



AES Newsletter



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Full Mandatory Electronic Filing Final Rule Anticipated First Quarter 2006

Congress passed and the President signed into law P.L. 107-228, the Security Assistance Act of 2002, which gives the Secretary of Commerce the authority to issue regulations requiring electronic filing of all export information covered by Title 13, Chapter 9. Provisions in this law also provide for penalties for late filing, failure to file and false filing.

Plans are being developed for the publication of the Final Rule in the first quarter of 2006. Cont'd Page 3

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Foreign Trade Division Chief

****New Horizon****

Mr. C. Harvey Monk, the long-time Chief of the Foreign Trade Division (FTD), left FTD effective October 30, 2005 for a new position in the Census Bureau as the Assistant Director for Economic Programs. Many AES users may remember meeting Mr. Monk at meetings as he passionately promoted the Automated Export System and the Foreign Trade Regulations Outreach and Education Program.

The new Chief of the Foreign Trade Division is William G. Bostic, Jr.

Congratulations to Mr. Monk and Mr. Bostic on their new positions!

To read the detailed staff announcements go to:
<http://develop.ssd.census.gov/foreign-trade/aes/contactus/staffanncmt-051030.html>

INSIDE THIS ISSUE

- 1 AES Mandatory Filing, FTD Chief Leaves
- 2 Postdeparture (Option4), USML, AES Statistics
- 3 AES Mandatory Filing Highlights
- 4 Causes of Late Filed Shipments
- 5 How To Handle Fatal Errors
- 6 Common Reporting Problems
- 7 Pink Form 7513-Intransit Shipments
- 8 AES Online Workshops
- 9 Online Fatal Error Training, AES Training Site
- 10 AES Call Center, Other Agencies Contact Info

AES Progress Reports

The United States Code of Federal Regulations, in Title 15, Part 30.62(d), authorizes the U.S. Census Bureau to monitor and review filer's data through the Automated Export System (AES) for quality, timeliness and coverage. The U.S. Census Bureau's Foreign Trade Division, AES Branch reviews the data, sends periodic progress reports and contacts filers as needed.

Please use your progress reports to identify areas in need of improved reporting. We recommend strongly that you implement measures to prevent identified problem areas.

Cont'd Page 4

Postdeparture Filing Applications

The moratorium on Postdeparture applications will end once the Final Rule for full mandatory AES is published. At that time, we will allow USPPs to apply for Postdeparture filing. Please watch the Foreign Trade web site at the link below for updates:

<http://www.census.gov/trade>

Helpful USML Web Links

DDTC Frequently Asked Questions:

<http://www.census.gov/foreign-trade/aes/documentlibrary/mandatoryaesfaqs.html>

DDTC Licensable Shipment Reporting Requirements Matrix and the June 2004 AES Trade Interface Requirements (AESTIR) Introduction and Guidelines:

http://www.customs.gov/xp/cgov/export/aes/tech_docs/aestir/

Good News

96%
of eligible export
shipments are filed
in AES

AES Statistics

AES-October 2005*

Filers –	19,797
LOIs –	27,943
Shipments –	1,099,083
Option 4 Approvals –	2,186

Rate of shipments reported late = 2.30%

*Includes *AESDirect*

AESDirect

As Of October 20, 2005

Registrants –	27,119
Operational –	19,044

Shipments in October 2005

520,849

Mandatory Electronic Filing

Cont'd From Page 1

The trade will be required to implement the changes in the regulations 90 days after publication of the final rule.

The Notice of Proposed Rulemaking for the new Foreign Trade Regulations mandating electronic filing can be found on the Foreign Trade web site at the link below under year 2005:

<http://www.census.gov/foreign-trade/regulations/fedregnotices/index.html>



Full Mandatory Filing

****Highlights****

- The Paper SED, Shipper's Export Declaration Form 7525-V, will be eliminated. The Automated Export System (AES) must be used for all exports that require filing. The new name will be Electronic Export Information (EEI).
- Filing Time Frames for compliance with the Trade Act of 2002
 - **Vessel** – 24 hours prior to departure from U.S. port where cargo is laden
 - **Air & Courier** – 2 hours prior to departure from U.S.
 - **Rail** – 2 hours prior to arrival at the border
 - **Truck** – 1 hour prior to crossing the border
 - **Mail/Other** – 2 hours prior to exportation
- Postdeparture applications will be accepted (see page 2). USPPIs already approved for Postdeparture filing will not need to reapply.
- The current AES Exemption Statement will be called "Proof of Filing Citation".
- The ITN will be mandatory in the AES Proof of Filing Citation on bills of lading, air waybills, commercial invoices or other loading documents.
- A new AES Filing Citation for shipments moving under the AES Downtime Policy will be required.
- The Downtime Citation may only be used when AES or *AESDirect* are not available. If the Filer's system is down, the filer will need to hold cargo or find alternative electronic means for filing.
- Penalties will increase from \$100/day to \$1,100/day with a maximum of \$10,000 per violation. Penalties can be civil or criminal and carry up to 5 years in jail. Penalties can be assessed against USPPIs, Forwarders/Agents and/or Carriers.

******Causes of Shipments Reported Late******

The Foreign Trade Division (FTD) is concerned about late filed shipments. The FTD conducts regular analysis of statistical data from the Automated Export System (AES). If filers are late in reporting their export data, this impacts the timing and accuracy of trade statistics released by the U.S. Census Bureau. The trade statistics are widely used by the public and private sector as well as other government agencies in making business decisions. This is a critical matter and we are relying on the exporting trade community to file timely and accurate export information.

When AES becomes mandatory there will be new penalty provisions implemented as a result of Public Law 107-228 for delayed filings and failure to file. Companies will be held accountable and will be subject to penalties for failure to file complete and accurate shipments. Delayed filings and other errors will constitute a violation of the regulations and may result in civil or criminal penalties ranging from \$1,100 per violation per day up to \$10,000 per violation. We strongly recommend that you implement preventative steps so that this will not happen to your company.

Causes of Shipments Reported Late

- Internal system glitches or software problems
- Miscommunication between the USPPI and Freight Forwarder/Authorized Agent
- Programming challenges
- Inexperienced filer

Recommended Preventative Steps

- Ensure employees are trained and knowledgeable about the export process.
- Perform regular internal audits to ensure shipments are filed timely and accurately.
- Resolve error messages in a timely manner.
- Engage in regular dialogue exchanges to ensure information is filed completely and accurately when using a Freight Forwarder/Authorized Agent.
- Provide the Forwarder/Agent with information necessary to complete AES filing timely.
- Maintain supporting documentation for information that you provide to the Forwarder/Agent.
- Contact your Census AES Client Representative for assistance. ♦

Progress Reports

Cont'd From Page 1

Public Law 107-228 established new penalty provisions for providing false or misleading information, delayed filings and failure to file. The provisions will go into effect after publication of regulations in the Federal Register mandating that all persons who are required to file export information via the Shipper's Export Declaration (SED) under Chapter 9 of Title 13, U.S. Code, file such information through the Automated Export System (AES). Delayed filings and other errors identified on your progress report will constitute a violation of the regulations and may result in civil or criminal penalties ranging from \$1,100 per violation per day up to \$10,000.

*****Make Sure Your Company Adheres To The Regulations*** ♦**

How To Handle Fatal Errors

Under 15 CFR part 30.64, Automated Export System (AES) filers are required to correct export transactions receiving fatal errors prior to exportation of the merchandise or prior to the tenth day after exportation if the U.S. Principal Party in Interest (USPPI) is approved for postdeparture (Option 4) filing. An AES export transaction receiving a fatal error is rejected by AES and no Internal Transaction Number (ITN) is generated back to the filer. Without the ITN, the transaction has not been accepted, and the predeparture filer has not met their reporting requirement. **It is the filer's responsibility to ensure that all AES transactions filed receive an ITN.**

The U.S. Census Bureau's AES Branch sends out bi-weekly reports to filers that have not been successful in meeting this requirement. The report provides a list of Shipment Reference Numbers and the corresponding fatal condition(s) for each of the numbers. Below are instructions on "How To Handle Fatal Errors."

