AES Newsletter

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In This Issue

Don't FORGET!

Fatal Error Reports are sent twice monthly!!!

Ensure that your AES account e-mail and contact information are current so that you will receive your report detailing all outstanding fatal errors.

WARNING

If these errors are not addressed promptly, you are in violation of the Foreign Trade Regulations and your account is in jeopardy of deactivation.

The "ONE Rule"

by Omari Wooden, Foreign Trade Division, Trade Ombudsman

The Foreign Trade Regulations define a shipment for statistical purposes as "all goods being sent from one U.S. Principal Party in Interest (USPPI) to one consignee to a single country of destination on a single conveyance and on the same day." This definition of an export shipment seems as if it would be a simple one to incorporate into exporting business practices for determining when to file an Automated Export System (AES) transaction. Nevertheless, we continue to receive numerous questions

on what is considered an export shipment. Many of you ask questions that normally bring a number of different factors into question, such as cost, consolidation, and transportation. For example, if I export the same products to the same consignee on three different days, can this be considered one shipment, and can I file one AES transaction? Another example is, if my container holds cargo from 10 different U.S. companies selling to the same person abroad is that a shipment, and can I file one AES transaction?

The answer to both questions is "No." An easy way to determine if a shipment is for statistical reporting is what I would call the "ONE Rule." The rule works like this:

- ONE U.S. company or individual selling its products overseas.
- ONE foreign country, where the goods are being shipped.
- ONE carrier moving the product out of the United States.
- ONE particular day that the product is being moved out of the country.

I am a big fan of designer watches. Say I decided to sell $6,000 worth of designer watches to my friend (can only be one friend to be considered one shipment) in France. Let's look at the definition of a shipment again. If my $6,000 worth of designer watches are going to France, on one day, shipped by the same courier, then I have one shipment. However, say I wanted to mail $3,000 worth of designer watches to someone in France and $3,000 worth of designer watches to someone in Germany. The designer watches are going to be shipped out the same day, on the same courier, and I'm the USPPI. This time, the designer watches are going to TWO different countries, which means I have two shipments, instead of one and must file two separate AES transactions.

Remember, any time you are trying to determine how many shipments are being sent out of the country, whether it is one container with commodities from multiple USPPIs or multiple containers from one USPPI, use the "ONE Rule" stated above. It simplifies the process of figuring out how many shipments you have and how many AES records to file.

Fatal Errors for Shipments With an Internal Transaction Number (ITN) Confirmation

by Keith Jones, Automated Export System Branch

In the course of our Automated Export System (AES) compliance review visits, as well as in responding to the AES fatal error reports mailbox, we identified an issue with fatal errors that is a problem for many filers. Please take a look at the examples below.

You recently filed electronic export information (EEI) for a cargo shipment and received a confirmation message with an ITN. Days or weeks later, you receive updated information on the shipment (e.g., sailing date changed, value/quantity not reported correctly) and retrieve the shipment to make the updates. However, when you transmit the corrections or changes, you receive one of the following fatal error messages:

```
ES1  072   F    SHIPMENT CANNOT BE CANCELLED

ES1  970   RF  SHIPMENT REJECTED; RESOLVE & RETRANSMIT
                             X20100110######
```

```
ES1  073   F    SHIPMENT CANNOT BE CANCELLED

ES1  970   RF  SHIPMENT REJECTED; RESOLVE & RETRANSMIT
                             X20100110######
```

```
ES1  075   F    SHIPMENT ON FILE; ACTION NOT ALLOWED

ES1  970   RF  SHIPMENT REJECTED; RESOLVE & RETRANSMIT
                             X20100110######
```

The presence of the ITN does not necessarily mean that the fatal error has been corrected because the error may have occurred after the ITN was issued. Depending on the circumstances, the fatal error will need to be corrected or suppressed.

For codes 072 and 073 listed above, the most likely scenario is that a Customs and Border Protection (CBP) inspector has marked your shipment for examination, held the cargo to investigate a possible violation, or taken another action that delays the export of the goods. While this "Customs hold" is on the AES record, you cannot make any changes to your EEI. The CBP inspector has to remove the hold from your file before you can update the record. Contact the inspector at your local port for resolution. Otherwise, you will continue to receive fatal errors each time you attempt to change the information. After CBP has removed the hold and you have updated your records, please contact the AES Help Desk at 800-549-0595, menu option 1, to suppress the fatal errors.

