Teresa Telesco

From: GlobalTradeCompliance <GTC@LORD.COM>
Sent: Friday, July 06, 2012 9:32 AM
To: Teresa Telesco
Subject: Shipping Tolerance of Export Licenses

While I support automating anything we can, it seems that this will be LESS useful than it is on the DDTC side for a couple reasons:

1) DDTC licenses must be supported by a Purchase Order/Contract. Therefore, in most cases it is likely the full quantities licensed will ship. With BIS licenses not having to be supported with such documentation, it seems that exporters get LARGE quantity licenses and may not come anywhere near shipping the full amount, rendering AES tracking less useful.

Additionally, without requiring PO/contract, applying a straight value percentage tolerance to BIS licenses seems susceptible to abuse, because folks can come in and ask for a huge quantity/value on the license and hence a huge tolerance.

2) The AES automation with DDTC licenses is tied to their value regulation in ITAR 123.23 regarding a 10% value tolerance. What is BIS's equivalent regulation, in other words, what are you trying to automate? Do you have a current policy on value/quantity tolerances?

Additionally, please note that currently, AES automation with DDTC licenses pertains ONLY to value - not quantity. You can file more quantity in AES than is on the license, thus the exporter is still susceptible to overage violations. DDTC has zero tolerance with quantity overages, yet this is NOT automated in AES. If you're going to automate via AES, I would think that both DDTC and BIS are MORE interested in quantity overages than value anyways, so please look into automating that with AES.

Lastly, please keep in mind that AES filing requires reporting the value of product PLUS additional (inland freight charges to port/airport, insurance, other). Both BIS/DDTC licenses are for the product only, and thus are by definition not designed to match AES value. This is a problem in the current AES world - they program AES to accept DDTC license value plus 10%, which is not entirely technically accurate because when one legitimately adds the required inland freight etc., you cannot file in AES because it says you are over the 10%.

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