

# U.S. Department of Commerce

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## AES Compliance Seminar

# Presenters for Today

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## Data Collection

### Bureau of the Census



- Regulations, Outreach, and Education Branch (ROEB)
- Commodity Analysis Branch (CAB)
- Automated Export Systems (AES)

## Export Enforcement

### Bureau of Industry and Security



### Customs and Border Protection



# Seminar Agenda

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**Registration and Continental Breakfast**

**Opening Remarks and Welcome**

**EEI, Regulations**

**Commodity Classification**

**Lunch**

**Customs and Border Protection**

**AES Overview**

**BIS License Requirements and Best Practices**

**Wrap Up**

# Foreign Trade Regulations (FTR) Topics

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- Legal requirements
- Fundamentals of an Export Shipment
- Filing Requirements for Electronic Export Information (EEI)
- Types of transactions
- Data Elements
- Penalty provisions





# Federal Register

## Legal Requirements

### Statistical Purposes

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#### Part II

#### Department of Commerce

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#### Bureau of the Census

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#### 15 CFR Part 30

Foreign Trade Regulations: Mandatory  
Automated Export System Filing for All  
Shipments Requiring Shipper's Export  
Declaration Information; Final Rule

# Legal Requirements (Continued)

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## Enforcement Purposes

- **Bureau of Industry and Security (BIS)**  
Export Administration Regulations (EAR)  
Title 15 CFR, Parts 700 - 799
- **State Department**  
International Traffic in Arms Regulations (ITAR)  
Title 22 CFR, Parts 120 – 130
- **Customs and Border Protection (CBP)**  
Customs Regulations  
Title 19 CFR, Parts 1 – 199



# Fundamentals of an Export Shipment



# **U.S. Principal Party in Interest**

## **[FTR 30.3]**

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### **The U.S. Principal Party in Interest is the:**

- **U.S. Person or Entity**
- **Primary Benefactor (Monetary or Otherwise)**

### **Generally that Person can be the:**

- **U.S. Seller: (Wholesaler or Distributor)**
- **U.S. Manufacturer**
- **U.S. Order Party**
- **U.S. Customs Broker**
- **Foreign Entity (if in the U.S. at time goods are purchased or obtained for export)**

# Determining the USPPI

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## Exercises 1 & 2



# What is a Shipment?

## [FTR 30.1]

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### Tip: The **ONE** Rule

- **ONE** U.S. Principal Party in Interest shipping their merchandise, to
- **ONE** Foreign consignee, on
- **ONE** Carrier moving the product out of the U.S., on
- **ONE** day, and over \$2,500 per Schedule B number or requires a license

# Shipment Example

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## Exercise 3





# Filing Requirements for Electronic Export Information (EEI)





# When is EEI Required?

## (FTR 30.2)

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**EEI must be filed for exports of physical goods when shipped as follows:**

- U.S. → foreign countries
- U.S. → U.S. Virgin Islands
- U.S. Virgin Islands → foreign countries
- Puerto Rico → foreign countries
- Puerto Rico → U.S. Virgin Islands
- U.S. ↔ Puerto Rico








# **When is EEI Required? (Continued)**

## **[FTR 30.2(a)(1)(iv)]**

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- **Shipments licensed by government agencies**
- **ITAR controlled items**
- **Sanctioned by the Office of Foreign Asset Control**
- **Rough diamonds**
- **Used self-propelled vehicles**

# Filing Time Frames

USML Shipments [FTR 30.4 (b)(1)] & [22 CFR 123.22(b)]	Non- USML Shipments [FTR 30.4 (b)(2)]
 24 hours prior to vessel departure	24 hours prior to loading
 8 hours prior to truck departure	1 hour prior to truck arriving at U.S. border
 8 hours prior to scheduled departure	2 hours prior to scheduled departure
 24 hours prior to train departure	2 hours prior to train arriving at U.S. border
 Refer to 22 CFR 123.24	2 hours prior to export

## Note:

- Shipments of **used self propelled vehicles** must be filed 72 hours prior to export [§30.4(b)(5)]
- Shipments **between the United States and Puerto Rico** do not have to adhere to the above filing time frames [§30.4(b)(3)]

# Filing Time Frames (Continued)

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## Note:

- **Used self propelled vehicles:**

Must be filed 72 hours prior to export [§30.4(b)(5)]

- **Shipments between the United States and Puerto Rico:**

Must be filed by the time the shipment arrives at the port of unloading [§30.4(b)(3)]

# Postdeparture Filing

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- Only permitted for approved USPPIs
- File within 5 calendar days after exportation
- Shipments not allowed for postdeparture:
  - Licensed or USML/ITAR controlled
  - Raw or rough cut diamonds
  - Routed export transactions
  - Used vehicles (except between US & Puerto Rico)

# When is EEI Not Required?

## [FTR 30.2(d)]

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- Goods transiting the U.S. under CBP bond from one foreign country to another
- Goods shipped from the U.S. Pacific territories and goods shipped between the United States and these territories do not require EEI filing
- Electronic transmissions and intangible transfers
- Goods requiring a license where the country of ultimate destination is the U.S.

# **When is EEI Not Required? (Continued)**

## **[FTR 30.36 - 30.40]**

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- **Country of ultimate destination is Canada [30.36(a)]**
- **\$2,500 or less per Schedule B number [30.37(a)]**
- **Tools of Trade: hand carried, personal or company use, not for sale, not shipped as cargo, returned within 1 year [30.37(b)]**
- **Shipments to Army Post Office, Diplomatic Post Office, Fleet Post Office [30.37(w)]**
- **Exports of technical data and defense service 22 CFR 123.22(b)(3)(iii) [30.37(u)]**

# **When is EEI Not Required? (Continued)**

## **[FTR 30.37(y)]**

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### **Specific shipments to Country Group E:1**

- 1. Shipments of published books, software, maps, charts, pamphlets, or any other similar media available for general distribution**
- 2. Shipments to U.S. government entities under License Exception GOV**
- 3. Personal effects under License Exception BAG**
- 4. Individual gift under License Exception GFT**
- 5. Vessels and aircraft leaving the U.S. for a temporary sojourn under License Exception AVS**
- 6. Tools of the trade under License Exception BAG or TMP**



# To File, or Not to File: That is the Question

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## Exercises 4-6



# Types of Export Transactions



# Two Types of Transactions (FTR 30.3)

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## Export transaction (standard):

- **USPPI files the EEI or authorizes U.S. agent to file the EEI**

## Routed export transaction:

- **FPPI authorizes a U.S. agent to facilitate the export of items from the United States and to prepare and file the EEI**

# Export Transaction Responsibilities

## [FTR 30.3(c)]

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<b>Filer: USPPI or Authorized Agent</b>	<b>USPPI</b>	<b>U.S. Authorized Agent</b>
<ul style="list-style-type: none"><li>▪ File EEI</li><li>▪ Resolve AES response messages</li><li>▪ Provide proof of filing citation to carrier</li><li>▪ Retain documents for 5 years</li></ul>	<ul style="list-style-type: none"><li>▪ Provide the U.S. agent with a POA or written authorization</li><li>▪ Provide agent with accurate and timely export information</li><li>▪ Licensing determination</li></ul>	<ul style="list-style-type: none"><li>▪ Obtain POA or written authorization from USPPI</li><li>▪ Upon request, provide the USPPI with a copy of the export information</li></ul>

# **Export Transaction**

## **[FTR 30.3 & 30.45(f)]**

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### **Carrier responsibilities:**

- **Do not accept cargo without proof of filing citation or exemption legend**
- **Annotate Commercial Loading Documents [30.7(b)]**
- **Present proof of filing citation or exemption legend to CBP Port Director**
- **If applicable, provide the AES filer corrected carrier information**

# **Routed Export Transaction**

## **[FTR 30.3(e)]**

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### **FPPI responsibilities:**

- **Authorize a U.S. agent to facilitate movement and file the EEI**
- **If agreed upon, authorize USPPI to file the EEI**
- **Provide the POA or written authorization to U.S. agent or USPPI**

# **Routed Export Transaction**

## **[FTR 30.3(e)]**

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### **U.S. Authorized Agents' responsibilities:**

- **Obtain POA or written authorization from the FPPI**
- **Prepare and file EEI**
- **Provide filing citation or exemption legend**
- **Upon request, provide the USPPI with data elements**
- **Upon request, provide the USPPI with a copy of the POA or written authorization received from the FPPI**
- **Retain documentation**

# **Routed Export Transaction**

## **[FTR 30.3(e)]**

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### **USPPI Responsibilities:**

**Provide the FPPI's agent with commodity data & licensing information**

- |  |  |
|--|--|
| <b>1. Name and address of USPPI</b>                          | <b>7. Schedule B or HTSUSA</b>                             |
| <b>2. USPPI's EIN</b>  | <b>8. Quantities/unit of measure</b>                       |
| <b>3. State of origin</b>                                    | <b>9. Value and or License value</b>                       |
| <b>4. FTZ, if applicable</b>                                 | <b>10. ECCN</b>  |
| <b>5. Commercial description of commodities</b>              | <b>11. All licensing information, if applicable</b>        |
| <b>6. Origin of goods indicator:<br/>Domestic or Foreign</b> | <b>12. Any information affecting license determination</b> |



# **Routed Export Transaction**

## **[FTR 30.3(e)]**

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### **USPPI Responsibilities (Continued):**

- **If filing, obtain POA from FPPI to complete and file the EEI**
- **Obtain a writing from the FPPI, if the FPPI assumes responsibility for licensing functions (See EAR 758.3)**
- **May request copy of the POA or written authorization from the authorized agent**
- **May request a copy of the data elements**
- **Retain documentation**

# Data Elements

EEI: USPPI [\[Help\]](#)

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**Company Information**

◆ **Company Name**  [Select from Profiles](#)

◆ **ID Number**  [Select ID Number Type...](#) ▼

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**Contact Information**

◆ **First Name**

◆ **Last Name**

◆ **Phone Number**

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**Cargo Origin** [\[Help: What Address Should be Reported?\]](#)

◆ **Address Line 1**

● **Address Line 2**

◆ **City**

◆ **State** [Select State...](#) ▼

◆ **Postal Code**

[\[Top of Page\]](#)

# USPPI and USPPI Identification

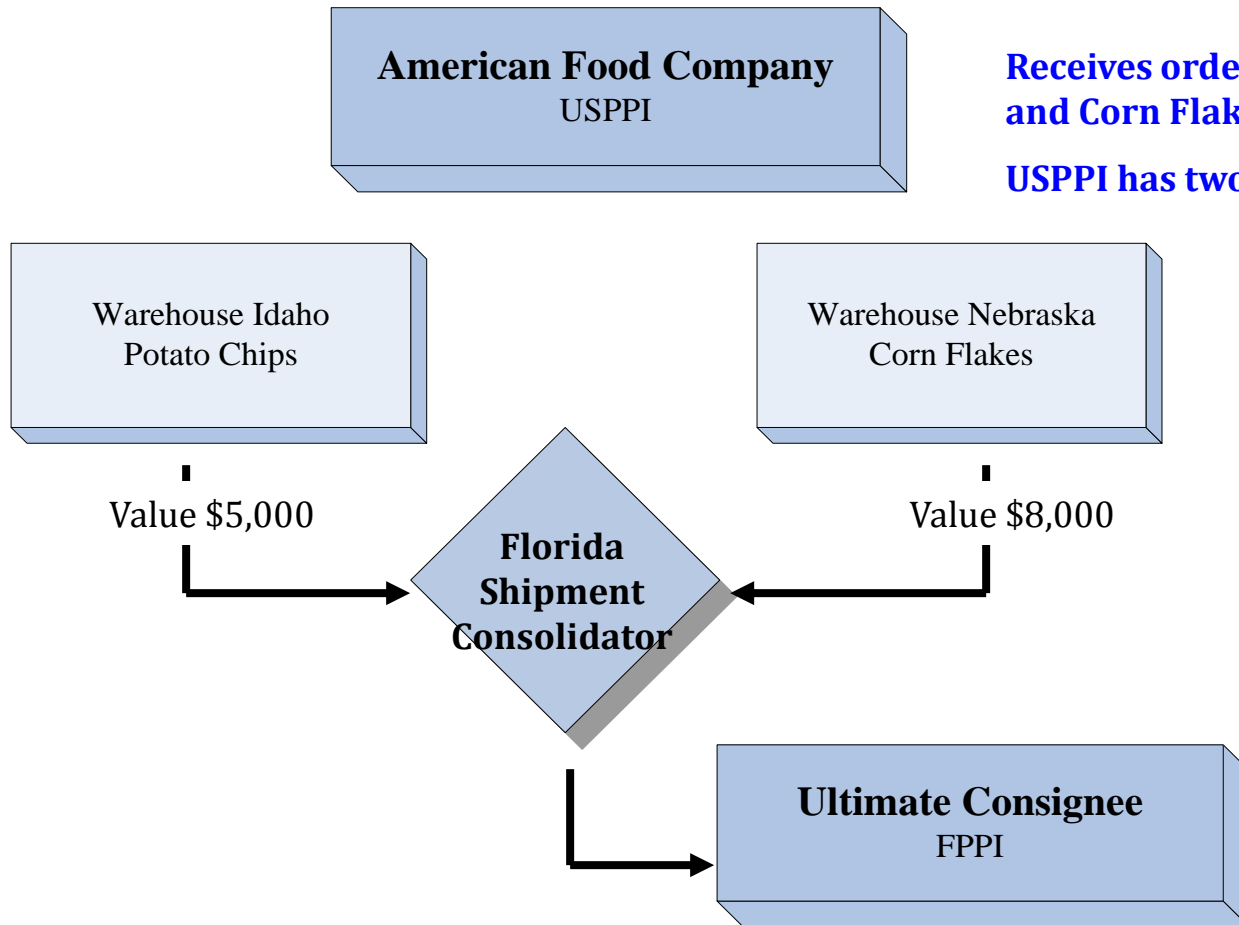
## [FTR 30.6(a)]

