, many filers become confused on what to report in the quantity and unit of measure fields. In the FTR and in the AES Technical Interface Requirements, the term used is "Unit of Measure," but for AES*Direct* and AES*PcLink* we changed the wording to "Units for 1st Quantity" and "Units for 2nd Quantity" to link them to the quantity fields.

Commonly asked questions regarding quantity and unit of measure include:

- "Do I need to complete the "1st Quantity," "2nd Quantity," "Units for 1st Quantity," or "Units for 2nd Quantity" fields? Or all of them?"
- "Should I select kilograms, number, pieces, or dozens?"
- "My invoice shows "pieces" or "units," but another unit of measure popped up on the screen. Should I change it to agree with my invoice?"
- "Could I just use "X No Unit Required" for everything? It's faster!"

Using AES*Direct* and AES*PcLink* makes these decisions easier for you!

Once you enter a valid Schedule B or Harmonized Tariff Schedule (HTS) code on the Commodity Line screen, the system will automatically populate the "Units for 1st Quantity" field and, if required, the "Units for 2nd Quantity" field. Each Schedule B/HTS code has an associated unit of measure.

Below are some examples of classification codes, descriptions, and the corresponding unit of measure:

As shown in Figure 1 below, the Schedule B commodity code 0808200000 (Pears and Quinces, Fresh) requires the "Units for 1st Quantity" to be reported as "kilograms" (KG). Once you enter the commodity code and press "Enter" on your keyboard, you will see that the "Units for 1st Quantity" field appears as "Kilograms," while the "Units for 2nd Quantity" field remains "None Selected."

Complete the requested information (net weight in kilograms) for the "1st Quantity" field and leave the "2nd Quantity" field empty. Even though you have just entered the net weight in kilograms "1st Quantity" field, you still need to complete the "Gross Weight" data element, which appears further down on the screen.

[Note: Some Schedule B commodity codes require both 1st and 2nd Quantity, based on the requirements of the Schedule B. If required, you must enter both quantities (with the required unit of quantity). Unless required, do not report 2nd Quantity. Failure to follow these requirements will cause your Electronic Export Information (EEI) transmission to fail.]

Figure 1: The Schedule B for "Pears and Quinces, Fresh" and the populated "Unit for 1st Quantity" field.

Another method to determine the appropriate unit of measure is to view the Schedule B search engine on the FTD Web site at <www.census.gov/scheduleb>. Once you enter the keyword in the description field of the commodity that you are trying to classify and locate the appropriate Schedule B code, an abbreviation for the unit of measure that you need to report will appear. See Figure 2 for an example based on the "pears and quinces" that we researched earlier in this article.
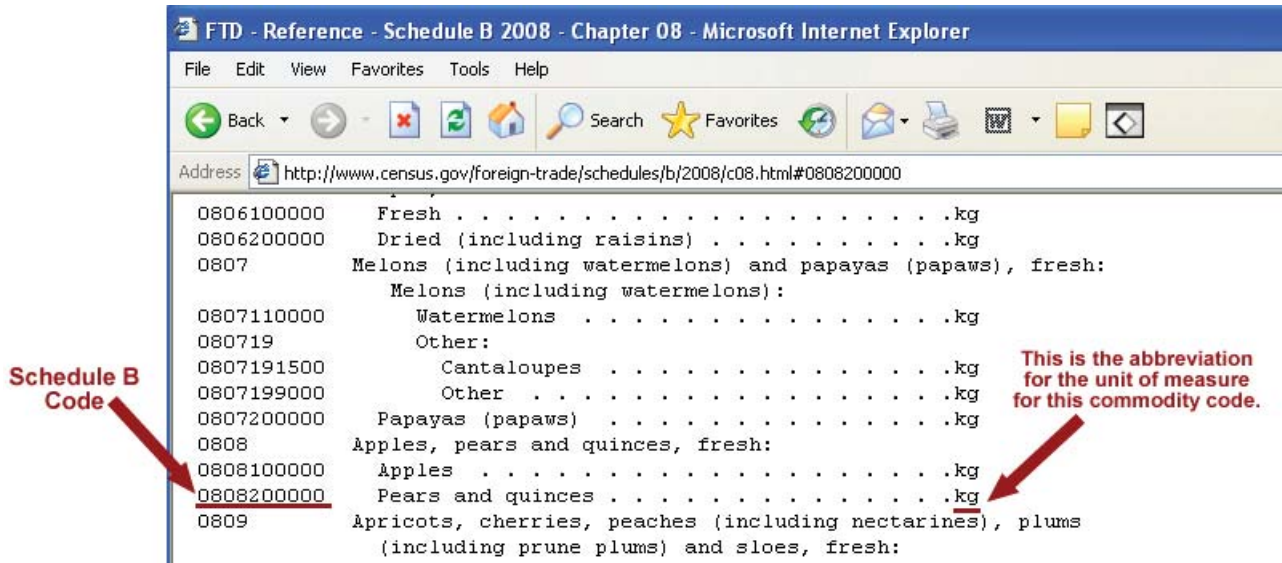
Figure 2: You can see that the assigned unit of measure for Schedule B 0808200000 is kg – (kilograms).