For code 075 listed above, in many instances, the filer attempts to send a correction or replacement file but uses the "add" code instead. If the shipment was previously reported successfully to the AES and received an ITN, you will incur a fatal error by trying to "add" the same shipment reference number (SRN). Please contact the AES Help Desk to suppress

the fatal errors and remove it from your report. In order to correct or update the EEI, you will need to retransmit the changes in the "change" or "replace" mode, depending on your reporting software.

Remember, with a fatal error, the presence of an ITN does not automatically cancel the error. Successful corrections will receive one of the following messages, or a variation thereof:

```
ES1  978      R  SHIPMENT REPLACED  X20100110######
```

```
ES1  982      C  SHIPMENT CHANGED   X20100110######
```

When in doubt, contact the AES Fatal Error Report Team at <ftd.aes.fatal.reports@census.gov> or call 800-549-0595 and choose menu option 1 for the AES Help Desk.

NEW EXPORT TRAINING VIDEOS AVAILABLE ONLINE!!!

The U.S. Census Bureau, in conjunction with the International Trade Administration, has released a collection of videos in an effort to enhance the export training process through video technology.

Training topics include:

- The Basics of Exporting
- The Foreign Trade Regulations (FTR)
- Commodity Classification
- A Complete Overview of AESDirect
- Taxes and Tariffs
- North American Free Trade Agreement (NAFTA)— basics, certificate of origin, rules of origin, etc.

The videos are available in two formats for your convenience:

1. Online at <http://www.census.gov/foreign-trade/aes/exporttraining/videos/>.

2. As an ISO image format that can be downloaded and burned directly to a DVD. The ISO image file is available online at <ftp://ftp2.census.gov/outgoing/ftd/AES/uscsvideos /uscs_videos.iso>.

Specific contact information is provided at the end of each video for inquiries and clarification on that topic.

Reporting Repairs and Replacements

By Autumn Banks, Regulations, Outreach, and Education Branch

Reporting the export of repair and/or replacement products under warranty in the Automated Export System (AES) can be challenging if you do not ship these types of commodities on a regular basis. The purpose of this article is to address the export reporting requirements for goods that are repaired and/or replaced, whether or not under warranty.

The value to be reported for goods that were previously imported for repair, regardless of whether there is a cost incurred by the Foreign Principal Party in Interest (FPPI), is the total cost of the parts and labor. The value should not include the price or cost of the original product. For example, if the cost of the parts and labor is over $2,500, an AES record is required. In addition, the Schedule B number to be reported is 9801.10.0000 for repaired goods to indicate these parts were previously exported.

The value reported in the AES for a product that could not be repaired and is replaced, whether replaced under warranty or not, is the cost of the replacement product including the actual Schedule B number of the replacement product. If the value reported in the AES is different from the value on the bill of lading, invoice, etc., because there is no cost to the FPPI, include the statement "Product replaced under warranty, value for electronic export information purposes."
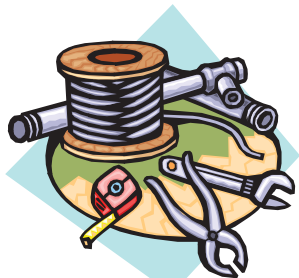
FTR 30.29	Schedule B number	Value
Repair	9801.10.0000	Cost of parts and labor
Replacement	Schedule B number of replacement product	Cost of replacement product

For more information regarding this Foreign Trade Regulation, please contact the Regulations, Outreach, and Education Branch at 800-549-0595, menu option 3.

5, 4, 3, 2, 1 . . . Top Generated Fatal Errors for 2009

By Kelli Craig, Automated Export System Branch

U.S. exports are on the rise and consequently, so are Automated Export System (AES) fatal errors. It is wonderful that U.S. businesses are able to seize global opportunities for growth, however during these busy times of expansion, it is still a priority to resolve fatally rejected shipments. Remember, unresolved fatal errors are not considered valid shipments to U.S. Customs and Border Protection or in the AES—even if an Internal Transaction Number (ITN) was previously received.

Unresolved accumulations could make export shipment filers subject to becoming a top fatal error offender, and no one wants that to happen. As always, any questions regarding the reason or resolution for fatal errors should be directed to the AES Branch using the contact information found on the final page of this publication.

