Foreign Trade Webinar Series: The Fundamentals of Exporting

Foreign Trade Regulations - Demystifying the Rules of Exporting

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Coordinator: Welcome and thank you for standing by. At this time all participants are in a listen-only mode. To ask a question during the question-and-answer session, please press star 1. Today's conference is being recorded. If you have any objections, you may disconnect at this time. Now I will turn the call over to Ms. Jennifer Smits. Ma'am, you may begin.

Jennifer Smits: Good afternoon. I'm Jennifer Smits of the Census Bureau's Public Information Office. I'd like to welcome everyone listening-in on the phones and following the webinar on their computer to the next installment in the foreign trade webinar series, the Fundamentals of Exporting. Today's topic is Demystifying the Rules of Exporting.

Census Bureau statistics are how American knows what America needs. As we continue to measure the nation's people, places and economy, we're very excited to explain how products are classified in foreign trade statistics made available by our foreign trade division.

Our presenter today is Omari Wooden, an Ombudsman in the foreign trade division at the U.S. Census Bureau. We look forward to continuing the conversation with you and the public and you can keep the conversation going on Twitter by using hashtag foreigntrade.

This webinar is the fourth in an eight-part series. These webinars will take place every other Wednesday at 1:00 pm. Each webinar is completely free.

They're a great way to understand what the foreign trade division does and the resources we offer.

The next webinar - Filing Export Information Electronically, the ABCs of AES - will be on Wednesday, Sept. 5. Just a quick housekeeping note before we begin. Once our speaker has completed his presentation, we'll open up the webinar for Q&A from the media and then follow-up with questions from the general public. Without further delay, I'll turn it over to Omari.

Omari Wooden: All right, thank you very much, Jennifer. Good morning and good afternoon. As stated, my name is Omari Wooden. I am the Trade Ombudsman at the U.S. Census Bureau.

The foreign trade division at the U.S. Census Bureau is the official source for U.S. exports and import statistics and is responsible for issuing regulations governing the reporting of all export shipments from the United States and that's what we're going to be discussing today, those actual export regulations that govern the export of physical movement of goods from the United States.

So today our topics, we're going to discuss the legal requirements that allows or authorizes the U.S. Census Bureau to capture this information, we'll talk about a term called the U.S. principal party in interest and who is that in an export transaction?

We'll talk about the two types of export transactions that we find in the foreign trade regulations. We'll talk about penalties very briefly and then we'll also talk about best practices that will help you remain compliant in the exporting process.

So first of all we'll talk about legal requirements. The U.S. Census Bureau and the focus of this webinar, we are responsible for writing and interpreting the foreign trade regulations under Title 15, Code of Federal Regulations Part 30.

Throughout this presentation, I will be taking you through different parts of the regulations explaining requirements for the export transactions that we'll be discussing.

Also involved in the export process there are other government agencies that we work very closely with, the Bureau of Industry and Security and their regulations, the Export Administration regulations.

We work very closely with Customs and Border Protection who I commonly refer to as the gatekeeper with their regulations where they ultimately are enforcing over 30 different agencies' regulations at the port of export.

We also work closely with the State Department. Again, this is governing the exportation of weapons and ammunition and anything of that nature but again these are the common parties or common agencies that are involved in the export process. There are many other agencies involved.

Again, today's focus we will be discussing the foreign trade regulations which we at the Census Bureau write and interpret for companies in the trade community exporting their products so now let's get into some of the requirements for your export transactions so when is electronic export information required, also known as EEI.

Electronic export information must be filed for the following exports of these types of shipments: movements from the United States to foreign countries; from the United States to the U.S. Virgin Islands; from Puerto Rico to foreign countries; from Puerto Rico to the U.S. Virgin Islands; and then shipments between the U.S. and Puerto Rico.

One question that normally comes up when we've shared this requirement, okay, I understand U.S. to foreign countries but why do we have to report shipments from Puerto Rico to other places and then in particular why do we have to report shipments between the United States and Puerto Rico?

Well, the reason for this is these areas do not have their own statistical programs and we compile the information for Puerto Rico in particular but we actually compile their statistics so that is why shipments between U.S. and Puerto Rico are required to be reported as electronic export information.

Next we're going to talk about what is an export shipment or what is a shipment as we define it in the foreign trade regulations? Now throughout this presentation you will notice just below each title we actually give the citation of the regulation as to where that section can be found and towards the end of the presentation I'll show you where all of this information can be found on our Website so how do we define an export shipment?