In some instances, your commercial invoice or other shipping documents may show different units of measure than the units required by the commodity codes. If you try to change the "Units for 1st/2nd Quantity" fields from the ones provided by the system, the information will not be accepted. You must keep the unit of measure as indicated by the system.

If you have further questions regarding the Commodity screen in the AES*Direct* or AES*PcLink*, you can speak with an AES Census Client Representative at 800-549-0595, Menu Option 1. If you need assistance with commodity classification, please call 800-549-0595 and choose Menu Option 2 for the Commodity Analysis Branch.

Helpful Hints for **AES*Direct*** Users

by Rena Shooman, AESDirect Technical Support Representative, Flagship Customs Service, Inc.

Here are a few practical suggestions that will assist users when logging into the AES*Direct* applications.

1. Does the login screen come back repeatedly when you attempt to log into AES*Direct* or AES*PcLink*? This could mean that your computer is plugging in an old password stored on your PC, server, or local network. The first action to try is to "delete all cookies," a command usually found either in the Tools Menu or in the Security Menu of your Internet browser. If the problem continues, please update your browser to the latest version available or replace it with a new browser such as Mozilla Firefox.

2. Are you experiencing problems with your password during the AES*Direct* or AES*PcLink* applications? Check with your Account Administrator, User Manager, or the person who assigned your login information. Either the Account Administrator or a User Manager should be able to reset your password without having to contact Technical Support.

3. Are you having trouble creating a new password that meets all the rules and is also easy to remember? One idea is to pick any familiar word and insert a number or allowed symbol before or after each letter. Although AES*Direct* does not allow any words that are found in the dictionary, if you separate the letters with numbers or symbols, you should be able to formulate passwords much more easily. For example, the password of "ce1ns2us#" would be an acceptable password using "census" as the base word.

4. Even if you are the only user on your account, please establish both an administrative username and a regular username, in case your regular username expires or becomes locked out. This way, you will be able to change your own password, rather than sending a help request to Technical Support.

5. If all else fails, please contact AES*Direct* Technical Support at 877-715-4433. Our customer service desk is staffed from 7a.m. to 7p.m. (EST), seven days per week.

Notes From the Bureau of Industry and Security (BIS)

by Gerry Horner, Senior Trade & Industry Analyst, BIS

Export Licensing

In Fiscal Year (FY) 2008, BIS processed 21,290 export license applications involving trade worth approximately $72.2 billion. This marked an increase of 9 percent over the 19,504 applications processed in FY 2007 and represented the highest number of applications reviewed by the Bureau in over a decade. BIS approved 17,942 license applications, returned 3,171 applications without action, and denied 177 applications. In FY 2008, BIS continued to ensure the timely review of all license applications with an average processing time of 27 days.

During the most recent 2-year validation period for licenses (2005–07), companies exported against 51.8 percent of licenses on controlled exports (not including software and technology) approved by BIS.

Outreach and Education

In FY 2008, BIS continued its aggressive outreach program of communication with industry to educate exporters on their responsibilities under the Export Administration Regulations (EAR).