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- **Name of USPPI**
- **USPPI Identification Number**
  - Employer Identification Number
  - Dun & Bradstreet Number
  - Passport Number
- **Address of USPPI**
  - No post office box number
  - Address where goods begin journey
  - For multiple origins, report address where the commodity with greatest value originates

# USPPI Address

## [FTR 30.6(a)(1)(ii)]



Receives order from FPPI for Potato Chips and Corn Flakes.

USPPI has two different warehouses.

For Multiple Origins,

- Address of the USPPI (reported on the EEI) is the address of the warehouse location with the greatest value of the commodity. In this case, it is the Nebraska warehouse.
- Use the 2 character postal code and report the U.S. state of the commodities with the greatest value.

# Ultimate Consignee

## [FTR 30.6(a)(3)]

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**The person, party, or designee located abroad and actually receives the export shipment**

- Report the Ultimate Consignee as known at the time of export.
- Licensed shipments shall be the person designated on the export license
- For goods sold en route
  - Report “To be Sold En Route” indicator
  - Correct EEI as soon as known

# Ultimate Consignee Type

## [FTR 30.6(a)(28)]

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**Provide the business function of the ultimate consignee that most often applies:**

- 1. Direct Consumer**
- 2. Government Entity**
- 3. Reseller**
- 4. Other/Unknown**

# Country of Ultimate Destination [FTR 30.6(a)(5)]

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The country in which the goods are to be consumed or further processed or manufactured



# Port of Export

## [FTR 30.6(a)(9)]

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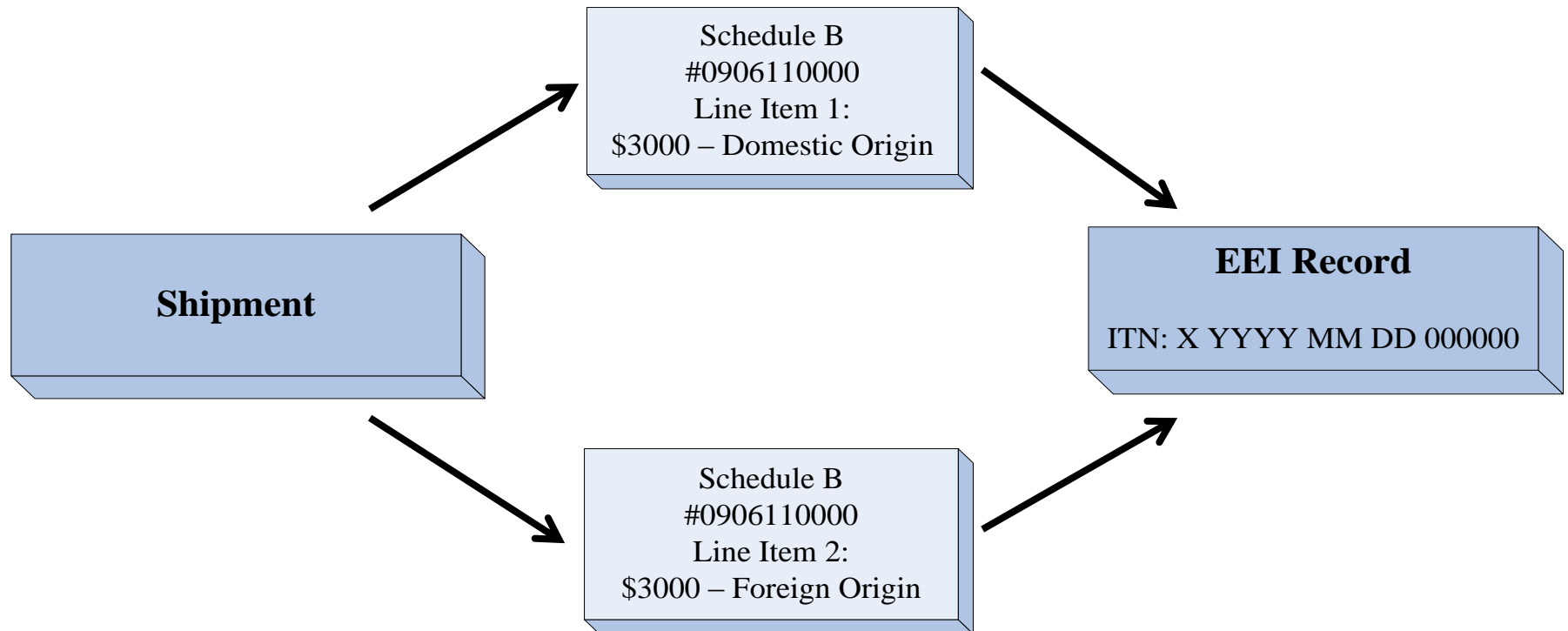
- Seaport or airport where goods are loaded on the carrier leaving the U.S.
- For overland shipments, the port where goods cross the border
- Use Schedule D, Classification of CBP Districts and Ports





# Domestic/Foreign Indicator [FTR 30.6(a)(11)]

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# Value

## [FTR 30.6(a)(17) & 30.6(b)(15)]

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### Value:

- Selling price including inland domestic freight and insurance
- Cost, if the goods are not sold
- Report value to nearest U.S. dollar



### License Value:

- For shipments requiring an export license, report the value designated on the export license that corresponds to the commodity being exported.

# Repair Items

## [FTR 30.29(a)]

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- Report the value of the repairs, including parts and labor
- Report Schedule B number 9801.10.0000 for the reexport of any article that was imported for repairs or alterations
- For ITAR or USML shipments, report the license value in the license value field



# Replacement Items

## [FTR 30.29(b)]

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- Report the value of the replacement commodity
- Report original Schedule B number
- If the value in the EEI record is different from the value on the bill of lading, invoice, etc., include a statement notating:  
  
“Product replaced under warranty, value for EEI record purposes”

# Repair & Replacement

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## Exercise 7 & 8

# Household Goods

[FTR 30.38]

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## Revised Definition

- Usual and reasonable kinds and quantities of personal property necessary and appropriate for use by the USPPI in the USPPI's dwelling in a foreign country that are shipped under a bill of lading or an air waybill and are not intended for sale

## Limited Reporting

- Limited reporting can only be used for shipping household goods when the USPPI is also the ultimate consignee

# Penalty Provisions



# Delegation of Authority (FTR 30.73)

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**Bureau of Industry and Security's  
Office of Export Enforcement**



**Customs and Border Protection  
Bureau of Immigration and Customs  
Enforcement**



# Criminal Penalties

## [FTR 30.71(a)]

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USPPI, U.S. Authorized Agent or Carrier who knowingly:

- Fails to file
- Files false and misleading information
- Continues to participate in illegal activities



**FINES** up to \$10,000 per violation **and/or**  
**IMPRISONMENT** for no more than five years

# Civil Penalties

## [FTR 30.71(b)]

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Parties	Violations	Penalties
USPPI Or Authorized Agent Or Carrier	Late Filings	Up to <b>\$1,100</b> per each day delinquency or up to a maximum of <b>\$10,000</b> per violation
	Other Violations	Up to <b>\$10,000</b> per violation

**Penalties may be mitigated**

# Mitigation Guidelines

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## CBP Published Guidelines

- **Highlights:**
  - Penalties for failure to file
  - Penalties for late filing
  - Penalties for other violations
  - Carrier penalties

[www.cbp.gov/trade](http://www.cbp.gov/trade)

Click on CBP legal Decisions and Publications > Bulletins and Decisions > 2009 Bulletins > Volume 43, Jan. 2, 2009

# Voluntary Self Disclosure (FTR 30.74)

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## Submit a letter detailing:

- Type of violation
- Explanation of when and how the violations occurred
- List all individuals and organizations (foreign & domestic) related to the violations
- A description of any mitigating circumstances
- Number and value of shipments affected
- Corrective measures
- **Corrected or filed shipments**

## Send letter on company letterhead to:



# Record Retention (FTR 30.10)

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## Census:

- Retain documents pertaining to the export shipment for 5 years from the date of export

## Other Government Agencies:

- Adhere to requirements of other agencies with export control

# Questions?

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# Foreign Trade Division

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## Regulations, Outreach, and Education Branch (ROEB)