One way to look at is what we've called the one rule and we'll go over that here. We have one U.S. principal party in interest and I'll explain what that is. We have one U.S. company, one U.S. entity that is shipping their merchandise to one foreign consignee located aboard on one carrier who's actually moving the product from the United States on one day.

And then within that they're exporting product that is valued over $2500 per Schedule B or a license is required so let's actually explain this scenario so again we're talking about the one rule.

You have one U.S. company exporting a product and it's going to one foreign country or one foreign entity and it's going on one carrier such as FedEx, UPS, one entity that is taking the goods out of the United States and it's all exporting on one day.

Any time you have one of those ones become something different as I'll show you on the next slide, you now have a new shipment so this is how we define a shipment.

Now the last bullet is very important, valued over $2500 per Schedule B number. In our last webinar, (Mayumi) discussed the Schedule B classification number and how do you classify your product?

The Schedule B number is a 10-digit classification number so everything that is being exported has a classification number and if you need more details on classification, please make sure you take a look at our webinar archive and you can follow along with her webinar.

But again for every product that is being exported, there is a 10-digit classification number. You have to have at least one product that is valued over $2500 or a license is required and we'll actually discuss the licensing requirements later.

So here's an example again going back at the one rule. Remember I just mentioned that anytime you have something that is not one or one of those scenarios, you now have a new shipment so in this sample we have four different U.S. companies that are all exporting to one German company.

They're using FedEx or UPS so let's say for this example they're using FedEx so that's one carrier and all the goods are being exported on Friday so we have one foreign consignee. We have one carrier and they're all going on one day but in this situation we have four different U.S. companies.

So again based on the definition of a shipment, we would now have four different shipments because we have four different U.S. companies in the export transaction and here is another example just to make sure that the point is clear.

Here we have one U.S. company exporting to one German company using one carrier - let's say they're using UPS this time - but in this case their products are being shipped over different days so goods are leaving the country on Monday, Wednesday and Friday.

So in this case based on the one rule, we now have three different shipments because we have one U.S. company going to one foreign company using one carrier but going out on three different days so in this case we have three different shipments.

Now one of the things that I mentioned earlier was you have to have your Schedule B number be greater than $2500 per Schedule B but what if we had a case where we had apples, grapes and oranges and apples, grapes and oranges have different classification numbers but let's say they're each valued at $2000.

Again the requirement says that they have to be above $2500 for you to have to report that information so again keep in mind it is per the Schedule B number that the goods have to be reported as electronic export information. If they are under $2500 and a license is not required, you do not have to report that information and I'll explain that more when we talk about exemptions.

So in the previous slide I mentioned from one U.S. principal party in interest to one foreign consignee so how do we define this U.S. company or this U.S. entity or as the slide shows here, this U.S. principal party in interest?

That person is the U.S. person or entity and most commonly they are the primary benefactor of the transaction, normally monetary or otherwise. Now in a rare case a foreign entity can be the U.S. principal party in interest if they are in the United States when the goods are purchased or obtained for export.

So in many cases, the U.S. party that is being paid by the foreign party for the goods being exported, they are the U.S. principal party in interest. Generally that person is the U.S. seller, manufacturer or the U.S. border party.

So if I am exporting grapes from the United States, and a foreign person is paying me for the grapes being exported from the United States, then I am the U.S. principal party in interest. That is how we look at it.

Now when we talk about otherwise, in a case let’s say you’re shipping this to a subsidiary and you may not be charging your subsidiary or your sister company. Well, you’re still the primary benefactor from that transaction and in that case that company would be the U.S. principal party in interest so again, we look at who is the primary benefactor in the export transaction.

Now again just looking at the different parties involved in the export transaction so we have one U.S. principal party in interest exporting to one foreign or ultimate consignee so who do we define as the ultimate consignee?

The person or party or designee that is located abroad that actually receives the export shipment. You report the ultimate consignee as known at the time of export and if the shipment is licensed, then you shall report the person that is listed on the export license so the key to this as to define who the ultimate consignee is who actually receives the goods.

So if I'm exporting the shipment to someone in Germany and then the person in Germany receives the goods and then they turn around then and unless they sell them to someone in France based on the ultimate consignee, who actually received the goods would be that person in Germany and that's would need to be reported in the Automated Export System.