- Retrieve the transaction using the shipment reference number listed on the report. Fix the problem that is causing the fatal error. Resubmit the transaction again under the same shipment reference number as if you are sending it for the very first time. Wait to receive your ITN from AES assuring that the transaction was accepted.
- If you have already received the ITN for the shipment reference number listed on the report, do not retransmit again unless you have further corrections. Duplicating a shipment reference number within a five (5) year period will produce an additional fatal error.
- For information on how to resolve fatal errors, please view the following website:
www.census.gov/foreign-trade/redirects/aestir-appendix-a.html
 - Open the "AESTIR Appendix A" document
 - Select EDIT:FIND from the file menu or press CTRL F on your keypad.
 - Type your fatal error code in the text box and click the "FIND NEXT" button.
 - Read the resolution for the response code text to help you fix the error.

If you need assistance with resolving fatal errors, please contact a Census Bureau AES Client Representative by e-mail at ftd.aes.fatal.reports@census.gov or by phone at 800-549-0595.

Note: The AES Branch is offering specialized online fatal error training that can be tailored for your company's needs. See page 9 for details.

WARNING: When a fatal error is received the ITN is not generated. Without the ITN, the transaction has not been accepted, and the predeparture filer has not met their reporting requirement. Remember: It is the filer's responsibility to ensure that all AES transactions filed receive an ITN.



COMMON REPORTING PROBLEMS

Below are Response Codes that consistently cause the top fatal errors; edits should be placed in your program to avoid these errors:

Fatal Error 256 USPPI Postal Code Not Valid for State

This error occurs frequently in Routed Transaction shipments, when a Foreign Country Postal Code is reported instead of a US Postal Code. The Postal Code must be the Postal Code for the USPPI's address (reflecting a US Postal Code). It must be reported as either 5 numeric digits followed by 4 spaces or 9 numeric digits. The state code must match the state associated to the postal code.

Fatal Error 254 USPPI Postal Code Must Be Numeric

This type of error is related to the Error Code 256, when the shipment is a Routed Transaction and the postal code reported is from a Foreign Country. This error occurs when the Foreign Postal Code is alphanumeric. Like above, the Postal Code must be the Postal Code for the USPPI's address (reflecting a US Postal Code). It must be reported as either 5 numeric digits followed by 4 spaces or 9 numeric digits.

Fatal Error 649 Quantity 1 Cannot Exceed Shipping Weight

This error occurs when the Unit of Measure 1 requires KG (kilograms) and the first net quantity exceeds the shipping weight. The Shipping Weight must always be expressed in kilograms and equal the net kilograms plus the weight of the packing materials. Shipping Weight cannot be less than net kilograms when required.

Fatal Error 643 Quantity 2 Must Be Greater Than Zero

This error occurs when the Schedule B/HTS Number requires Quantity 2 to be reported and Quantity 2 is missing or has been reported as zero. Quantity 2 must be reported when it is required by the Schedule B/HTS Number.

Fatal Error 128 Port Of Export Unknown

This error occurs most frequently when the Filer reports invalid Port Codes for JFK or New Jersey:

<u>Valid Port Code</u>	<u>Non Active Port Code for AES</u>
JFK Airport – 4701	1012
New Jersey – 4601	1003

Warning:

Failing to correct fatal errors may subject your company to fines, seizures and/or penalties, or the revocation of your filing privileges in AES for a period of 60 days.

*****Resolve Your Fatal Errors Now*****



The Pink SED – Form 7513

The Shipper's Export Declaration for In-transit Goods

In-transit shipments requiring the pink SED, Form 7513, **CANNOT** be filed using the Automated Export System (AES). AES only accepts data for export shipments requiring the SED, Form 7525-V (the yellow SED).

THE FOLLOWING SHIPMENTS REQUIRE THE PINK SED, FORM 7513:

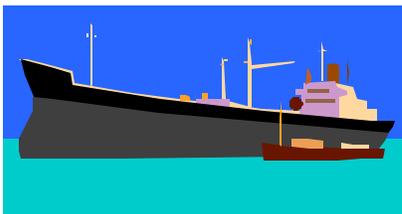
- (a) in-transit merchandise through the United States, Puerto Rico or the U.S. Virgin Islands without formal customs entry (Form 7501 or ABI filing) and is **exported by VESSEL** to a foreign country*
- (b) in-transit merchandise that requires an export license or is subject to the International Traffic and Arms Regulations (ITAR)*
- (c) merchandise exported from General Order Warehouses
- (d) previously imported merchandise that has been rejected by government inspection and is being returned (the re-export of other imported merchandise is to be reported in AES or form 7525-V).