**Branch Chief:** Joe A. Cortez  
joe.a.cortez@census.gov  
Phone: 301-763-1413



**Phone:** 1-800-549-0595 (Option 3)

**Fax:** 301-763-8835

**Email:** FTDRegs@census.gov

**Website:** [www.census.gov/trade](http://www.census.gov/trade)

**Blog:** <http://globalreach.blogs.census.gov/>



# Seminar Agenda

**Registration and Continental Breakfast**

**Opening Remarks and Welcome**

**EEI, Regulations**

**Commodity Analysis**

**Lunch**

**Customs and Border Protection**

**AES**

**Overview**

**Current Issues**

**Bureau of Industry and Security**

**Wrap Up**



FOREIGN TRADE DIVISION and the  
COMMODITY ANALYSIS BRANCH

present

# EXPORT COMMODITY CLASSIFICATION

## TRADE COMMUNITY

RAW DATA

EXPORTS

- Automated Export System (AES)
- Canadian Export Exchange

IMPORTS

## COMMODITY ANALYSIS BRANCH

REJECTED  
RECORDS



FIXED  
RECORDS



PARAMETERS

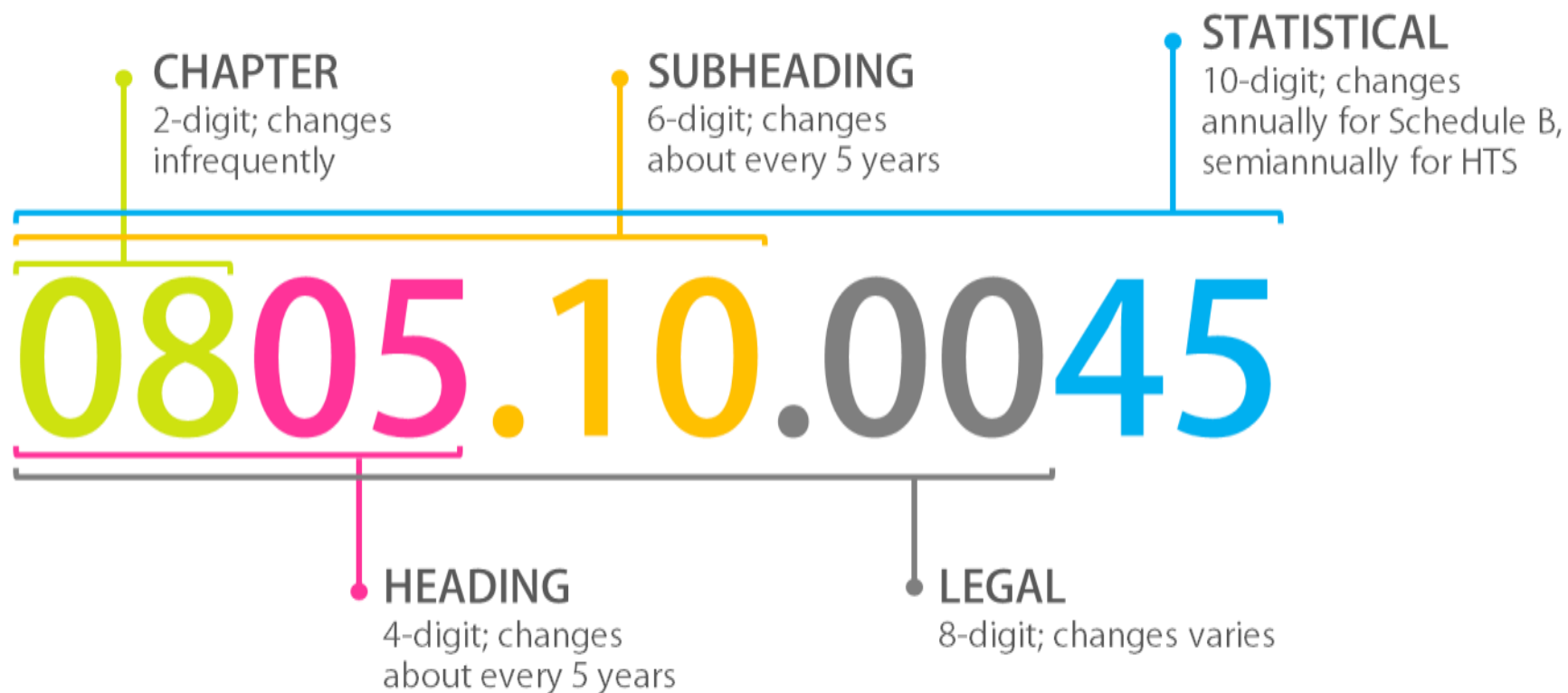


TRADE STATISTICS

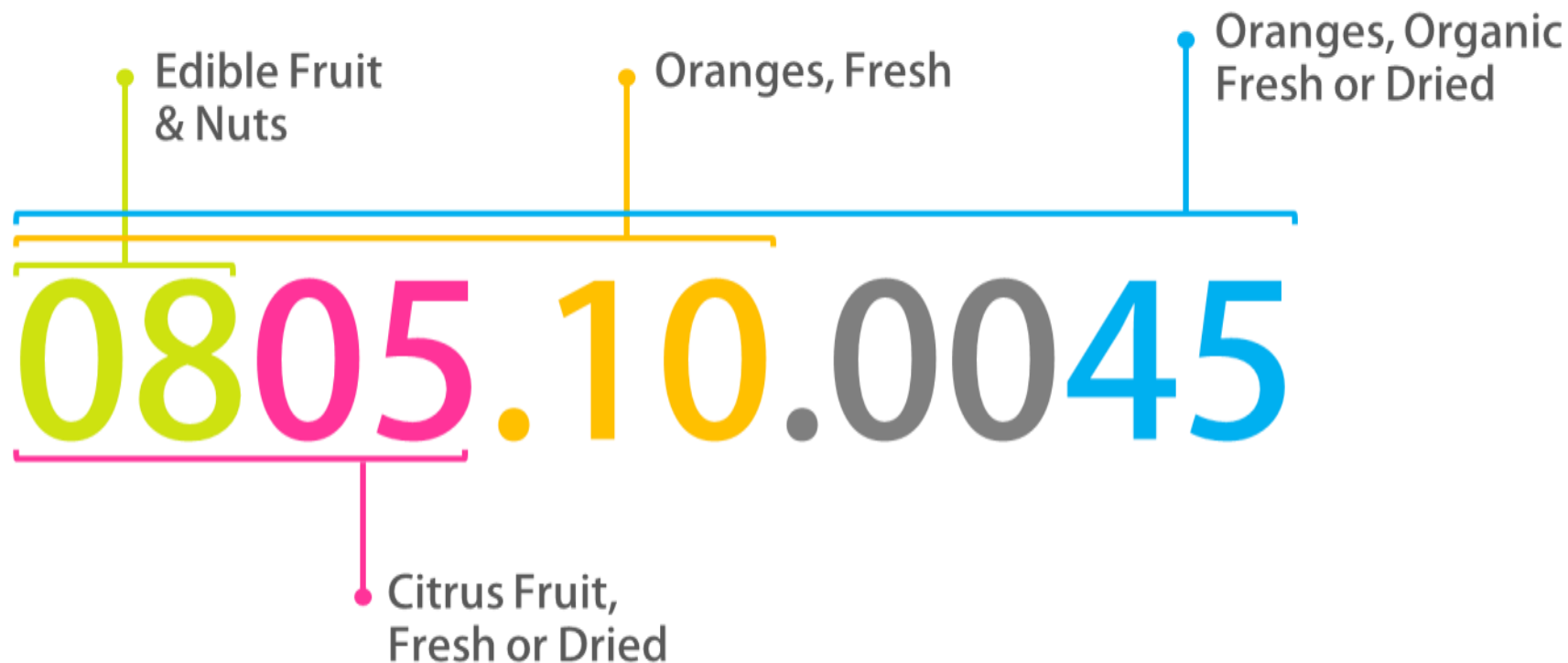
# POTENTIAL REPORTING ERRORS

ERROR	INTENTION	MISTAKE
Report U.S. dollars and cents	\$40,000	\$4,000,000
Misclassify the commodity	Ink Cartridges	Ammunition Cartridges
Wrong country code	IE = Ireland	IR = Iran
Export information code	OS = General Exports	MS = Military Shipments

# ANATOMY of SCHEDULE B and HARMONIZED TARIFF SCHEDULE CODES



# ANATOMY of SCHEDULE B and HARMONIZED TARIFF SCHEDULE CODES



# GENERAL RULE OF INTERPRETATION



Developed by the World Customs Organization

Used by the U.S. Customs and Border Protection and by the Schedule B search engine

# GENERAL RULE OF INTERPRETATION

1

2

3

4

5

6

Choose your **4-digit heading** based on the heading descriptions and section and/or chapter notes.

## Section I - Chapter 1

### Live Animals

#### Note

1. This chapter covers all live animals except:
  - (a). Fish and crustaceans, molluscs and other aquatic invertebrates, of heading 0301, 0306, 0307 or 0308.
  - (b). Cultures of micro-organisms and other products of heading 3002; and
  - (c). Animals of heading 9508.

# GENERAL RULE OF INTERPRETATION

2

## UNFINISHED or DISASSEMBLED GOODS

Classified as complete articles as long  
as they have the same essential  
character





# GENERAL RULE OF INTERPRETATION



## MIXTURES and COMBINATIONS

Classified based on the essential character unless the mixture is specifically referenced

The essential character of a product is its nature, purpose, or function. It could be determined by bulk, quantity, value, volume, or weight depending on the commodity.



# GENERAL RULE OF INTERPRETATION



## GOODS CLASSIFIED IN TWO OR MORE AREAS

1. Choose the heading with the most specific or detailed description
2. Choose the heading that best describes the essential character
3. Choose the last heading in numerical order

1001...Wheat and Meslin  
1002...Rye  
1003...Barley



60%  
WHEAT

40%  
BARLEY



1001...Wheat and Meslin



50%  
WHEAT

50%  
BARLEY



1003...Barley

# GENERAL RULE OF INTERPRETATION



CLASSIFY UNDER THE HEADING OF  
THE MOST SIMILAR GOOD

Use this only as a last resort.



# GENERAL RULE OF INTERPRETATION



## CONTAINERS

Specifically fitted containers are not classified when shipped together with the goods

Disposable packing materials and containers are not classified when used for packaging



# GENERAL RULE OF INTERPRETATION



## CHOOSING 6-DIGIT SUBHEADING

Choose based on descriptions and related notes while paying attention to indents

01.02	- Live bovine animals:
	-- Cattle:
0102.21	--- Purebred breeding animals:
	---- Dairy:
0102.21.0010	----- Male
0102.21.0020	----- Female
	---- Other:
0102.21.0030	----- Male
0102.21.0050	----- Female
0102.29.0000	--- Other

# U.S. ONLY GENERAL RULE OF INTERPRETATION

5

6

more

Except where specifically noted, the following rules apply:

- End use is determined by use in the U.S. immediately prior to export.
- Goods that are specifically provided for in the Schedule B must be classified as such and not as “parts”.
- Mixtures of two or more textile materials are classified first as the predominant material by weight, or last as the material covered by the last heading in numerical order.

# HELPFUL LINKS

## Schedule B Search Engine

- <http://www.census.gov/scheduleb>

## World Customs Organization (WCO)

- <http://www.wcoomd.org>

## Customs and Border Protection (CBP)

- Customs Rulings Online Search System (CROSS)
  - <http://rulings.cbp.gov/>
- What Every Member of the Trade Community Should Know About: Tariff Classification
  - [http://www.cbp.gov/xp/cgov/trade/legal/informed\\_compliance\\_pubs/](http://www.cbp.gov/xp/cgov/trade/legal/informed_compliance_pubs/)

## United States International Trade Commission (USITC)

- HTS Online Reference Tool
  - <http://hts.usitc.gov/>

# CONTACT INFORMATION

Foreign Trade Division Call Center: 1-800-549-0595

- Option 1 – AES Assistance
- Option 2 – Commodity Classification Assistance
- Option 3 – Regulations Assistance
- Option 4 – Trade Data

Fax: 301-763-4347

E-mail: [ftd.scheduleb@census.gov](mailto:ftd.scheduleb@census.gov)



# WALKTHROUGH

e	Data	AES	Regulations	Reference	Definitions	<b>Schedule B</b>	FAQs
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## Schedule B

The export statistics are initially collected and compiled in terms of approximately 8,000 commodity classifications *Foreign Commodities Exported from the United States*.

### Sections

[Search](#) | [Validation](#) | [Browse](#) | [Download](#) | [Obsolete Co](#)

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### Schedule B Search

Use our new, enhanced search at <http://uscensus.prod.3ceonline.com> [Note](#)). For more information, read our [an](#)

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### Schedule B Validation

Type up to a 10-digit export code to verify that it appears in the current Schedule B

Search for:

• Which year?:

# WALKTHROUGH

## Schedule B Search Engine

Describe your product:

[Classify](#) [Contact](#) [Help](#)

The more you tell us about your product, the easier it will be for 3CE to find its Schedule B Export Code.

Examples:

- Woven men's blazer, 75% wool, 25% cotton
- Table lamp with fabric shade
- CAS 354-56-3
- Impeller for fuel pump
- Fresh cut snowdrop
- Relay, 30 volts

Click [here](#), to watch an Export Training Video on how to Classify Your Commodity.

# WALKTHROUGH

Describe your product:  [Classify](#)

Here is what we know about your **boots** ( [change](#) )

Tell us more about the **boots**

footwear

**boots as part of**

machinery and mechanical appliances

brake

land vehicle

manufactured article

Choose based on GR1

# WALKTHROUGH

Here is what we know about your <b>boot</b> ( <a href="#">change</a> )			
<b>Assumed characteristics</b>			
condition	<a href="#">other</a>	than antique; worn	<a href="#">(modify)</a>
magnetic property	<a href="#">other</a>	than magnetic	<a href="#">(modify)</a>
characteristics	<a href="#">other</a>	than toy	<a href="#">(modify)</a>
constituent	<a href="#">other</a>	than gut, goldbeater's skin, bladder or tendon; inedible nut; mineral wax, vegetable or animal wax, modelling paste or stearin	<a href="#">(modify)</a>
end use	<a href="#">other</a>	than orthopaedic	<a href="#">(modify)</a>
composition	<a href="#">other</a>	than insulating mineral material; precious metal; pearl; precious or semi-precious stone	<a href="#">(modify)</a>
construction mode	<a href="#">other</a>	than without applied sole	<a href="#">(modify)</a>
<b>Known characteristics</b>			
item	<a href="#">footwear</a>	not as a part of machinery and mechanical appliances; as a part of brake; as a part of land vehicle; as a part of manufactured article	<a href="#">(modify)</a>
Tell us more about the <b>upper</b>			
<div><a href="#">rubber or plastics</a> <a href="#">leather</a> <a href="#">textile material</a> <a href="#">other</a></div>		May need to use GR3	

# WALKTHROUGH

Known characteristics	
item footwear	not as a part of manufactured article; as a part of land vehicle; as a part of <a href="#">(modify)</a> brake; as a part of machinery and mechanical appliances
upper leather	not rubber or plastics; textile material; other <a href="#">(modify)</a>
Tell us more about the <b>outer sole</b>	
<div>rubber or plastics leather other</div>	

# WALKTHROUGH

**Known characteristics**

	item	footwear	not as a part of manufactured article; as a part of land vehicle; as a part of brake; as a part of machinery and mechanical appliances	<a href="#">(modify)</a>
	upper	leather	not rubber or plastics; textile material; other	<a href="#">(modify)</a>
	outer sole	rubber or plastics	not leather; other	<a href="#">(modify)</a>
	style	covering the ankle	not other	<a href="#">(modify)</a>

Schedule B
Notes

Please read all 10-digit descriptions to find the one that best matches your product

**U.S. Census Bureau - Foreign Trade Schedule B (2012)**

Schedule B Number	Description	Unit of Quantity	Export Value (Dollars)	
			2010	2009
64.03	- Footwear, with outer soles of rubber, plastics, leather or composition leather and uppers of leather:			
	- - Other footwear:			
6403.91	- - - Covering the ankle:			
6403.91.1100	- - - - Footwear made on a base or platform of wood, not having an inner sole or a protective metal toe-cap	Prs.		
	- - - - Other:			
6403.91.1300	- - - - - Work footwear	Prs.		
6403.91.1500	- - - - - Tennis shoes, basketball shoes, gym shoes, training shoes and the like for men, youth and boys	Prs.		
	- - - - - Other:			
6403.91.5000	- - - - - For men, youths and boys	Prs.		
6403.91.8500	- - - - - Other	Prs.		