5, 4, 3, 2, 1 . . . Top Generated Fatal Errors for 2009—*Con.*

Below is a list of the most commonly generated fatal error response messages. Please review carefully with emphasis on the resolution and tip given to avoid these errors in the future.

Top fatal error response code	Reason the fatal error was issued	Resolution	Tip
120 CARRIER UNKNOWN and 122 CARRIER CODE IS OUTDATED	The Carrier ID (SCAC /IATA)reported is not a known and active value in AES.	For vessel, rail, or truck shipments the carrier must be identified with an active SCAC code issued by the National Motor Freight Traffic Association (NMFTA). For air shipments, the carrier must be identified with an active IATA code.	When using AESDirect, always utilize the look-up features to ensure that the code is known and active in AES. Memorization may not always work as codes are updated periodically.
121 CARRIER CODE MUST BE 2-CHAR OR 3-LETTER	The carrier ID (SCAC /IATA) reported is not a 2-character or 3-character code.	For air shipments, either the 2-character or 3-letter IATA designation code must be reported. Verify the carrier ID (SCAC /IATA), correct the record, and retransmit.	Your freight forwarder may not be considered a commercial air carrier and therefore will not have a 2- or 3- character IATA code. Ask them which air carrier they will use for your shipment.
244 USPPI CON-TACT PHONE # FORMAT: NNNNNNNNNN	The USPPI's contact phone number is not properly formatted in AES.	The USPPI contact phone number must be declared on an EEI. The USPPI contact phone number must be 10 numeric digits followed by three spaces (Format: NNNNNNNNNNxxx where N = area code + 7-digit number and x = 3 spaces). Verify that the phone number is 10 digits and retransmit if necessary.	Avoid using extensions. If the USPPI has a foreign cell phone number, use their U.S. telephone number.
316 ULT CONS CONTACT LAST NM INELIGIBLE	The ultimate consignee contact last name contains an ineligible value in AES.	An ultimate consignee contact last name may be declared on an EEI when complete ultimate consignee reported. The ultimate consignee contact last name cannot contain an ineligible value identified in AES.	Avoid including special characters when reporting the ultimate consignee's contact information.
256 USPPI POSTAL CODE NOT VALID FOR STATE	The postal code does not match the state code declared in the USPPI address.	The postal code (i.e., zip code) where the USPPI resides must be declared in an EEI as either 5 numeric digits followed by 4 spaces, or 9 numeric digits. The reported USPPI state code must match the state associated to the postal code. Verify the state code and postal code combination, correct the record, and retransmit.	Additional research may be required to ensure that the correct zip code is utilized.

For a complete listing of the Automated Export System Trade Interface Requirements (AESTIR), please visit <http://cbp.gov/linkhandler/cgov/trade/automated/aes/tech_docs/aestir/june04 _intro/appendices/apndx_a.ctt/apndx_a.doc>.

Why Should You Have an Export Management and Compliance Program (EMCP)?

by Orestes Theocharides, Export Management Compliance Division, Bureau of Industry and Security

The U.S. government relies on the due diligence of exporters to help ensure national security. It is through a strong public-sector/private-sector partnership that the diversion of dual-use items for harmful and destructive purposes can most effectively be prevented. Dual-use items are items that have a commercial application and can also be used in weapons of mass destruction, conventional arms, or terrorism. Given the breadth of commodities that may be so categorized, as well as potential pitfalls with foreign parties to transactions, it behooves companies in all industries to adopt an EMCP.

Investing in an EMCP that is well integrated into your current business processes can lend predictability, consistency, and security to your export transactions as you ask the right questions and undertake the right analyses regarding parties to your transactions and uses of your items. A well-implemented EMCP, including detailed step-by-step procedures tailored to the specifics of your business, can also lend sustainability and longevity to your business, especially given the recent heightened penalties for export violations.

Listed below, are the nine key elements identified by the Bureau of Industry and Security (BIS) for any effective compliance program for an exporter of U.S.-origin dual-use goods and technologies. These elements provide a foundation for the basic structure of your EMCP, but your own list will reflect the unique export operations of your company.

1. Management commitment: Senior management must establish written export compliance standards for the organization, commit sufficient resources for the export compliance program, and ensure appropriate senior organizational officials are designated with overall responsibility for the export compliance program. This is in order to ensure adherence to export control laws and regulations and develop and nurture a pervasive corporate culture of compliance.