AES DOES NOT ALLOW FOR FORM 7513 TO BE FILED IN AES OR AESDIRECT.

- AES is not equipped to collect the additional data elements that are required on the Form 7513 (FTSR 30.8). Therefore, filing this information in AES or *AESDirect* will NOT fulfill the requirements for in-transit shipments.
- Currently, the collection of Form 7513 is the responsibility of the Army Corp of Engineers. For further information on in-transit shipments or the filing requirements for Form 7513, please see the Army Corp of Engineers web site:

<http://www.iwr.usace.army.mil/ndc/>

* Shipments using modes of transportation other than vessel and are in-transit merchandise that do NOT require an export license or not subject to the ITAR are exempt from filing Form 7513 or Form 7525 under FTSR 30.55(e).



Changes to U.S. Port of Export Codes (Schedule D)

The following Port of Export codes have been **REMOVED** from AES

Port Code	Description
3601	Duluth, MN
3608	Superior, WI
3602	Ashland, WI
3903	Omaha, NE
3907	Des Moines, IA

The following Port of Export codes have been **ADDED** to AES

<u>Port Code</u>	<u>Description</u>	<u>MOT</u>
3510	Duluth, MN-Superior, WI	Vessel and Air
3511	Ashland, WI	Vessel
3512	Omaha, NE	Air



AESPcLink Live Online Workshops

*****Be Prepared for Mandatory AES*****

The U. S. Census Bureau's Automated Export System (AES) Branch is now offering AES Online Training! This program offers online, interactive *AESPcLink* workshops and customized training using the Internet and telephone conference calling. **Be prepared for mandatory filing by receiving the training now!**

AES offers three weekly sessions on *AESPcLink* for \$50 per person. These sessions are offered Tuesdays, 10 am – 12 pm and Thursdays, 10 pm – 12 pm and 3 pm – 5pm (EDT). Spanish sessions are available on Tuesdays. Each session has a limit of 15 participants. To register link to: <https://aes-training.webex.com>

AES also offers customized training for organizations and companies. These training sessions may consist of sessions on AES, AES overview and filing guidelines, AES fatal error reconciliation, or other AES related areas. AES determines the cost for each session by the program design and the number of attendees.

Please see AES website for further information:

<http://www.census.gov/foreign-trade/aes/meetingsandpresentations/#online>

For customized training, please email aesmeetings@census.gov.



Special Online Fatal Error Training

The Fatal Error online training content can be designed especially for your company, covering any subject concerning AES and Fatal Errors that your company desires to understand and review. We will focus primarily on the Fatal Errors currently generated by your company, but will have ample time for general AES information and any AES questions that you may have.

The benefits include an increased percentage of accepted transmissions into the AES and a higher compliance rate in regards to the current Foreign Trade Statistics Regulations. It will also prepare you for the upcoming changes to the regulations.

The cost is \$50 per participant with a maximum of 12 participants per session. We can accommodate additional participants by creating multiple sessions.

For further information, please contact AES at 800-549-0595 and select Menu Option 1.

Please mention that you are interested in Customized Online Training for Fatal Errors or e-mail our Fatal Error team at: ftd.aes.fatal.reports@census.gov

AES and AESDirect on the Road

For locations and specific dates of AES meetings, Export Regulations seminars, AESPCLink workshops and other events-seminars, conferences, exhibits, etc., please link to:

<http://www.census.gov/foreign-trade/aes/meetingsandpresentations/index.html>

AES New Call Center

The Census Bureau has implemented a new telephone call center to help ensure a timely response to AES calls from the trade. See the next page for details.



AES tiene Representantes al Cliente que hablan español

En cada opción del Centro de Llamadas tenemos un representante al cliente que habla español. Si usted necesita asistencia en español, por favor, no dude en llamarnos.