# WALKTHROUGH

Schedule B	Notes
<p>CHAPTER 64</p> <p>FOOTWEAR, GAITERS AND THE LIKE; PARTS OF SUCH ARTICLES</p>	
<p><u>Notes</u></p>	
1.	<p>This chapter does not cover:</p> <ul style="list-style-type: none"><li>(a) Disposable foot or shoe coverings of flimsy material (for example, paper, sheeting of plastics) without applied soles. These products are classified according to their constituent material;</li><li>(b) Footwear of textile material, without an outer sole glued, sewn or otherwise affixed or applied to the upper (section XI);</li><li>(c) Worn footwear of heading 6309;</li><li>(d) Articles of asbestos (heading 6812);</li><li>(e) Orthopedic footwear or other orthopedic appliances, or parts thereof (heading 9021) <u>1</u>; or</li><li>(f) Toy footwear or skating boots with ice or roller skates attached; shin-guards or similar protective sportswear (chapter 95).</li></ul>
2.	<p>For the purposes of heading 6406, the term "<u>parts</u>" does not include pegs, protectors, eyelets, hooks, buckles, ornaments, braid, laces, pompons or other trimmings (which are to be classified in their appropriate headings) or buttons or other goods of heading 9606.</p>
3.	<p>For the purposes of this chapter:</p> <ul style="list-style-type: none"><li>(a) the terms "<u>rubber</u>" and "<u>plastics</u>" include woven fabrics or other textile products with an external layer of rubber or plastics being visible to the naked eye; for the purpose of this provision, no account should be taken of any resulting change of color;</li></ul>



# Seminar Agenda

**Registration and Continental Breakfast**

**Opening Remarks and Welcome**

**EI, Regulations**

**Commodity Analysis**

**Lunch**

**Customs and Border Protection**

**AES**

**Overview**

**Current Issues**

**Bureau of Industry and Security**

**Wrap Up**





# Seminar Agenda

**Registration and Continental Breakfast**

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# **Department of Homeland Security**

## **Customs and Border Protection: Export Enforcement**



# U.S. Customs and Border Protection

## Our Mission

We are the guardians of our Nation's borders.

We are America's frontline.

We safeguard the American homeland at and beyond our borders.

We protect the American public against terrorists and the instruments of terror.  
We steadfastly enforce the laws of the United States while fostering our nation's economic security through lawful international trade and travel.

We serve the American public with vigilance, integrity and professionalism.



# EXODUS OBJECTIVES

- Prevent weapons, weapon components and controlled commodities from falling into the hands of terrorists or criminals.
- Enforce U.S. Government agency laws, such as the Department of State, Department of Commerce, U.S. Bureau of Census & Office of Foreign Asset Controls.
- Interdict unreported currency.
- Process and clear vehicle exports.
- Halt encountered illegal HAZMAT exports.
- Facilitate Trade.





# Why CBP?

- **CBP has the border search authority to enforce export control regulations.**
- **CBP is physically located at the border.**
- **CBP has the authority to detain and seize merchandise being exported without proper license authorization.**





# **Enforcing Regulations**



# Office of Foreign Assets Control (OFAC)

## U.S. Department of the Treasury

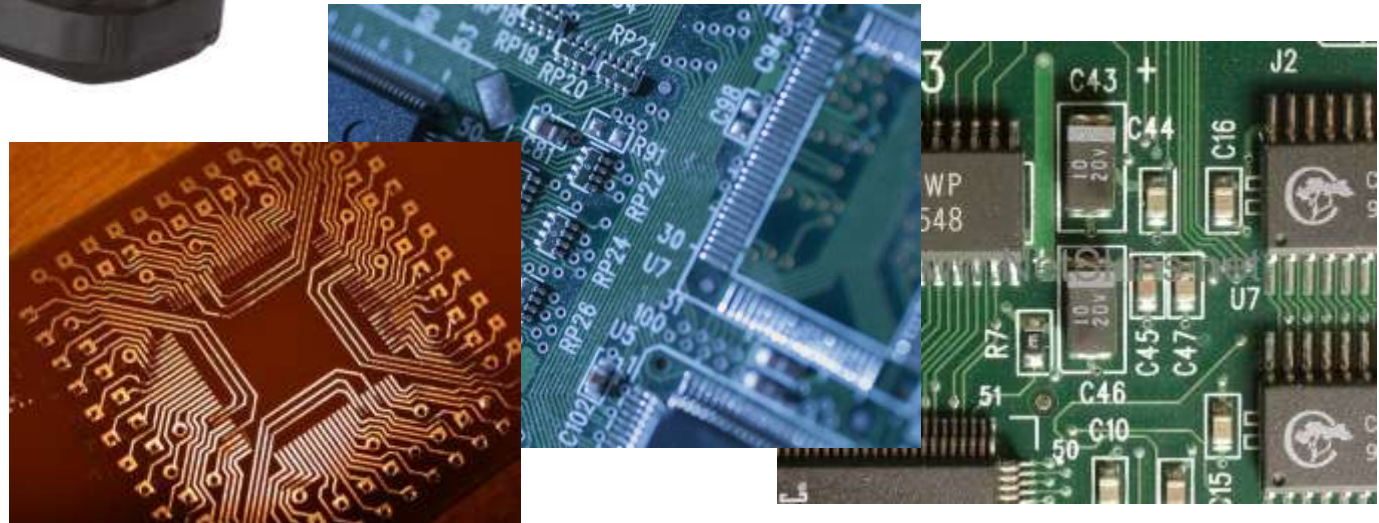


U.S. Customs and  
Border Protection





# Department of Commerce Export Administration Regulations (EAR)



U.S. Customs and  
Border Protection





## Department of State International Traffic in Arms Regulations (ITAR)

- Controls the export and import of United States Munitions List (USML) commodities.
- These controls are in the form of DOS licenses: DSP-5, DSP-61, DSP-73, DSP-85, DSP-94



**Bureau of International Security and Non-Proliferation**  
**Nonproliferation Sanctions**

[www.state.gov](http://www.state.gov)



U.S. Customs and  
Border Protection



# Clean Diamond Trade Act of 2003

## Kimberley Process





# U.S. Kimberley Certificate

## 15 CFR 30.70 Penalties for Violation of the Clean Diamond Trade Act





# **AES & the Automated Targeting System**

**The Automated Targeting System is a computer system utilized by CBP Officers to filter AES Electronic Export Information and target suspected illegal export shipments.**



**U.S. Customs and  
Border Protection**



# Detention/Seizure

- **6051D**
- **Commodity Specifications**
- **EXODUS Command Center (HSI/ICE)**
- **Seizure or Release**
- **FP&F**





# **Foreign Trade Regulations**

**The authority to enforce the FTR has been delegated to U.S. Customs and Border Protection.**

**Failure to comply with these regulations will result in penalty actions.**

**On January 2, 2009, Customs and Border Protection published within the Customs Bulletin and Decisions, the mitigation guidelines of civil penalties for failure to comply with the new FTR.**







# **Department of Homeland Security**

## **Common Questions Exporters have for CBP Officers**



# Department of Homeland Security

- **What are the major mistakes you see on export shipments?**
- **What is the process to challenge/appeal a penalty?**





# Department of Homeland Security

- **What is the most common penalty out of this port? How can it be avoided?**
- **How/Where do you want to see certain notations on documentation?**



# Department of Homeland Security

- **What is the fines and penalties process?**
- **What types of cases have you discovered fraud?**



# Questions?

**[www.cbp.gov/trade](http://www.cbp.gov/trade)**



**The CBP.gov website provides steps for AES participation and frequently asked questions.**



**U.S. Customs and  
Border Protection**



# Seminar Agenda

**Registration and Continental Breakfast**

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**Customs and Border Protection**

**AES**

**Bureau of Industry and Security**

**Wrap Up**

# **Guidelines on the Automated Export System**

## **True Innovation in Export Automation**

# Today's Topics

---

- Automated Export System (AES)
- *AESDirect* and *AES PcLink*
- Before filing the Electronic Export Information (EEI)
- Filing the EEI and Troubleshooting
- After Filing the EEI

# Automated Export System

---

- AES is the Customs' system that processes and stores all EEI
- Benefits of sending electronically
  - More accurate trade data
  - Increased compliance
  - Collects licensing data for other agencies

# Who Can File in AES? (FTR 30.3)

---

- U.S. Principal Parties in Interest (USPPI)
  - Sellers, Manufacturers, etc.
- U.S. Authorized Agents



# AES Filing Methods

- **Direct connection to the Customs' mainframe**
  - Self-developed Software
  - Certified Vendor Software
  - Certified Service Center
- ***AESDirect***
  - Online Filing System
  - *AES PcLink* Standard/Network Edition
  - Batch Filing (EDI Upload)
  - *AES WebLink*

# AES Process Flow



# Introduction to *AESDirect* and *AESPcLink*

Topic	<i>AESDirect</i>	<i>AESPcLink</i>
Application Type	Runs on the website: aesdirect.census.gov	Offline program downloaded onto user's computer
Templates	Limited to 100 per company	Up to 1,000 per installation
Server Networking	Not Capable	Capable
Language(s) Available	English	Spanish and English
Code Tables and Versions	Update automatically	Update by filer manually

# The AESDirect Homepage

[aesdirect.census.gov](http://aesdirect.census.gov)

The screenshot shows the AESDirect homepage with the following layout:

- Header:** U.S. Department of Commerce seal, "AESDirect" logo, "True Innovation In Export Automation" tagline, and U.S. Census Bureau seal.
- Log In:** Links to [AESDirect](#) and [Certification Quizzes](#).
- Account Set-up & Management:** Links to [Register New Account](#), [Registration Help](#), [Re-Activate an Account](#), [Terms & Conditions](#), [Privacy Policy](#), [Privacy Act Statement](#), and [Account Administration](#).
- Vendor Account Set-up:** Links to [Developers Center](#) and [Register Vendor Account](#).
- Training:** Links to [User Guides](#), [Sample Shipments](#), [Online Training](#), [Workshops](#), and [AES Compliance](#).
- Using AESDirect:** Links to [Who to Contact](#), [Support Center](#), and [Browser Support](#).
- Newsflash:** "Removal of Social Security Numbers from AESDirect".
- Welcome to AESDirect:** "Use AESDirect to file your Electronic Export Information (EEI) to the Automated Export System (AES)".
- Navigation Columns:**
  - New to AESDirect?**
    - [How to Register](#)
    - [Register](#)
    - [Account Administration](#)
    - [Need an EIN?](#)
  - Already Registered?**
    - [Log In](#)
    - [Take Certification Quiz](#)
    - [SSN Elimination](#)
  - Need Training?**
    - [User Guides](#)
    - [Online Training](#)
    - [In-person Training](#)
    - [Export Training Videos](#)
- AESDirect Products:**
  - AESDirect -- Online Internet Filing System**
    - FREE -- At No Cost to Users
    - Allows users to file EEI one-at-a-time on the Internet
    - No software or hardware investment

Callout boxes on the right side of the page point to the following features:

- Registration Form:** Points to the "Register New Account" link.
- Registration Help:** Points to the "Registration Help" link.
- User Guides:** Points to the "User Guides" link in the "Need Training?" column.
- Support Center:** Points to the "Support Center" link in the "Using AESDirect" section.