Now this next slide we're going to be talking about two different types of export transactions. The first we define as a standard export transactions and then I'll actually give you a scenario just to make sure that we're clear on the difference between the two.

We have what's called a standard export transaction where the U.S. principal party in interest files or reports the electronic export information or the U.S. PPI selects an agent to file that export information.

Then we have what is called the routed export transaction where that foreign party - could be the ultimate consignee or a foreign party in the transaction, they authorize a U.S. agent to facilitate or to assist with getting the goods out of the United States and then that agent is responsible to prepare and file the electronic export information.

So let's simplify this slide just to make sure that we're clear. In a standard export transaction, the U.S. company let's just say for example to make sure that we're clear, let's say that I am a foreign party and Jennifer here with me is the U.S. agent and you all there on the phone, you are the U.S. principal party in interest so I am the foreign party, Jennifer is the agent and you all there are the U.S. principal party in interest.

I the foreign party contact you and I say I'm interested in buying your product and then a standard export transaction you, the U.S. company select Jennifer as the agent. You the U.S. company decide how these goods are going to leave the country. You the U.S. party provides authorization to Jennifer the U.S. agent. That is in the standard export transaction.

Now how is that different in a routed export transaction? In a routed export transaction I, the foreign party select Jennifer. I the foreign party tell you to use Jennifer the agent that I have selected. I the foreign party provide Jennifer with a written authorization for Jennifer to file the export information so do you see the difference between the two?

In a standard transaction, you select the agent and you the U.S. company decide how the goods are going to leave the country. In a routed transaction, the foreign party is the one who is authorizing that agent and on the next couple of slides, we're just going to talk about the different responsibilities in those types of transactions.

In a standard transaction, the U.S. principal parties in interest, their responsibility is to prepare and file the export information and then to provide a proof of filing. That is a proof that they have reported the information electronically. Again that U.S. party authorizes the U.S. agent to file the electronic information either using a power of attorney or a written authorization.

The U.S. principal party in interest provides the agent with accurate and timely export information. If the product is licensable, then the U.S. principal party in interest assumes license responsibility.

Now in a case where the U.S. principal party files the export information, then that party is responsible for any error messages or responses they get back from the Automated Export System and lastly but very important, retain documentation. Now I'll talk more about retaining documentation when we get to the best practices section.

Now again in a standard export transaction, what are the agent's responsibilities? They are to obtain a written authorization or a power of attorney from the U.S. exporter or from the U.S. principal party in interest.

If the agent is reporting, they are to prepare and report the electronic export information through the Automated Export System based on the information provided by the U.S. PPI and other parties in the transaction. If the agent is filing, they'll also need to respond to the error messages received back from the system. Now let me mention this as well.

When I'm mentioning error messages and response messages from the Automated Export System, our next webinar in two weeks will actually be about the fundamentals of the Automated Export System so if you're curious about what is a fatal error or what is a compliance alert, make sure you stay tuned for our next webinar series where we'll actually talk about the Automated Export System.

So again continuing, the agent is responsible to provide that internal transaction number to the carrier based on the filing timeframes which I'll discuss shortly and then upon request they are required to provide the U.S. principal party in interest with a copy of the information that the agent filed on its behalf.

Now in a routed transaction now again so let's remember what we're talking about when we say in a routed transaction. In a routed transaction in this scenario I used, I the foreign party am telling you to use this agent. I the foreign party am the one who's controlling the movement.

So in this situation, one thing to keep in mind, the parties stay the same. If the foreign party is paying you, you are still the U.S. principal party in interest. I am still the foreign party and in this scenario, Jennifer would still be the authorized agent so again, what are the U.S. PPIs' responsibilities?

They must provide the foreign principal party's selected agent with the information for them to complete the AES shipment. You can also request a copy of the authorization between me the foreign party and that agent, again for documentation purposes.

If you the U.S. PPI are filing, you need to obtain a power of attorney or a written authorization from that foreign party to complete and file the export information and again so vitally important, make sure you maintain documentation throughout the transaction.

Now the agent's responsibility in a routed export transaction is to obtain a power of attorney or written authorization from me the foreign party. That agent is responsible to prepare and file the electronic information.

Upon request they are required to provide the U.S. PPI with the data elements that were filed on its behalf and then upon request, they are to provide the U.S. PPI with a copy again of that authorization that they receive from the foreign party.

That agent provides the filing citations or exemption legends to the carrier to move forward with the cargo and then again so important to maintain documentation.