2. Continuous risk assessment of the export program.

3. Formal written EMCP: A manual of policies and procedures with a sufficient level of operational detail to ensure effective implementation and day-to-day compliance.

4. Ongoing compliance training and awareness.

5. Cradle-to-grave export compliance security and screening: Screening of employees, contractors, customers, products, and transactions, and implementation of compliance safeguards throughout the export life-cycle, including for product development, jurisdiction, classification, sales, license decisions, supply chain management, servicing channels, and post-shipment activity.

6. Adherence to record keeping regulatory requirements.

7. Internal and external compliance monitoring and periodic audits/assessments.

8. Internal program for handling compliance problems, including reporting and escalating export violations.

9. Completing appropriate corrective actions in response to export violations.

Why Should You Have an Export Management and Compliance Program (EMCP)?—Con.

Companies like yours are the first line of our common national security defense and are in the most strategic position to evaluate customers and export transactions. Most U.S. exporters trade in items that are subject to U.S. export control laws, and U.S. export controls help protect our country by keeping goods and technologies out of the hands of countries of concern and terrorists who would use them against us. Developing an effective EMCP is an invaluable way that a company can contribute to U.S. national security and nonproliferation priorities while protecting vital company interests. Your partners at the Office of Exporter Services in BIS are waiting to assist you in developing your EMCP. Please contact us at 202-482-0062 or on our BIS Web site through the "Compliance Program Assistance" link at <www.bis.doc.gov>.

Fixing AES*Direct* Error Messages

by Kenneth Soo, Automated Export System Branch

If you are using AES*Direct* or AES*PcLink*, you may have received an error message before. AES*Direct* is our online application found at <www.aesdirect.gov> and AES*PcLink* is the downloadable software.
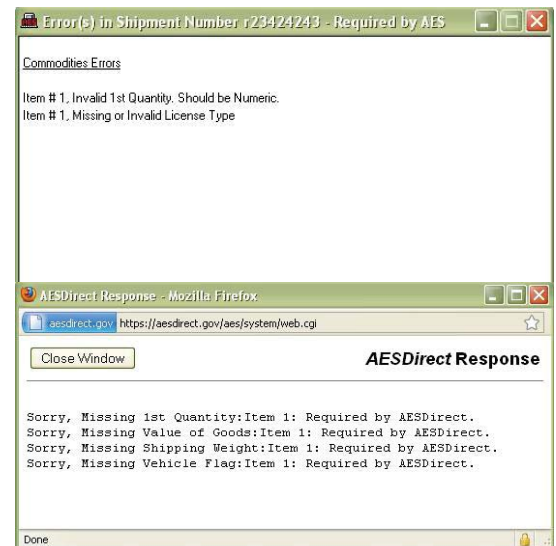
Follow the general tips below to resolve any errors you might receive after submitting the electronic export information (EEI). The examples can assist during your filing process.

General Tips for Resolving Error Messages in AES*Direct* and AES*PcLink*

Read the message. The error messages may be unwelcoming, however, the message will help you determine what is wrong. Most likely, you are simply missing a conditional or mandatory field or you keyed something incorrectly.

Detect the type of error: Missing or Invalid. Usually, one of these two types will be indicated after the word "Sorry." This will help you determine where you missed a field or if you incorrectly entered an item into the field.

Locate the field in question. Most of the errors will indicate the field title or name. Pay attention to see if a particular commodity line is specified. After the field name, it will state which commodity line to review, for example, "Item 2," means commodity line 2.