# Registering for *AESDirect*

---

1. Register a New Account by submitting the registration form electronically
2. View the e-mail verification message and create a username and password
3. Pass the Certification Quiz using the resources provided within the website
4. Log in to *AESDirect* or *AESPcLink* and begin filing

# ***AESDirect User Roles***

---

- Account Administrator
- User Managers
- Individual User

# Manage Users Screens

**AESDirect: Manage Users**

Search Users:  Search By Username

<a href="#">Username</a>		Quiz	App	Mgr	Admin	<a href="#">First Name</a>	<a href="#">Last Name</a>	<a href="#">E-Mail Address</a>	<a href="#">Expiration</a>
aabuthan	<a href="#">Edit</a>   <a href="#">Disable</a>   <a href="#">Reset Password</a>	Y	Y		Y	Ashley	Abuthan	<a href="mailto:aabuthan@tradegate2000.com">aabuthan@tradegate2000.com</a>	EXPIRED
aesdirectteam	<a href="#">Edit</a>   <a href="#">Disable</a>   <a href="#">Reset Password</a>	Y	Y		Y	AESDirect	Team	<a href="mailto:ftd.aesdirectteam@census.gov">ftd.aesdirectteam@census.gov</a>	07/17/2010
aeslab2	<a href="#">Edit</a>   <a href="#">Disable</a>   <a href="#">Reset Password</a>	Y	Y		Y	Census	Census	<a href="mailto:disabled@tradegate2000.com">disabled@tradegate2000.com</a>	EXPIRED
aesworkshop	<a href="#">Edit</a>   <a href="#">Disable</a>   <a href="#">Reset Password</a>	Y	Y	Y		AES	Workshop	<a href="mailto:theresa.l.gordon@census.gov">theresa.l.gordon@census.gov</a>	EXPIRED

## AESDirect: Edit User

Utilities: [View Log](#) ; [Transfer Account Administrator Role to This User](#)

Username: aesworkshop

First Name:

Last Name:

E-Mail Address:

### Allow this user to access:

- ☒ This user can access the certification quizzes. Once they pass the certification quiz they will be give access to the AESDirect application (Quiz)
- ☒ This user can access AESDirect application (App)
- ☒ This user can access the user management tools to create, modify, disable, and re-enable users (Mgr)

### Within the AESDirect application this user may:

- ☒ This user can File EEI (This includes editing, resubmitting, and canceling EEI)
- ☐ This user can only View EEI (For Internal Company Use ONLY)

Transfer user roles

Reset passwords

Update profile information



# Login Features

---

- “Who is My Administrator?”
  - Supply Username and Filer ID and Administrator’s information e-mailed to User
- Login Counter (displays # of attempts)
- After successful login, Administrator and User Manager(s) are displayed
- Password “strength-o-meter” displayed to assist with creating/changing password



# Shipment Manager Feature

The Shipment Manager in AESDirect makes it easy for your company to comply with your export filings!

<div> <div>All Shipments</div> <div>Accepted (5)</div> <div>Rejected (1)</div> <div>Print</div> <div>Download</div> <div></div> </div>					
Show More Shipment Details »					
	Shipment Reference Number	Status	AES ITN	Date of Filing	Date of Export
I want to ... Retrieve Delete Print Save as a Template	03111	Accepted/Verify	X20110311000011	03/11/2011	06/20/2011
I want to ...	031111B	Accepted	X20110311000026	03/11/2011	03/11/2011
I want to ...	031111C	Accepted	X20110311000027	03/11/2011	03/11/2011
I want to ...	03111A	Accepted/Verify	X20110311000012	03/11/2011	06/14/2011
I want to ...	3811A	Accepted/Verify	X20110308000064	03/08/2011	03/08/2011
I want to ...	CLASS117	Rejected/Fatal		03/09/2011	03/20/2011

# Shipment Manager Feature

---

## FEATURES

- Search directly by ITN or Shipment Reference Number
- Search for EEI by the filing date or date of export
- Sort results to your preference
- Filter your search – Search under additional criteria
  - USPPI ID Number
  - USPPI Name
  - Consignee Name
  - Country of Destination
  - Port of Export
  - Carrier SCAC/IATA code
  - License Type
  - Username that created the shipment

# Shipment Manager Feature

---

- Save up to 5 frequently used searches
- Manage EEI with easy to use drop down menu
- View detailed AES response messages and description
- Preview shipment details
- Export report to a spreadsheet



I want to ... ▼  
Retrieve  
Delete  
Print  
Save as a Template

# Before Filing the EEI

# Gather/Review filing resources

- Foreign Trade Regulations
- FTR Export Compliance Flipper
- *AESDirect/AESPcLink* User Guides
- *AESDirect/AESPcLink* Sample Shipments
- *AESDirect* Support Center
- Export Training Videos
- TradeSource (multi-agency newsletter)
- AES Newsletter
- FTD Global Reach Blog
- GovDelivery Broadcast Messaging Subscription
- AES Best Practices Manual



# Before Filing the EEI

---

- Decide who is filing the EEI
  - USPPI files
  - U.S. Authorized Agent files on USPPI's behalf

**To avoid duplicate EEI filings, only one party files the EEI.**

# Before Filing the EEI

---

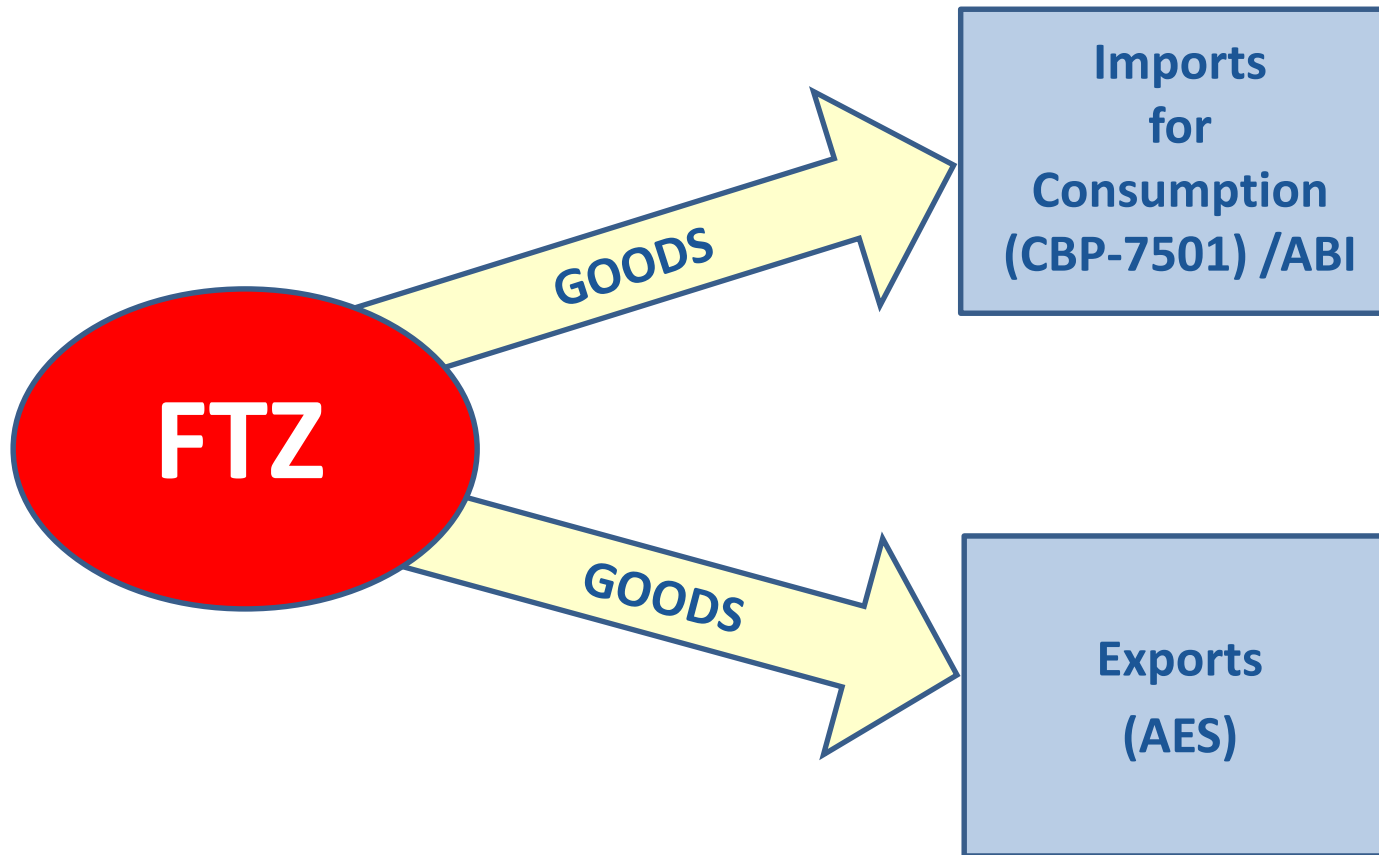
- Gather export information from involved parties
  - Shipment Information
    - Examples: Origin, Date of Export, Carrier Information
  - Parties Involved Information
    - Examples: USPPI, Ultimate Consignee
  - Commodity Information
    - Examples: Schedule B, Units of Measure, License Information

# Filing the EEI and Troubleshooting

---

- Common Problems
  - Misreported Codes
  - Missing Required Information
  - Improperly Reported Commodity Lines
- US State Department Licensing Information
- AES Response Messages
  - Fatal, Verify, Compliance Alert, Warning, Informational

# Foreign Trade Zones (FTZs)





# Foreign Trade Zones (FTZs)

- FTZ Identifier Field

- Requires seven (7) digits
- The first 3 digits are numeric and represent the General Purpose Zone (GPZ range from 001-286)
- The next 2 digits are alpha-numeric and represent the Subzone
- The last 2 digits are numeric and represent the Site

Examples:

Zone 167, without a sub zone or site FTZ=1670000

Zone 020, with a sub zone and no site FTZ= 0200H00

Zone 003, without a sub zone and site 01 FTZ= 0030001

- Additional Information

- U.S. Census Bureau, Data Collection Coordination Branch  
301-763-2259
- <http://www.census.gov/foreign-trade/faq/index.html>

# AES Responses

Verify  
Compliance  
Warning  
Informational

**Shipment Accepted**

**ITN Issued**

Fatal

**Shipment Rejected**

**No ITN Issued**

**or**

**Update Rejected**

**Invalid ITN**

# Fatal Error Example

---

(121-FATAL) CARRIER CODE MUST BE 2-CHAR OR 3-LETTER

(970-FATAL) SHIPMENT REJECTED; RESOLVE & RETRANSMIT

-----  
SHIPMENT REFERENCE NUMBER : PRESENTATION1

AES ITN :  
-----

<<< THIS IS POST-ONLY E-MAIL. PLEASE, DO NOT REPLY TO THIS MESSAGE >>>

# Proper Actions for Fatal Errors

---

- Filers are required to correct - FTR 30.9
- Must be corrected to receive AES ITN
  - Predeparture filers must correct prior to exportation
- Refer to Appendix A of the AES Trade Interface Requirements (AESTIR) documentation on Customs' website

[http://www.cbp.gov/xp/cgov/trade/automated/aes/tech\\_docs/aestir/](http://www.cbp.gov/xp/cgov/trade/automated/aes/tech_docs/aestir/)

# Verify Message Example

(8VW-LINE1-VERIFY) VALUE/SHIPPING WGT OUT OF RANGE  
(835-LINE1-VERIFY) VALUE OF GOODS TOO HIGH FOR COMMODITY  
(972-LINE1-VERIFY) SHIPMENT ADDED; MUST VERIFY