Our regulatory specialists assisted approximately 53,000 people in one-on-one telephone counseling sessions. BIS reached nearly 4,300 people through 41 domestic export control

outreach seminars conducted in 18 states. In addition, we conducted seven international export control outreach seminars in Japan, Hong Kong, Malaysia, Singapore, Austria, and Germany with a combined audience of 800-plus attendees.

In FY 2008, BIS launched an Online Training Room that offers an introductory series of easy-to-use training modules. Additionally, we held four Webinars on topics of interest to the exporting community. For a list of BIS online training, course descriptions, seminar schedules, and archived Webinars, please visit <www.bis.doc.gov/seminarsandtraining /index.htm>.

Automated Export System (AES) Compliance with the EAR

For calendar year 2007, United States companies exported $2.8 billion of licensed items and $14.2 billion of items under a license exception, representing 0.2 percent and 1.2 percent respectively of overall United States trade. BIS monitors the reporting of these items in AES and measures exporter compliance with the EAR.

Eighty-seven percent of AES transactions involving a license or license exception were reported accurately in FY 2008. The following lists the top compliance problems with EAR-related reporting in AES.

1) Incorrect Use of "No License Required" (NLR) License Type.

2) Missing Export Control Classification Number (ECCN).

3) Incorrect Use of EAR99.

4) Invalid Country Use With Commerce Control List (CCL)-Based License Exception.

5) CCL-Based License Exception Not Applicable to an ECCN.

6) Country Mismatch Between License and AES Destinations.

BIS has enhanced exporter compliance with the EAR by establishing new electronic validations in AES. During fiscal year 2008, we contacted AES filers to counsel them on the appropriate changes necessary to ensure compliance with the EAR.

In calendar year 2009, BIS plans to expand our outreach on EAR compliance by teaming up with the Census Bureau to participate in AES Compliance Seminars. This outreach will target exporters and freight forwarders that make up the 99.8 percent of exports shipped under the designation NLR or license exceptions, where most EAR compliance problems have been identified.

Trade Compliance—Everyone's Responsibility!

by Rosanna Torres, AES Census Client Representative, Foreign Trade Division

New year, fresh new start! Along with the other goals your company may have in store for 2009, being compliant with the FTR should be on top of the list. Remember, export transactions involve the entire trade community, whether you are a sole proprietor or part of a large corporation. Every participant in a single export transaction is responsible for providing accurate information to the AES. According to FTR 30.3 (d), the responsibilities of the party filing the EEI include:

- Filing complete, accurate, and timely information on export transactions.

- Responding to error messages.

- Providing the export carrier with the required Proof of Filing Citations or Exemption Legends.

- Retaining all proper documentation pertaining to export shipments for 5 years from the date of export. If the shipment is licensed, follow the retention requirements of the licensing agency. (The data retention requirement applies to all parties involved in the export transaction.)

Each day, the FTD receives calls on the responsibilities of the parties involved in export transactions. We recognize this as an important issue and want to ensure that your EEI is filed correctly.

In a standard export transaction, the United States Principal Party in Interest (USPPI) may either file directly to the AES, or may appoint an authorized U.S. agent to file the EEI on its behalf. A Power of Attorney (POA) or written authorization should be presented to the agent to authorize them to file on the behalf of the USPPI.

In a routed export transaction, the Foreign Principal Party in Interest (FPPI) must appoint an authorized U.S. agent to file the EEI on its behalf. A POA or written authorization must be provided to the authorized U.S. agent from the FPPI. However, the USPPI may wish to file the EEI. In this case, another POA or written authorization must exist between the USPPI and the FPPI. The USPPI will assume the responsibility of filing the EEI and presenting the ITN to the authorized U.S. agent of the FPPI.

An authorization to move the goods does not necessarily require the agent to file the EEI under the requirements of the FTR. Thus, the POA or written authorization must specify which party will have the responsibility of filing the EEI. The document should state that the agent is authorized to file and/or move the goods in accordance to laws and regulations of the United States and the authorization must be signed by both parties.

For a sample format of a POA, please visit:

<http://www.census.gov/foreign-trade/regulations/power-of-attorney-sample.pdf>.