AES*Direct*/AES*PcLink* Error Examples

Error	Resolution
Commodity Line 1: Sorry, Missing 1st Quantity: Item 1: Required by AESDirect.	1) Go to Commodity Line 1. (Indicated here as "Item 1"). 2) Enter in a number for "1st Quantity." The "1st Quantity" should be listed in terms of the "Units for 1st Quantity." * For example, if the "Units for 1st Quantity" is "Number," then your "1st Quantity" will be the number of units you are shipping.
Shipment Information: Sorry, Missing Transp Ref Number for MOT=VESSEL Required by AESDirect.	1) Go to the Shipment Information section. 2) Go to the field "Transportation Reference Number." 3) Enter in the "Booking Number" into the "Transportation Reference Number." * Because you choose the mode of transportation as vessel, you will need to enter in the "Booking Number" for the vessel. Contact your vessel carrier if you do not know the "Booking Number."
Commodity Line 2: Sorry, Value of Goods not numeric: Item 2.	1) Go to Commodity Line 2, indicated here as "Item 2." 2) Find the field that says "Value of Goods." 3) Remove all ineligible characters that are not a number such as a decimal, dollar sign, or comma. Only numbers are allowed in the field. 4) If you do have a decimal, make sure to round it to the nearest dollar.
Commodity Line 2: Sorry, Invalid 1st Unit of Measure: Item 2: "KILOGRAMS" required by Commodity Code.	1) Go to Commodity Line 2, indicated here as "Item 2." 2) Go to the field "Units for 1st Quantity." This field is found on the right side of "1st Quantity." 3) Select "Kilograms" for the Units for "1st Quantity." The required unit of measure will always be indicated. * When you input the "Schedule B," the software will automatically populate the correct unit of measure for the 1st and/or the 2nd Quantity. If you have accidentally selected something else or if the software did not populate the correct unit of measure, you will receive this error message and be asked to change it to the correct one.

2010 Schedule B and Harmonized Tariff Schedule (HTS) Tables

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NEW SCHEDULE B and HTS CODES EFFECTIVE JANUARY 1, 2010
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The 2010 AES Export and Import Concordances are now available at

<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 2010

For further information or assistance, please contact a Census Bureau
AES client representative at
800-549-0595, menu option 1 or e-mail <askaes@census.gov>.

Export Kimberley Process Certificate (KPC)

by Jacquelyn Mann, Data Collection Coordination Branch

Correction Requirements

When a Kimberley Process Certificate Number (KPC Number) for a shipment filed in Automated Export System (AES) is voided and a new KPC Number is issued or when a KPC Number is identified to be incorrect, the AES license number field must be immediately corrected to reflect the change. For voided KPCs, note the word "VOID" on the front of the KPC document where it is legible and clearly visible. Fax both new and voided KPCs to the Census Bureau at 800-457-7328.

Listed below are the most common examples of when a rough diamond shipment does not export and must be cancelled in AES:

1.   The consignee decides to cancel the order.
2.   The USPPI and consignee cannot agree on who will pay for the shipment.
3.   The USPPI finds a buyer within the United States.

If you have questions or need assistance with processing KPCs, contact the Census Bureau's Foreign Trade Division, Data Collection and Coordination Branch, at 301-763-2259.

Foreign Trade Regulations (FTR) regarding rough diamond corrections in AES (FTR 30.9) and penalty provisions involving violations of the Clean Diamond Trade Act (30.70 through 30.73) can be viewed at <http://www.census.gov/foreign-trade/regulations/index.html#traderegulations>.

Contact Information

AES*Direct* Technical Support (toll-free)
Every day, 7 a.m.–7 p.m. ET
Voice: 877-715-4433
Fax: 301-562-7795
E-mail: <boc-support@tradegate2000.com>

Foreign Trade Division Call Center
800-549-0595 (see menu options below)

The e-mail addresses below are not secure. Confidential company information should not be sent to these addresses.

Automated Export System Branch, Menu Option 1
Monday through Friday
7:30 a.m.–6:30 p.m. ET (new hours)
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.–5 p.m. ET (new hours)
Fax: 301-763-4962 (no e-mail address)

Regulations, Outreach, and Education Branch, Menu Option 3
Monday through Friday
8 a.m.–7:30 p.m. ET (new hours)
Fax: 301-763-4610
E-mail: <ftdregs@census.gov>

Foreign Trade Division (all branches)
Secure Fax: 301-763-8835

This fax number is for confidential company information (i.e., data requests). Please include a cover sheet with the name and/or branch phone number to whom the fax should be delivered.

AES Partnership Agencies

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

Bureau of Industry and Security (BIS)

Help Desk, 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

Directorate of Defense Trade Controls
U.S. State Department, Washington, DC

Response Team	202-663-1282
D-Trade Questions	202-663-2838

Web sites

U.S. Census Bureau, Foreign Trade	<www.census.gov/trade>
U.S. Customs and Border Protection	<www.cbp.gov>
Bureau of Industry and Security	<www.bis.doc.gov>
U.S. State Department, Directorate of Defense Trade Controls	<www.pmddtc.state.gov>
U.S. Treasury Department, Office of Foreign Assets Control	<www.treas.gov/offices/enforcement/ofac>