-----  
SHIPMENT REFERENCE NUMBER : PRESENTATION3  
AES ITN : X20121231658923  
-----

<<< THIS IS POST-ONLY E-MAIL. PLEASE, DO NOT REPLY TO THIS MESSAGE >>>

# Proper Action for Verify Messages

---

- **Review data thoroughly**
    - If data is correct, no further action necessary
    - If data is incorrect, correct and retransmit
  - **Report repetitive Verify Messages**
    - Provide Shipment Reference Numbers
    - Provide Schedule B or HTS Number
    - Provide 5 or more examples within a 1 month period with the same verify response per Schedule B number
- <http://www.census.gov/foreign-trade/aes/documentlibrary/index.html#parameter>

# Compliance Alert Example

---

(700-COMPLY) SHIPMENT REPORTED LATE; OPT 2  
(973-COMPLY) SHIPMENT ADDED; COMPLIANCE ALERT

-----  
SHIPMENT REFERENCE NUMBER : PRESENTATION5  
AES ITN :X20121231658923  
-----

<<< THIS IS POST-ONLY E-MAIL. PLEASE, DO NOT REPLY TO THIS MESSAGE >>>

# Proper Action for Compliance Alerts

---

- Compliance Alerts cannot be corrected
- Common Causes:
  - Late filing
  - Changing critical shipment information after export date
  - Submitting shipment with incorrect export date
- Account for all compliance alerts with documentation



# Warning Message Example

---

(341-WARN) ULT CONS MUST BE REPORTED WITHIN 4 DAYS  
(971-WARN) SHIPMENT ADDED; MUST CORRECT WARNINGS

-----  
SHIPMENT REFERENCE NUMBER : PRESENTATION6  
AES ITN : X20121231658923  
-----

<<< THIS IS POST-ONLY E-MAIL. PLEASE, DO NOT REPLY TO THIS MESSAGE >>>

# Proper Action for Warning Messages

---

- Sold En Route Shipments
- Ultimate Consignee not known at time of export
- Must be corrected within 4 days

# Informational Message Example

---

(176-INFO) DDTC LIC NOW EXHAUSTED: S05/0584894  
(974) SHIPMENT ADDED

-----  
SHIPMENT REFERENCE NUMBER : PRESENTATION7  
AES ITN : X20121231658923  
-----

<<< THIS IS POST-ONLY E-MAIL. PLEASE, DO NOT REPLY TO THIS MESSAGE >>>



# Proper Action

---

## for Informational Messages

- Non-critical notification to the filer
- Follow Informational message instructions
- No AES action is required

# AES Downtime Policy

- When the AES filer's system is down
  - Transmit through *AESDirect*
  - Select a U.S. Authorized Agent to report on your behalf
- When the AES or *AESDirect* is down
  - You will be notified by a nationwide e-mail broadcast
  - Use Downtime Proof of Filing Citation to move cargo
- Shipments subject to US State Department, whether licensed or ITAR exempt, cannot be moved under AES Downtime

# AES Downtime Filing Citation

- Format
  - **Example**
- | AESDOWN | Filer ID  | Date of Export |
|---------|-----------|----------------|
| AESDOWN | 987654321 | 12/25/2012     |
- Maintain a log of unreported shipments
  - When the system is back online, the filer is responsible for transmitting EEI for cargo moved under the AES Downtime Policy

# After Filing the EEI

---

- Proof of Filing Citations
- Reports from the U.S. Census Bureau
  - AES Compliance Report
  - AES Fatal Error Report

# Proof of Filing Citations (FTR 30.7)

- **Predeparture**

Format:

AES	ITN (YYYYMMDD#####)
Example:	X20121225999999

- **Postdeparture**

– If Authorized Agent files on behalf of USPPI

Format:

AESPOST	USPPI ID – Filer ID	Date of Export
Example:	11345678900-977654321	12/25/2012

– If USPPI files directly to the AES

Format:

AESPOST	USPPI ID	Date of Export
Example:	11345678900	12/25/2012



# Ensuring Compliance with AES

---

- Shipments are monitored for quality and timeliness
- Census will take the appropriate action to improve compliance
- AES filers can be penalized for:
  - Failure to file
  - Late filing
  - Providing false or misleading information

# AES Compliance Reports

---

- AES Compliance Reports are issued monthly
- AES Compliance Alerts and unresolved Fatal Errors affect your compliance rate
- Census calculates the monthly compliance rate

# AES Compliance Reports

---

- Ultimate Goal is a 100% Compliance Rate
- Shipments found out of compliance are subject to fines, penalties and seizures
- If the Compliance Rate falls below 100%
  - Filers will need to address filing issues
  - Review AES Best Practices
- Census follows up with companies with lower Compliance Rates
- Account for all late shipments with proper documentation

# AES Compliance Reports

---

- To maintain a high Compliance Rate, filers should:
  - Make sure your AES Compliance and AES Fatal Error Reports are sent to the appropriate person in your company
  - Minimize the total number of monthly AES Compliance Alerts
  - Monitor and resolve outstanding Fatal Errors as soon as they are received
  - Properly suppress or resubmit rejected shipments
  - Familiarize yourself with Appendix A – Commodity Filing Response Messages to correct Fatal Errors

# AES Fatal Error Reports

---

- If applicable, filers with unresolved Fatal Errors will receive an AES Fatal Error Report approximately 2 weeks following the AES Compliance Report.
- The report will contain any unresolved Fatal Errors remaining from the AES Compliance Report along with any new unresolved Fatal Errors.

# AES Fatal Error Reports

---

- Filer may be suspended from filing if found non-compliant
- Postdeparture privilege may be revoked if applicable

# What to do with Unresolved Fatal Errors

---

- **Correction:** the updating and resubmission of the rejected EEI to obtain an ITN
- **Cancellation:** the deletion of a successfully submitted EEI by the filer
- **Suppression:** the manual removal of a fatal error by the AES staff

# Correction

- For the rejected EEI that was issued a fatal error **before** receiving an ITN or for a shipment with the status “Update Rejected” that requires correction:
- Filers must:
  1. Retrieve the rejected EEI
  2. Correct the error
  3. Resubmit to receive the ITN
- The **same** shipment reference number should be used when resubmitting the rejected EEI

**Warning:** using a new Shipment Reference Number will create a new shipment



# Cancellation

---

- For the rejected EEI that generated a fatal error **after** receiving an ITN that needs to be cancelled
- Filers must:
  - Cancel the submission **only once** or a second attempt will cause another fatal error
- \* A shipment cannot be cancelled if an ITN has not been received.

# Suppression

- For the rejected EEI that:
  - Cannot be corrected
  - Was successfully filed with another Shipment Reference Number (SRN)
  - Never left the country for export
- Send an e-mail to the AES Branch at [ftd.aes.fatal.reports@census.gov](mailto:ftd.aes.fatal.reports@census.gov)

Include the following:

- Original SRN, Replacement SRN, new ITN

# AES Compliance Review Program

---

- Assist companies in trouble areas:
  - Excessive late shipments
  - Noncompliant Postdeparture shipments
  - Misclassified products or incorrect quantity reporting
  - Unresolved fatal errors
- Recommend “Best Practices” to avoid penalties

# For More Information

- **FTD Call Center: 800-549-0595**
  - Option 1 – AES Assistance
  - Option 2 – Commodity Classification Assistance
  - Option 3 – Regulations Assistance
  - Option 4 – Data Dissemination
- **Fax: 301-763-8835 (secure)**
- **E-mail: [ASKAES@census.gov](mailto:ASKAES@census.gov)**
- **FTD Blog: <http://globalreach.blogs.census.gov/>**
- **Chief, AESB: Paul Newman 301-763-3541**
- **Broadcast Message Subscriptions**





# Questions?



# Seminar Agenda

**Registration and Continental Breakfast**

**Opening Remarks and Welcome**

**EI, Regulations**

**Commodity Analysis**

**Lunch**

**Customs and Border Protection**

**AES**

**Bureau of Industry and Security**

**Wrap Up**



# **AES Seminar**

## **Compliance with the Export Administration Regulations (EAR) in AES EEI Filings**





# Agenda Topics

- Introduction
- Determine Export Control Requirements
  - What?
  - Where?
  - Who?
  - How?
- AES Changes
  - For Export Control Reform
  - For the Foreign Trade Regulations
  - Other Future Proposed Edits and Changes







# Bureau of Industry and Security Mission

**Advance  
national security,  
foreign policy  
and  
economic  
interests**

- Develops export control policies
- Issues export licenses
- Prosecutes violators to heighten national security
- Develops and implements programs that ensure a technologically superior defense industrial base





# 3 Types of Commerce Exports in AES

- Licensed Exports
  - C30, C31
- License Exceptions or Authorizations
  - C35 to C59
- No License Required (NLR)
  - C32, C33 or C60





# Determine your License Requirements

- What?
  - License Type, ECCN, License Number, Description, Quantity, Value
- Where?
  - Country of Destination, Ultimate Consignee Country
- Who?
  - USPPI, Freight Forwarder, Intermediate Consignee, Ultimate Consignee
- How?
  - Commodity Description, Ultimate Consignee





# What is My Item?

- Export Control Classification Number (ECCN)
  - defined on the Commerce Control List (CCL)  
(Part 738 and Part 774, Supplement No. 1)
- Items generally listed in terms of technical parameters
- ECCN identifies “Reason For Control” – e.g. national security (NS), Anti-terrorism (AT), etc.
- If not on CCL, report EAR99





# What is my Item?

## Structure of the ECCN

**0A979**

**0**      **CATEGORY**

**A**      **PRODUCT GROUP**

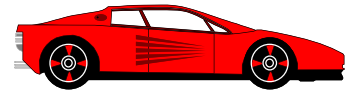
**979**   **TYPE OF CONTROL**



# What is my Item?

## EAR99 Items

- Items not specified on the CCL
- Most commercial items
- Usually classified NLR (No License Required)



*Remember to check all parties to the transaction, the end-use of the item and restricted destinations!!*







# What is my Item?

## Reasons for Control

AT = Anti-Terrorism

CB = Chemical & Biological  
Weapons

CC = Crime Control

CW = Chemical Weapons  
Convention

EI = Encryption Item

FC = Firearms Control

MT = Missile Technology

NP = Nuclear

Nonproliferation

NS = National Security

RS = Regional Stability

SI = Significant Item

SL = Surreptitious  
Listening

SS = Short Supply

UN = United Nations  
Embargo





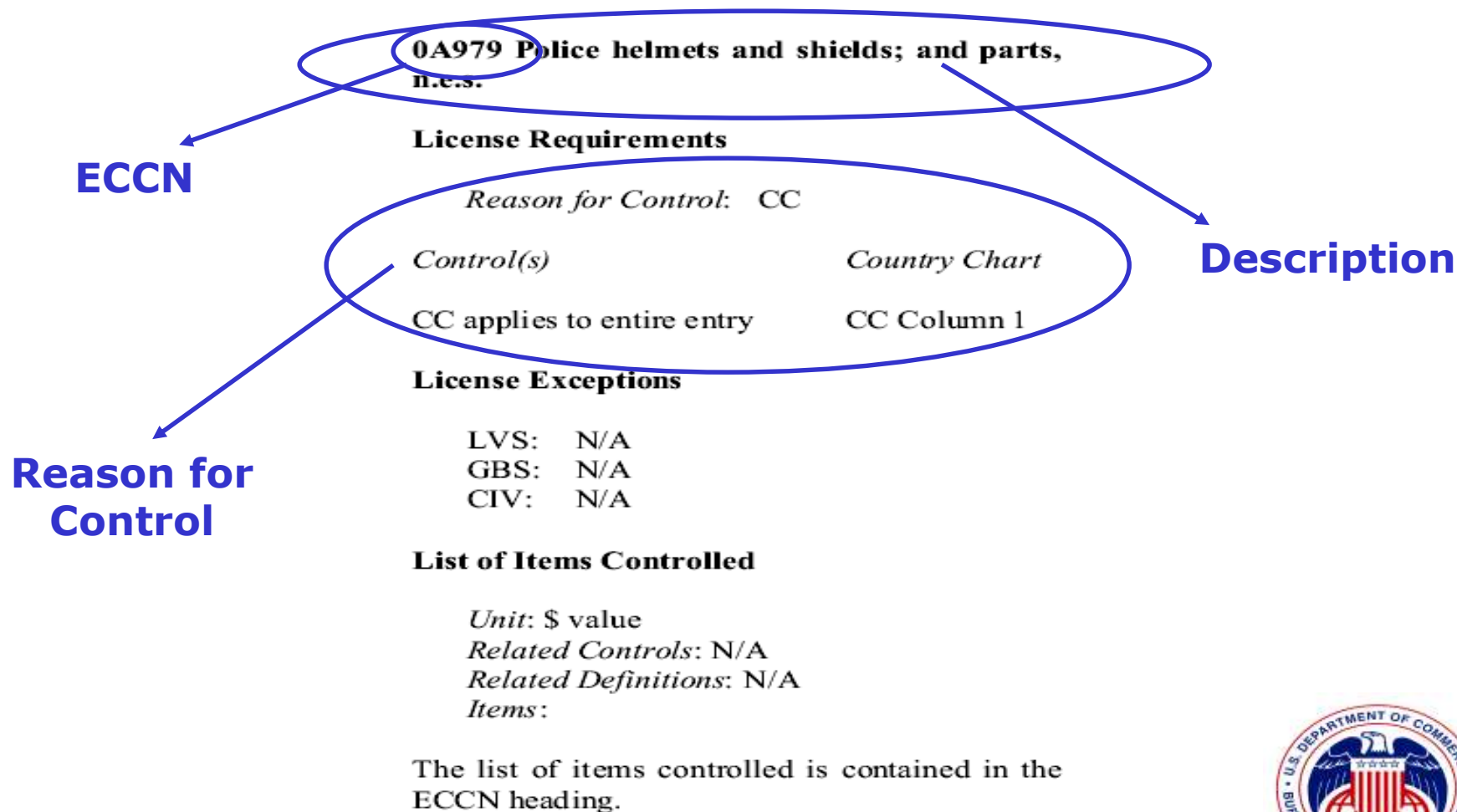
# Where is My Item Going?