Now earlier I mentioned if the shipment was a low-value shipment, if it was licensable or not, that's what we're now going to talk about shipments that are exempt from filing.

Where the country of ultimate destination is Canada so if you have an export shipment where the goods are going to Canada destined to stay in Canada, then you don't have to report that information in the Automated Export System. That is considered to be exempt from filing.

I've already discussed if the goods are $2500 or less per the Schedule B number. That's actually considered a low-value shipment. You don't have to report that information. Based on this section, the citation you see 30.37(a), that is the section in the regulation that exempts you from reporting that shipment.

Another exemption is tools of the trade, goods that are hand-carried for personal or company use, not for sale, not shipped as cargo, returned within one year to the United States.

So if you're taking equipment with you, you're carrying this equipment with you and you're coming back with that equipment, you do not have to report that information in the Automated Export System.

Next exemption, intangible exports of software and technology. Everything that I've been discussing is for the physical goods that are being exported.

Intangible goods, downloads, we consider that again intangible articles and it’s not required to be reported in the Automated Export System.

Temporary exports, again somewhat similar to tools of the trade, goods that are exported from the United States but are ultimately coming back to the U.S. within a year do not have to be reported so for example if you’re exporting goods to a trade show located abroad and the goods are coming back to the United States, they’re not intended for sale, that does not have to be reported in the Automated Export System.

And then shipments consigned to the U.S. Armed Forces so again these are just some of our most common exemptions where companies do not have to report in the Automated Export System.

So some of you may wonder, oh I thought you had to do this if there was a license. Well, if you thought that, you were absolutely correct. Where these exemptions do not apply, this list is here.

If the article is commerce-licensed or is controlled by the Department of Commerce, if the shipments are going to country Group E1, countries such as Iran, North Korea, Syria, which is found in the export administration regulations, that has to be reported regardless of dollar value.

State Department controlled items, again regardless of dollar value has to be reported and then license shipments from any other government agency have to be reported. Shipments on the Office of Foreign Assets controlled sanction program list. Any country that is sanctioned has to be reported in the Automated Export System.

And then export systems of raw or rough-cut diamonds, diamonds that may be found to be funding terrorism has to be reported in the Automated Export System so for example if you're exporting handguns to Canada and they're licensable and they're under $2500, you would still have to report that because those are goods that licensable, that you would have to report regardless of the dollar value.

The next couple of slides are going to talk about repair items. Again, just want to discuss some of the common requirements that come up. Let's say you export a product from the United States and let's say you export an engine and let's say that engine is valued at $50,000 but then that engine comes back into the United States and you know what?

The engine is defective. There's just something wrong with that engine. Now we repair engine and we export that engine back out of the country. How do I actually handle that? How do I report that shipment in the Automated Export System? Well, the requirements as found in 30.29(a), you report the value of the repair including the parts and labor.

So if my $50,000 engine cost me $5000 to repair and I'm sending out that same engine, I'll report $5000 for the cost of the repair and then I will list the Schedule B numbers listed here on this slide which is 9801.10.0000 which is specifically for items that have left the country, have been reimported, they are repaired and now that same item is going back out of the country.

So how do we handle that situation if instead of repairing that engine, we replace it and send another product? Well, in that situation we consider that to be a warranty item.

So again, your $50,000 engine leaves the country, it is defective, it comes back into the country so instead of repairing it, it's just easier for you to send them a whole new engine. How do you handle that situation?

You report the value of the replacement commodity. You report the original or actual Schedule B number and if the value on the electronic export information is different from the value on your paperwork, you would include the following statement, that the product is replaced under warranty and the values for electronic export information purposes only.

So in that situation if you're replacing that engine, then on the second engine we would actually want to see the actual value of the engine and the actual classification number. Next we'll talk about a voluntary self-disclosure. What is a voluntary self-disclosure?

It is when a U.S. company or any U.S. entity involved in the export transaction, when they want to come to the U.S. government and say hey, you know what? I made a mistake. I reported something incorrectly or I forgot to report something altogether, that is pretty much what a voluntary self-disclosure is including.

And as it shows here, here are all the elements that you need to include to us for voluntary self-disclosure: description of the information that was not reported or reported incorrectly, the number and the value of the shipments that are affected, the steps taken to resolve this problem.