Companies that delegate the responsibility of reporting the EEI to an authorized U.S. agent may think that this relieves them from responsibility for the information provided. This is a common misconception! In any transaction, all parties to the transaction carry some responsibility for the information submitted.

Let's take a closer look at the specific responsibilities of each party in the export process:

Standard Export Transactions

United States Principal Party in Interest (USPPI) Responsibilities

If the USPPI delegates the reporting of the EEI to an authorized U.S. agent, then the USPPI is responsible for providing the agent with a POA or written authorization and accurate information to file the EEI. The USPPI can request from the agent a copy of the EEI transmitted to the AES.

Authorized U.S. Agent Responsibilities

When an authorized agent files the EEI on behalf of a USPPI, the agent must obtain a POA or written authorization from the USPPI. If requested, the agent must provide a copy of the EEI transmitted in the AES to the USPPI.

Routed Export Transaction

Foreign Principal Party in Interest (FPPI) Responsibilities

The FPPI contracts with an authorized U.S. agent to move the goods, and/or to file the EEI to the AES. The FPPI must provide a POA or written authorization to the agent specifying that the agent is authorized to move the cargo on behalf of the FPPI, and if applicable to file the EEI. Alternatively, the FPPI may authorize the USPPI to file the EEI. In this case, the FPPI is responsible for providing the USSPI with a POA or written authorization to file the EEI.

Authorized U.S. Agent Responsibilities

The authorized U.S. agent must obtain a POA or written authorization from the FPPI in order to file the EEI to the AES. Upon request, the agent must provide to the USPPI a copy of the data submitted to the AES. The 10 essential data elements are listed in Figure 3. However, the authorized U.S. agent may NOT provide a copy of the EEI to the FPPI or to any other foreign entity.

USPPI Responsibilities

If an authorized U.S. agent files the EEI on behalf of the FPPI, the USPPI must provide the 10 essential filing elements shown in Figure 3 on the next page. The USPPI may request from the authorized U.S. agent a copy of the data submitted to the AES.

If the USPPI wishes to file the EEI, the USPPI must obtain a POA or written authorization from the FPPI. However, the USPPI may NOT provide a copy of the EEI to the FPPI or to any other foreign entity. The USPPI must provide the ITN to the agent of the FPPI.

Figure 3

10 Essential Filing Elements in a Routed Export Transaction

1. USPPI's Name and Address
2. USPPI's EIN or SSN
3. State of Origin
4. Foreign Trade Zones (if applicable)
5. Commercial Description of Goods
6. Origin of Goods
7. Schedule B/HTS Commodity Code
8. Quantity, Units of Measure, and Value of Goods
9. ECCN
10. Licensing Information

Figure 3: These are the data items that must be supplied by the USPPI to the authorized U.S. agent in a routed export transaction.

Another frequent question we receive is whether an exporting company is limited to only one forwarding agent. The answer is "NO!" Many companies have multiple transactions with a wide variety of forwarders. However, you must be clear as to which one is filing which shipment. Proper communication with your forwarding agents is essential to ensure compliance with regulations. Duplicate filing can result in unwanted fines and penalties for those involved in the transactions.

Remember: Trade Compliance is Everyone's Responsibility!

Video Corner: "Export 101" Training Series

by Richard Preuss, Senior Foreign Trade Advisor, Foreign Trade Division

In partnership with the International Trade Administration (ITA), the FTD is creating a series of "Export 101" training videos. As part of their mission, ITA promotes United States exports by providing assistance to companies to initiate or expand export operations. For first-time exporters, ITA walks them through the export processes and procedures. The new video series will enrich this orientation.

The "Export 101" videos are designed to help new-to-experienced companies understand the basics of exporting. Topics covered on the videos will include:

- Filing in the Automated Export System (AES).
- Properly classifying your goods according to the Schedule B codes.
- Introduction to the Foreign Trade Regulations (FTR).

- North American Free Trade Agreement (NAFTA) Certificate of Origin.
- Determining when a license is required.

Each video will be approximately 5 minutes in length, introducing each topic to the viewer and providing basic information and contact details. With the proper background, new exporters can start their individual export journeys.