- Commerce Country Chart  
Supplement No. 1 to Part 738
- Used with the ECCN to determine if you need a license based on item & destination
- Compare destination and item's reason for control





# Commerce Control List - ECCN



# CCL Country Chart

Reason  
for  
Control

Country	Chemical & Biological Weapons			Nuclear Nonproliferation		National Security		Missile Tech	Regional Stability		Firearms Convention	Crime Control			Anti-Terrorism	
	CB1	CB2	CB3	NP1	NP2	NS1	NS2	MT1	RS1	RS2	FC1	CC1	CC2	CC3	AT1	AT2
Afghanistan	X	X	X	X		X	X	X	X	X		X		X		
Albania	X	X		X		X	X	X	X	X		X	X			
Algeria	X	X		X		X	X	X	X	X		X		X		
Andorra	X	X		X		X	X	X	X	X		X		X		
Angola	X	X		X		X	X	X	X	X		X		X		
Antigua	X	X		X		X	X	X	X	X	X	X		X		
Argentina	X					X	X	X	X	X	X	X		X		
Armenia	X	X	X	X		X	X	X	X	X		X	X			
Aruba	X	X		X		X	X	X	X	X		X		X		
Australia	X					X		X	X							
Austria	X					X		X	X	X		X		X		
Azerbaijan	X	X	X	X		X	X	X	X	X		X	X			
Bahamas	X	X		X		X	X	X	X	X	X	X		X		
Bahrain	X	X	X	X		X	X	X	X	X		X		X		
Bangladesh	X	X		X		X	X	X	X	X		X		X		
Barbados	X	X		X		X	X	X	X	X	X	X		X		
Belarus	X	X	X			X	X	X	X	X		X	X			
Belgium	X					X		X	X							





# Special Destinations & Embargoes

Parts 742 and 746 of the EAR

- Cuba
- Iran
- Sudan
- Syria
- North Korea





# License Exceptions and Authorizations

## *Part 740*

- An authorization that takes the place of a license
- In most instances exporter does not require anything in writing from BIS
- Identified by acronym (e.g. LVS, TSR, STA)





# Country Groups for License Exceptions

- Supplement No. 1 to Part 740
- Country Groups Eligible for List-Based License Exceptions
  - LVS, GBS, TSR – Limited to Country Group B
    - C35, C36 and C38
  - CIV – Limited to Country Group D:1
    - C37





# List-Based License Exceptions

**3A001 Electronic components and specially designed components therefor, as follows (see List of Items Controlled).**

## License Exceptions

LVS: N/A for MT or NP

Yes for:

\$1500: 3A001.c

\$3000: 3A001.b.1, b.2, b.3, b.9, .d, .e, .f, and .g

\$5000: 3A001.a (except a.1.a and a.5.a when controlled for MT), and b.4 to b.7

GBS: Yes for 3A001.a.1.b, a.2 to a.12 (except .a.5.a when controlled for MT), b.2, b.8 (except for TWTAs exceeding 18 GHz), b.9., and .g.

CIV: Yes for 3A001.a.3, a.4, a.7, and a.11.

**Description**

**List-Based License Exceptions**





# Who is Involved?

## “Lists to Check”

- Denied Persons List
- Entity List
- Unverified List
- Specially Designated Nationals List - Treasury Department, Office of Foreign Assets Control
- Nonproliferation Sanctions List - State Department
- Debarred Parties List - State Department

These lists may be found on the BIS website  
([www.bis.doc.gov](http://www.bis.doc.gov))  
or the Export Control Reform website  
([www.export.gov/ecr](http://www.export.gov/ecr))





# export.gov

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- [Export Control Enforcement](#)

### For Exporters

- [Consolidated Screening List](#)
- [Export Licensing](#)
- [Strategic Trade Authorization Compliance Tool](#)
- [Export Enforcement Coordination Center \(E2C2\)](#)

### Provide Input

*"While there is still more work to be done, taken together, these reforms will focus our resources on the threats that matter most, and help us work more effectively with our allies in the field. They'll bring transparency and coherence to a field of regulation which has long been lacking both. And by enhancing the competitiveness of our manufacturing and technology sectors, they'll help us not just increase exports and create jobs, but strengthen our national security as well."*

- President Obama, Department of Commerce Annual Export Controls Update Conference, August 30, 2010

## PRESIDENT'S EXPORT CONTROL REFORM INITIATIVE

### From the ECR Blog

*March 8, 2013 - Executive Order Signed, First Formal 38(f) Notification of Reform Process Submitted*

On March 8, 2013, President Obama signed an [Executive Order](#) to update delegated presidential authorities over the administration of certain export and import controls that have not been comprehensively updated in 36 years. This action makes changes needed to implement our new export control system. The Administration also notified Congress of the first in a series of changes to the U.S. Munitions List (USML), as required by Section 38(f) of the Arms Export Control Act, of putting our new export control lists in place. Once the Congressional notification period concludes, these changes to the current Department of State-administered controls on aircraft and gas turbine engines will be published, with an effective date of 180 days after publication. The revised USML will enable the United States to better focus its resources on items that deserve the highest levels of protection and on destinations of concern, while providing American companies with a streamlined export authorization process for thousands of parts and components. The remaining USML changes will be published on a rolling basis throughout 2013. These actions are key steps in modernizing the nation's export control system that will improve our national security and competitiveness. For further information, please see the White House [Fact Sheet](#) on these actions.

*February 28, 2013 - Is the implementation of Export Control Reform, particularly the rebuilding of the Department of State's U.S. Munitions List (USML), dependent upon the department's all transitioning to the Department of Defense*



defense articles, including technical data and defense services. Pursuant to the Arms Export Control Act (AECA) and the International Traffic in Arms Regulations (ITAR), the AECA Debarred List includes persons convicted in court of violating or conspiring to violate the AECA and subject to "statutory debarment" or persons established to have violated the AECA in an administrative proceeding and subject to "administrative debarment."

### ***Department of the Treasury – Office of Foreign Assets Control***

- [Specially Designated Nationals List](#) – Parties who may be prohibited from export transactions based on OFAC's regulations. The EAR require a license for exports or reexports to any party in any entry on this list that contains any of the suffixes "SDGT", "SDT", "FTO", "IRAQ2" or "NPWMD".

## **Downloadable Consolidated Screening List**

*Instructions for Use:* The consolidated screening list is a list of parties for which the United States Government maintains restrictions on certain exports, reexports or transfers of items. If one of the agency lists noted above has been updated and this downloadable consolidated list file has not yet been updated, the date on the top row in these files will not match the date of last update on the appropriate agency website. If this occurs, the user must check the appropriate agency webpage for the most current party information. If a party to your transaction matches a party name on the consolidated list, the user must check the official publication of restricted parties in the [Federal Register](#) or the official lists of restricted parties maintained on the web sites of the Departments of Commerce, State and the Treasury to ensure full compliance with all of the terms and conditions of the restrictions placed on the parties on this list.

### ***Instructions for Downloading the Consolidated Screening List***

- [CSV Download](#)
- [ASCII Download](#)

If you have any questions related to the content of the information in the consolidated list, please refer them to the appropriate agency responsible for the list as indicated in the "Source List" field.

 [Sign up for email updates to the Consolidated Screening List](#)

*The date listed at the bottom of this page does not always reflect the date of the posting of the most current consolidated screening list. For the date of the consolidated screening list, users should click on the file(s) and note the date in the top line of that file.*



# How is My Item Being Used?

- End Use/User Controls
  - Part 744 of the EAR
- For any item subject to the EAR, including EAR99
- If you -- “know” or are “informed”
- Proliferation end-users/uses – nuclear, missile technology, chemical and biological
- Limited military end-use restrictions





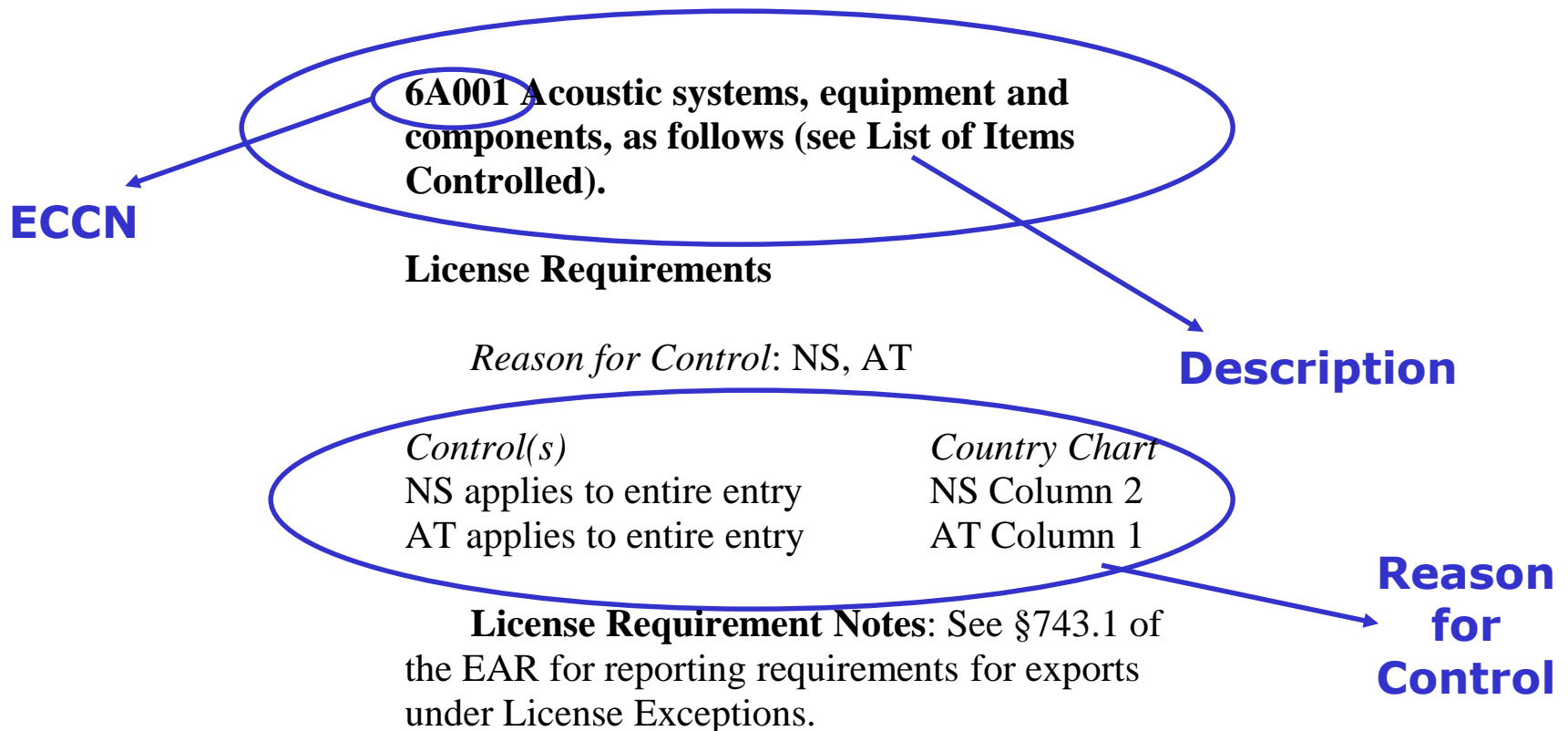
# Is the “NLR” Designation Used Properly?