Make sure you include a point of contact and then the letter should be submitted here to our division chief but again you're stating what did you do wrong, what mistake did you make and as it states here on the slide at the bottom, make sure you correct this information as soon as possible and make sure again you retain documentation related to that disclosure.

So as we talk about a voluntary self-disclosure, that also leads us into the area of penalties. I'll touch on this area very quickly but I just want you all to know as well, we will actually have an entire webinar session on penalties on October 3rd, getting it right the first time, how to avoid common penalties.

So I will briefly touch on penalties now but if you want more detail, make sure you tune back in on October 3rd to learn more about penalties but all parties involved in the export transaction are subject to penalties, which is why it is so vitally important for you to retain documentation related to the export transaction.

So all the parties that I've discussed already through this presentation, this U.S. principal party in interest, the forwarder moving the cargo, the authorized agent acting on your behalf or acting on the foreign party's behalf, the carrier that's involved in the transaction.

That's why it's so vitally important for you to keep documentation. Make sure there is clear communication between the U.S. PPI, the agent, the carrier, again all of these parties should be communicating throughout the export transactions because again as it states, everyone in the transaction is subject to penalties and everyone in the transaction has their role to play.

Now lastly I just want to make sure I mention best practices and then we're actually going to go to the Website so I can actually show you where all of this information - you can find all of this information - you can find the regulations and so forth.

I've already mentioned throughout the presentation, document, document, document. One of my responsibilities here at Census is to work closely with Customs and Border Protection in the area of penalty resolution.

And one of the first questions that they ask me when I assist a company with trying to get a penalty resolved is they'll tell me Omari, have them send me their documentation. Have them send me all the paperwork that they have related to that transaction.

Now in some cases companies think oh, the only documentation that I need is the invoice and a bill of lading and that's it. Everything related to the export transaction, you want to keep track of. You received an e-mail from your carrier that said we switched the port of export from Chicago to Los Angeles. Keep that.

You got a phone call from your foreign party that told you something different about the transaction. Make sure you note that as well so again it's important for you to do your due diligence to document everything that you are doing.

One thing that I recommend to companies, your documentation should tell a story. It's not only necessarily what you can show me but what you can prove. What in your documentation can support why you did what you did?

So again make sure you document everything involved in the transaction and the regulations state all documentation needs to be kept for five years from the date of export so that's so vitally important.

Next item, correct information as soon as possible. As soon as you find out that there is a change in your transaction, make sure you go back into the

Automated Export System and make that correction as soon as you know that the information has changed.

In the area of maintaining compliance, everything we've been talking about up to this point is we've really been talking about compliance, what you need to do to remain compliant. Education and cross-training, make sure you're making yourself aware to all of the educational materials which I'll show you in a second and then cross-training as well too.

Many of you all that are listening to this call, you all are the compliance specialists in your area. One thing that I also recommend the companies and individuals is don't be an island. Don't be the only person in your company that knows how to resolve a problem.

Don't be the only person when something happens; no one else knows what to do if you're not there. Make sure other people know what the proper steps are to make sure that your company remains compliant. Another item, make sure there is automation and procedures. Make sure you have checklists.

If I a foreign party call you, Step 1, what do you do? Okay, Step 1, we verify red flags. Step 2, we double-check to make sure that Omari wouldn't exports in Germany; it is not on the denied parties' list. Step 3, so what are the step-by-step procedures to go through to make sure you're being compliant and then another best practice, attend seminars and workshops.

It's excellent today that you're on this call because again this is something that can again strengthen your compliance area just to make sure you're aware of what it takes to be compliant so now what we're going to do, we're going to go to our Website so that I can show you again where you all can access this information.

Right now we're on the Census homepage which is www.census.gov so from this page you'll want to click on business and then under popular resources you will want to click on foreign trade which will take you to our foreign trade homepage. Now again if you have tuned-in to any of our other webinars, we've been going to this site talking about our Schedule B search engine.

We'll probably be here discussing AES but today what I'm going to show you, under the regulations tab a lot of the useful information that's available under our regulation section so we'll click on regulations and then we'll just scroll down just to see a lot of the useful resources here.

At the top left you'll actually see where it says foreign trade regulations. There's a PDF file as well as an HTML file. You can click on that PDF file and then you can actually get a copy of the regulations to refer to all the different sections I was referring to today.

Am I a U.S. PPI? Well, click on PDF. You'll go to Section 30.3 where you can find more information so again a lot of that useful information is right there in our regulations.