For experienced exporters, the ITA helps them find new markets for their products. The agency has over 100 domestic offices around the United States and nearly 100 offices around the world that are affiliated with U.S Embassies. Both the Census Bureau and the ITA are agencies of the U. S. Department of Commerce.

2009 Schedule B and Harmonized Tariff Schedule (HTS) Tables

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NEW SCHEDULE B and HTS CODES EFFECTIVE JANUARY 1, 2009
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The 2009 AES Export and Import Concordances are now available for downloading from the Web site listed below.

<http://www.census.gov/foreign-trade/aes/documentlibrary/index.html#concordance>

AES*PcLink* Users—Please update your AES*Direct* Code Tables
no later than January 31, 2009. The 2008 codes will not be accepted after that date.

For further information or assistance, contact a Census Bureau
Commodity Classification Specialist
1-800-549-0595, Menu Option 2

To Suppress or to Cancel?

by Nyitre Rodgers, AES Client Representative, Foreign Trade Division

Now that Mandatory AES is implemented, there is so much information to be aware of: (1) you MUST remain compliant; (2) you MUST have an Internal Transaction Number (ITN), exemption citation, or postdeparture citation prior to exporting; and (3) you MUST correct all fatal errors prior to exporting! In order to ensure that your shipments are filed properly, you should always address fatal errors immediately. In some cases, a fatal error may need to be suppressed or removed from the error listing. Suppression, however, should not be confused with cancellation of the shipment. Instructions to suppress your shipment are listed at the end of this article.

Use the following definitions and scenarios to help you understand the difference between the suppression and cancellation of a shipment:

Cancellation – is the deletion of a successfully submitted shipment to the AES by the filer through its electronic filing system. The filer is the only entity that can cancel an accepted shipment; the AES Branch cannot cancel your shipment.

Suppression – is the manual removal of a fatal error for a rejected shipment by the AES Branch. Three types of shipments should be suppressed:

Fatally rejected shipments that—
1. Cannot be corrected.
2. Were refiled with another shipment reference number.
3. Never left the country for export.

Below are common scenarios to describe when you are required to cancel or suppress a shipment—

Scenario 1: It is Wednesday afternoon and you just finished entering the shipment information for a new laptop you are exporting to Venice, Italy. You receive the ITN confirmation from the AES via e-mail, but the Italian company calls and cancels the sale. You are no longer shipping the laptop. What are you going to do now?

Resolution 1: You must cancel the shipment! The AES Branch is unable to suppress the shipment because it was accepted with an ITN. The filer must cancel the submission in the AES, AES*Direct*, AES*PcLink*, or your particular filing system by selecting the delete option. (The option to delete/cancel will vary by system.)

Scenario 2: In your excitement to cancel a shipment properly, you accidentally hit the delete button twice. Now you have received the Fatal Error Response Code 068, which tells you that the shipment has been cancelled and therefore the action is not allowed. What are you going to do now?

Resolution 2: Suppress the shipment! In this situation, the shipment was already cancelled, but the second attempt resulted in a fatal error. If this occurs, you must contact the AES Branch and request that the shipment be suppressed in order to remove the fatal error from the report.

Please remember that a shipment CANNOT BE CANCELED when it has not been successfully submitted. This means if an ITN has not been generated, the shipment must first be resubmitted and accepted, in order for the filer to cancel the shipment. Also remember, if you receive a fatal error and correct the error by creating a new shipment, AES does not know your intent was to correct the original shipment. The AES will treat the shipment as new, however, the original fatal error will continue to appear as unresolved. Therefore, it is a best practice to correct the original shipment containing the fatal error!

Instructions to suppress your fatal error shipments:

Please contact the AES Branch via e-mail at <ftd.aes.fatal.reports@census.gov> with the following information: the original shipment number, the replacement shipment number, and the ITN in order to verify that the shipment has been successfully resubmitted. On the

other hand, if the cargo was never exported from the United States, please inform us so the shipment will be suppressed from the fatal error report, thus reducing your volume of outstanding unresolved fatal errors.

For more details, here is the link to Appendix A that provides all Fatal Error Response Codes: <http://www.cbp.gov/xp/cgov/trade/automated/aes/tech_docs/aestir/june04_intro/appendices/>.