- Valid Use of C32
  - ECCN with control other than or in addition to Anti-Terrorism
- Valid Use of C33
  - ECCN with Anti-Terrorism control only, or
  - EAR99, or
  - Destined to Puerto Rico or the Virgin Islands





# Proper Use of NLR



# Improper Classification Results

- Delays in exporting
- Violation(s) of the EAR and FTR
- Penalties







# Export Control Reform

**[www.export.gov/ecr](http://www.export.gov/ecr)**

- Improvement of national security and interoperability with Allies
- ECR tasks include:
  - Transitioning items on the State Department United States Munitions List (USML) to the Commerce Department's Commerce Control List (CCL)
    - 600-Series Export Control Classification Numbers
  - BIS License Exception "Strategic Trade Authorization" (STA)





# Transition: USML to CCL Items

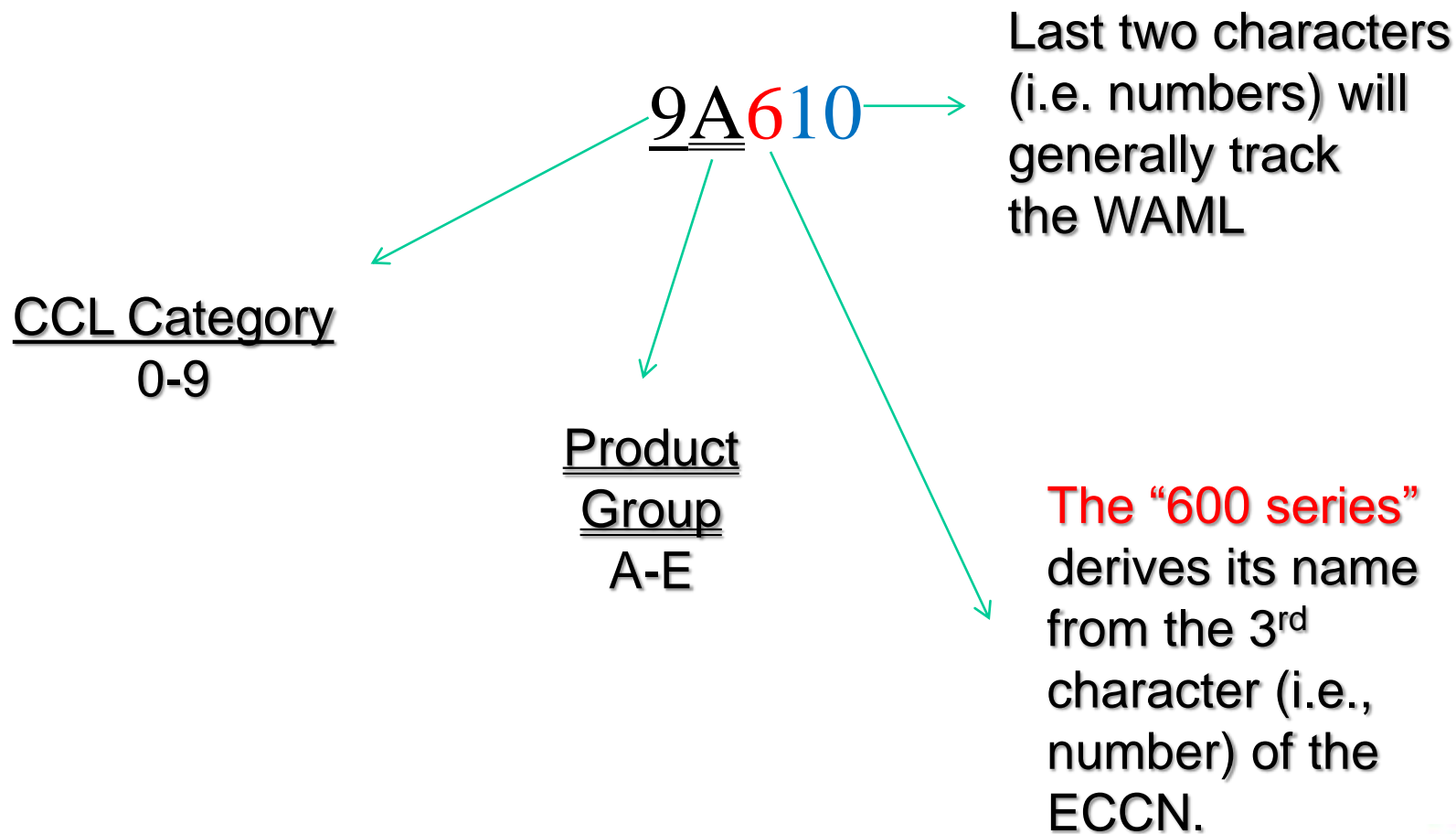
CCL will add new 600 series ECCNs for:

- End-items (limited number)
- Specially designed parts and components for USML and CCL end-items
  - ✓ STA and other BIS license exceptions eligible
- Less significant parts and components (.y paragraph)

600 Series ECCNs on Export Shipping Documents (BOLs, AWBs, Invoices)



# Anatomy of a “600 series” ECCN







# **License Exception Strategic Trade Authorization (STA)**

- June 2011 – Creation of License Exception STA
  - Authorizes the export, reexport, and transfer (in country) of specified controlled items to certain destinations without an export license
  - AES edits ensure only specific ECCNs and specific countries are eligible for STA
- October 15, 2013 – Use of STA for 600 series
  - Government end-users only





## Strategic Trade Authorization (STA) Interactive Compliance Tool

Reset



## Strategic Trade Authorization (STA) Interactive Compliance Tool

Begin >>



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## Strategic Trade Authorization (STA) Interactive Compliance Tool

Reset



### STA Eligibility Checklist

#### Question 2

Is your transaction subject to any license requirements imposed by end-use or end-user controls, or embargoes and other special controls of the EAR?



- ☐ Yes
- ☐ No

<< Previous

Next >>

#### Key Terms

- + End-use
- + End-user
- + Embargoes and Other Special Controls
- + Export Administration Regulations (EAR)



# **AES Changes for Export Control Reform**

- Adding 600-series ECCNs to AES ECCN Reference Table
- AES editing on 600-series ECCNs
  - Only certain AES license types will be eligible
- Creating New AES License Type DY6
  - Includes .y paragraph 600-series items only
  - ECCNs are allowed but not required





# AES Changes for the FTR

- Creation of Ultimate Consignee Type
  - As Known at the Time of Export
    - Direct Consumer
    - Government Entity
    - Reseller
    - Other/Unknown
- License Value
  - Allow for automatic calculation of remaining value







# **Other BIS Proposed Changes to AES**

**A Smarter AES to Prevent Improper Use  
of “No License Required” Designations**

**For Encryption Items  
For Controlled Items**



5A002 "Information security" systems, equipment and components therefor, as follows (see List of Items Controlled).

### License Requirements

*Reason for Control:* NS, AT, EI

Control(s)	Country Chart
NS applies to entire entry	NS Column 1

AT applies to entire entry AT Column 1

EI applies to 5A002.a.1, .a.2, .a.5, .a.6, .a.9 and .b. Refer to §742.15 of the EAR.

### License Exceptions

LVS: Yes: \$500 for components and spare parts only. N/A for equipment.  
GBS: N/A  
CIV: N/A  
ENC: Yes for certain EI controlled commodities, see §740.17 of the EAR for eligibility.

### Items:

*Note: 5A002 does not control any of the following. However, these items are instead controlled under 5A992:*

*(a) Smart cards and smart card 'readers/writers' as follows:*

*(1) A smart card or an electronically readable personal document (e.g., token coin, e-passport) that meets any of the following:*

*a. The cryptographic capability is restricted for use in equipment or systems excluded from 5A002 by Note 4 in Category 5 - Part 2 or entries (b) to (i) of this Note, and cannot be reprogrammed for any other use; or*

*b. Having all of the following:*

*1. It is specially designed and limited to allow protection of 'personal data' stored within;*

*2. Has been, or can only be, personalized for public or commercial transactions or individual identification; and*

http://beta-www.bis.doc.gov/index.php/forms-documents/doc\_view/574-ccl-9-propulsion-systems-spa - Windows Internet Explorer

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7 / 33 101% Find

9A105 Liquid propellant rocket engines. (These items are subject to the export licensing authority of the U.S. Department of State, Directorate of Defense Trade Controls. See 22 CFR part 121.)

9A106 Systems or components, other than those controlled by 9A006, usable in "missiles", as follows (see List of Items Controlled), and specially designed for liquid rocket propulsion systems.

License Requirements

Reason for Control: MT, AT

Control(s)	Country Chart
MT applies to entire entry	MT Column 1
AT applies to entire entry	AT Column 1

License Exceptions

LVS: N/A

c. Thrust vector control sub-systems;

*Technical Note: Examples of methods of achieving thrust vector control controlled by 9A106.c includes:*

1. Flexible nozzle;
2. Fluid or secondary gas injection;
3. Movable engine or nozzle;
4. Deflection of exhaust gas steam (jet vanes or probes); or
5. Thrust tabs.

d. Liquid and slurry propellant (including oxidizers) control systems, and specially designed components therefor, designed or modified to operate in vibration environments greater than 10 g rms between 20 Hz and 2000 Hz.

*Note: The only servo valves and pumps controlled by 9A106.d, are the following:*



## Commerce Country Chart

## Reason for Control

Countries	Chemical & Biological Weapons			Nuclear Nonproliferation		National Security		Missile Tech	Regional Stability		Firearms Convention	Crime Control			Anti-Terrorism	
	CB 1	CB 2	CB 3	NP 1	NP 2	NS 1	NS 2	MT 1	RS 1	RS 2	FC 1	CC 1	CC 2	CC 3	AT 1	AT 2
Bulgaria <sup>3</sup>	X					X		X	X							
Burkina Faso	X	X		X		X	X	X	X	X		X		X		
Burma	X	X	X	X		X	X	X	X	X		X		X		
Burundi	X	X		X		X	X	X	X	X		X		X		
Cambodia	X	X		X		X	X	X	X	X		X	X			
Cameroon	X	X		X		X	X	X	X	X		X		X		
Canada	X										X					
Cape Verde	X	X		X		X	X	X	X	X		X		X		
Central African Republic	X	X		X		X	X	X	X	X		X		X		
Chad	X	X		X		X	X	X	X	X		X		X		
Chile	X	X		X		X	X	X	X	X	X	X		X		

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## ◆ Commodity Description

■ 1st Quantity

■ Units for 1st Quantity

None Selected

■ 2nd Quantity

■ Units for 2nd Quantity

None Selected

## ◆ Value in Whole US Dollars

## ◆ Gross Weight in Whole Kilograms

[\[Unit Conversion Factors\]](#)

## ◆ Export Code

None Selected

[\[Export Code Full Descriptions\]](#)

■ Origin of Goods

Not Selected

◆ License Type [\[Help\]](#)

Select License Type...

[\[License Code Full Descriptions\]](#)

■ ECCN

■ Export License Number

## ◆ Is this commodity a Used Vehicle?

No

(Only report items below if commodity is a used vehicle)

■ VIN/Product ID

■ ID Type

Not Selected

■ Vehicle Title Number

■ Vehicle Title State



# **Contact Information**

**U.S. Department of Commerce  
Bureau of Industry and Security  
Office of Technology Evaluation  
1401 Constitution Ave., NW  
Room 1093  
Washington, DC 20230  
202-482-4933  
202-482-5361 (fax)  
[ECR\\_AES@bis.doc.gov](mailto:ECR_AES@bis.doc.gov)**





# **BIS Contact Information**

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- Exporter Services Offices:
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  - Southern California (949) 660-0144
  - Northern California (408) 998-8806
- Export Enforcement Offices
  - Nationwide (800) 424-2980





# Seminar Agenda

**Registration and Continental Breakfast**

**Opening Remarks and Welcome**

**EEI, Regulations**

**Commodity Analysis**

**Lunch**

**Customs and Border Protection**

**AES**

**Bureau of Industry and Security**

**Wrap Up**