Looking at the top right where we see FTR letters and notices, from time to time we will release clarifications to the regulations and we put that information in what are called foreign trade regulation letters.

One particular requirement, shipments to international waters, how do I handle that? Let's actually just go there so you could see that so if I click on FTR letters and notices, when we scroll down we'll see that we've released five letters.

Cuba rule, okay, what exactly is that? There's a special BIS - Bureau of Industry and Security, license exception for shipments to Cuba, how do I handle that?

Again, more information is there. Filing timeframe exemptions for shipments to Puerto Rico. Shipments to international waters, that's where you can find more information there so let's go back again to the foreign trade regulations page.

As we scroll down, you'll see to the left we'll see more resources. Again, seminars and workshops, well actually let me - I'll come back to that - we have a frequently-asked questions section where you can actually do a search on a particular word. You have a question about value, what value is required to be reported?

Click on frequently-asked questions, type-in value in the search box and the site will actually search any hits that have value so possibly your question may be right there in the frequently-asked questions section.

I just mentioned submitting a voluntary self-disclosure. What are my instructions? What do I need to do? Click on submitting a voluntary self-disclosure and again it discussed the steps and the procedures of what you need to do to submit a voluntary self-disclosure.

And then just below that, submitting a data request. One thing that the regulations outreach and education branch does is free of charge; they will provide you with 12 months worth of your export data.

So if you've reported export information, if you're an agent and you just want to do an audit, you want a copy of the records that you've reported, the regulations outreach and education branch will provide to you 12 months worth of your data for free.

Clicking on that information, again this gives you the instructions to request that information. Who do you submit it to and then the details that need to be included to receive your information back.

And then again a lot of useful information. We have a sample power of attorney, a sample written authorization that you can use. Over here to the right we have upcoming seminars and workshops.

We are actually in Baltimore yesterday where we actually had our AES compliance seminar where everything that we're discussing today we actually spent an entire day talking about regulations and AES and classifications, again, very, very useful.

And obviously you see here today, we are obviously logged-in to our webinar series the Fundamentals of Exporting so again, all of this information you can find on our Website that is very, very useful for you.

One other thing I just want to show you before we get back to the presentation is our global reach blog. We actually have a blog where we put up a lot of useful information for the trade community and as we just scroll down, we see different topics. For example, the reuse of the shipment reference number is not allowed, written by (Nidaal) in our Automated Export System branch.

Again, he explains, what are the requirements for reusing the shipment reference number, then it gives you good fundamental examples. FTR which we're talking about today, trade terms.

What are the trade terms of the month, oh, it was written by me, that's exceptional, right there and then again a lot of members from the foreign trade division provide user information on trade data, okay, what were the haves?

What were the types of products that were exported so again this is within our blog, a lot of useful information, again the key to all this information is to make sure we're providing you with as much information so that you can get it right the first time, for you to make informed decisions and we'll go back to our presentation just to provide you with some final information.

So as I just mentioned, we have a lot of training tools. Again, we just visited our blog. We also have export training videos. We have about 25 training videos. They're all probably about five minutes, five to 10 minutes, very short. How do I use AES? Is my shipment required to be reported? A lot of useful information.

How can I look up trade figures and trade numbers? A lot of that information is again available on our Website through our training videos. Obviously, we're talking about webinars now and we've already shown you the global reach blog so again a lot of useful information on our Website. So this comes to the end of our presentation. Again, if you have any questions.

Jennifer Smits: Thanks, Omari. In just a moment we will turn it over for questions but before we do that, I just wanted to go back to the Website for just a moment to show you one additional thing that we're really excited about.

You may have heard we just released our first mobile app. It's called America's Economy and I just want to show you where you can get to it from census.gov to download it so we will go back to census.gov and it's actually at census.gov/mobile where you can find the information.

So if you go to census.gov and if you click on the first slider, you'll see America's Economy mobile app and the app is available now for Android devices and it includes 16 key economic indicators including international trade and it will be available for iPhones and iPads within the next week.

So, just wanted to mention that in case you were unfamiliar with it. You can see the news release here and again if you go to census.gov/mobile - we'll go there now - you can actually see the link where you can download it.

And so there's more information about the app right here and if you click on the links to the Google play store, you can download it from there and again later this week you'll see it will be available for iPhones and iPads as well.

So with that we'll go back to the slides and we'll go ahead and take questions so just a reminder that we will be taking questions from the media first and please state your media affiliation or company when you ask a question.