Common Reporting Problems

by Tracy Burns, Supervisory Commodity Analyst, Foreign Trade Division

Using the Correct Export Information Code:

The Export Information Code (EIC) is a 2-character code reported in the AES that identifies the type of export shipment or condition of the exported items (e.g., goods donated for relief or charity, impelled shipments). See FTR 30.6(a)(18). The EICs are located at the following Web site:

<http://www.cbp.gov/xp/cgov/trade/automated/aes/tech_docs/aestir/june04_intro/appendices/>, or see Appendix B of the FTR.

The most commonly misreported EICs are:

- Personal goods and household effects, including furniture, clothing, tools, and other effects; reported as "HH."

- Shipments to the U.S. Armed Forces for their exclusive use; reported as "MS."

Using the Correct Country of Ultimate Destination Code:

The country of ultimate destination is the country in which goods are to be consumed or further processed or manufactured. The list of valid Country Codes can be found at: <http://www.census.gov/foreign-trade/schedules/c/country4.txt>.

The most commonly misreported country of ultimate destination codes are:
- Country Code for **Ireland** is **IE**
- Country Code for **Italy** is **IT**
- Country Code for **Iran** is **IR**
- Country Code for **Iraq** is **IQ**
- Country Code for **South Korea** is **KR**
- Country Code for **North Korea** is **KP**
- Country Code for **Switzerland** is **CH**
- Country Code for **China** is **CN**

Common reporting Problems (continued)

Helpful Hints to Avoid Additional Reporting Problems:

- Read the full Schedule B Description before selecting a 10-digit code.

- Report the correct Unit of Quantity as required in the Schedule B Book.

- Select Domestic or Foreign for the product type.

AES*Direct*/AES*PcLink* User Notes

by Paul Newman, Supervisory AES Client Representative, Foreign Trade Division

AES*Direct* Users: If you have a pop-up blocker on your computer, you must temporarily remove it to use the AES*Direct* look-up feature. The search boxes will not pop-up during a look-up if you have the pop-up blocker activated.

AES*PcLink* Users: Please remember to use the Tools Menu at least once per month to update your AES*PcLink* software and AES Code Tables!

For All Users: Please visit our Web page at <www.census.gov/trade> for a list of common terms, acronyms, and helpful export Web links.

Contact Information

AES*Direct* Help Desk (toll-free)
Everyday: 7 a.m.–7 p.m. ET
Voice: 877-715-4433
Fax: 301-562-7795
E-mail: boc-support@tradegate2000.com

Census Call Center, 800-549-0595 (Note new calling hours below.)

Please note that the e-mail addresses below are not secure and fax lines are secure only as noted. Confidential company information should not be sent by e-mail or to nonsecure fax lines.

Automated Export System Branch, Menu Option 1
Monday through Friday
7:30 a.m.–7 p.m. ET
Fax: 301-763-6638
E-mail: ASKAES@census.gov

Commodity Analysis Branch (Schedule B/HTS classification), Menu Option 2
Monday through Friday
8:30 a.m.–6 p.m. ET
Fax: 301-763-4962

Regulations, Outreach, and Education Branch, Menu Option 3
Monday through Friday
8 a.m.–6:30 p.m. ET
Fax: 301-763-4610
E-mail: <ftdregs@census.gov>

Foreign Trade Division (All Branches)
Secure Fax: 301-763-8835
Please include a cover sheet with the name and/or branch number to whom the fax should be delivered.

U.S. Customs and Border Protection (CBP)
Trade Enforcement and Facilitation
For questions regarding CBP, ITAR, and Used Vehicles contact:
Robert Rawls, 202-344-2847, <robert.rawls@dhs.gov, or manifest.branch@dhs.gov>.

Bureau of Industry and Security (BIS)
Washington, DC	202-482-4811
Western Regional Office, Los Angeles/Newport Beach, CA	949-660-0144
Western Regional Office, San Jose, CA	408-351-3378

Web sites
BUREAU OF CENSUS, FOREIGN TRADE:	<www.census.gov/trade>
U.S. CUSTOMS AND BORDER PROTECTION:	<www.cbp.gov/>
BUREAU OF INDUSTRY AND SECURITY:	<www.bis.doc.gov>