We want to give everyone an opportunity to ask questions so we'll allow one question and one follow-up. Operator, do we have any questions?

Coordinator: Thank you. If you'd like to ask a question, please press star 1. Please unmute your phone and record your name and affiliation or company. Your name is required to introduce your question. To withdraw your request, please press star 2. Once again to ask a question, please press star 1 and record your name and affiliation or company. One moment, please.

Jennifer Smits: And while we're waiting for people to ready themselves in the queue to ask questions, I just want to reiterate that after the webinar for more information, media can dial our Public Information Office at 301-763-3030 or if you're part of the general public, please contact the foreign trade division call center directly by dialing 1-800-549-0595.

Coordinator: Once again to ask a question, please press star 1.

Jennifer Smits: And while we're waiting, I'll also just mention that we have a list of upcoming webinars and their dates here so you can see the link at the top of this slide will take you to the site where you can register for the next one which is Filling-Out Export Information Electronically, the ABCs of AES and it will be held in two weeks on September 5th. Operator, do we have any questions?

Coordinator: Our first question comes from Juan Tucker from Asian Atlantic Industries. Your line is open.

Juan Tucker: Hello?

Coordinator: Your line is open.

Juan Tucker: Hello?

Omari Wooden: Hello?

Juan Tucker: Yes, hi, I have a question.

Omari Wooden: Yes, sir.

Juan Tucker: Okay, I'm pretty familiar with the denied persons and unverified lists and I understand obviously you cannot export to them but my question is can you buy from them? Can you import from them?

Omari Wooden: Thank you very much for your question. That is something I would actually direct you to that actual agency that issues that because I know the Bureau of Industry and Security BIS maintains a denied-persons list as well as I believe the Department of Treasury.

You may want to talk to them directly to find out what the exact restrictions are involved with either exporting or importing or having any type of business transaction with that company because I'm not sure but I would reach out directly to that actual agency.

Juan Tucker: Great, thank you.

Omari Wooden: You're welcome.

Coordinator: Our next question comes from Em Caminis from Hubelmann International. Your line is open.

Em Caminis: Hello and thank you for taking my question. I'm not clear on the definition or example that you Omari gave concerning reporting the ultimate consignee in the AES system.

When a sale is made from a U.S. PPI to an ultimate consignee - I'm sorry, to a customer based in Germany - but as the German customer ask the U.S. PPI to ship it to the German customer - ultimate consignee - the German customer's customer in Slovakia, the ultimate consignee is not the company in Germany but it's the company in Slovakia. The example with Germany and France seemed to indicate otherwise.

Omari Wooden: Thank you for your question. Actually, you are correct and let me just restate the scenario just to make sure we're clear. The definition of the ultimate consignee is the party that actually receives the goods so in your scenario; the party from Germany pays the company in the U.S. and then the party from Germany says ship it to my party in Slovakia.

So in that situation the entity that's actually receiving the goods would be the party in Slovakia which would be required to be reported in the Automated Export System.

Em Caminis: Okay.

Omari Wooden: The scenario - so you're correct in that - the scenario that I gave during the webinar was the goods actually go to the person in Germany and then the person in Germany sends them to Slovakia so that's where and then in that case the person in Germany actually received them and then Germany is actually moving the goods on so thank you for your question.

Em Caminis: A follow-up question?

Omari Wooden: Sure.

Em Caminis: How do we protect the diversion clause requirement under the export regulations should that German customer receiving the goods forward them on to an Iranian company?

Omari Wooden: Well, thank you for that question. Now so that the others on the call can understand that a diversion clause is actually something that is issued by the Department of Commerce Bureau and Industry and Security.

And that is something that I would recommend you speak to them about because the Bureau of Industry and Security specifically deals with diversions, they deal with re-exports, they deal with the export control statement that needs to be listed on documentation.

So I would recommend you reach out to them directly to find out how do they want that information reported but based on the foreign trade regulations, based on the party that actually receives the goods, that's what needs to be reported in the Automated Export System.

Coordinator: Our next question comes from Marino from International Aircraft Associates. Your line is open.

Marino: Hi, good afternoon. I was curious about something. We export parts to be repaired and we've noticed that when they come back in, we sometimes get charged a percentage for repairs. Is there a way or is there someplace where we can look it up to know when that is going to happen and how much it's going to be?

Omari Wooden: So thank you for your question and let me just clarify the question. You're saying you have goods that are exported from the country but then on the importation back into the U.S., they received some type of duty charge?

Marino: Yes. It's like a repair percentage because they're being repaired overseas but it's not considered duty.

Omari Wooden: Okay, but that's actually something that's on the import side?

Marino: Okay.

Omari Wooden: No, I just wanted to clarify because the reason why I just want to be clear is what I would recommend is you want to reach out because that's actually an import question because now that's talking about the duties that are on goods that are being imported back into the United States.

I would actually reach out to your local Customs and Border Protection locally in your area to say hey, you know, I'm importing these goods. Where can I found out about the duties and tariffs for these imported goods because that's actually the foreign trade regulations here, pretty much what we're discussing today is on the exportation of goods but I would reach out to Customs for the requirements on the import side?

Coordinator: And our next question comes from Deepak Pradhan from Artha Business Group. Your line is open.

Deepak Pradhan: Good afternoon, everybody. I have one very small question if Omari has, you know, like I couldn't see the slide for some reason but, you know, the presentation was so good to be followed even without the slides, thanks, Omari. My question is is there any tool provided where we can go and do due diligence on the SPL list?

Omari Wooden: Well, what list is that?

Deepak Pradhan: SPL, Sanctioned Party List.

Omari Wooden: Is there a tool - thank you for your question and I'm glad you enjoyed the webinar - I know that that is maintained by Office of Foreign Assets Control and actually once we post this site, that link is actually hyperlinked in the presentation so you should be able to link - hopefully would be able to link - to that but that's actually controlled by Treasury.

I don't know if there's actually a tool but I have seen companies that offer search tools through multiple party lists and through multiple country lists so I don't know if we the government actually provide that or not but I have seen private industry businesses actually offer search tools, compliance tools that will allow you to search denied parties and sanctioned parties and denied persons lists.

Deepak Pradhan: Thank you.

Omari Wooden: You're welcome.

Coordinator: Our next question comes from Jeanne McCarry from Advantel Networks. Your line is open.

Jeanne McCarry: Oh, I didn't have a question. I'm just listening to the other participants.

Jennifer Smits: Okay, thank you.

Coordinator: Our next question comes from Barbara Perkins from Imaginant Inc. Your line is open.

Barbara Perkins: Hi, good afternoon. Thank you for taking my question. I was going to ask when we're shipping a no-charge warranty replacement and that replacement is part of a system that included a piece of equipment, kit parts and services so they paid one price for everything and we're just going to replace one piece of that.

Is the value the total sales price when we sold the system as a total or is it the fair market value of that particular piece of equipment or is the replacement cost which is the amount we would report to the insurance company if it were lost, damaged or stolen?

Omari Wooden: So let me just make sure I clarify the question. Let's say you have a big component, let's say just for example you have a plane. The plane goes out and then the plane comes back in and you're replacing a row of seats in the plane and let's say the row of seats is under warranty and you're trying to figure out how would you report that on the export?

Barbara Perkins: Yes.

Omari Wooden: Okay.

Barbara Perkins: Well, not that the plane would come back. They just sent the seats back.

Omari Wooden: So I just wanted to make sure I'm answering correctly so it's the seats that are going back out or is the whole thing coming back in?

Barbara Perkins: The seats.

Omari Wooden: Okay, and you're replacing it under a warranty?

Barbara Perkins: Yes, it's a no-charge replacement.

Omari Wooden: Okay, so in that situation based on our requirements, since you're replacing the seats, we never captured those seats in our statistics, we actually want to know the value of those seats.

Now when your invoice actually if you go if I can maybe get back to the slide - I'll try to get back to the slide - on that slide it actually showed a statement that you can list on your invoice, actually right here, product replaced under warranty, value for electronic export information record purposes.

So if those seats cost $10,000 or they are worth $10,000 if you were to sell them, that's what we want to see in the AES but on your invoice, it may be zero because it may be a no-charge to your customer and then make sure that when you're actually reporting back out as this slide states here, you're reporting the actual Schedule B number for the seats and again I'm just using seats as an example.

You actually would be reporting the Schedule B number for that product, not the entire thing that went out.

Barbara Perkins: Okay, can I follow-up a question?

Omari Wooden: Yes, ma'am.

Barbara Perkins: The Schedule B number is that is the Schedule B number for the seat is different than the Schedule B number for the airplane. You're saying we report the Schedule B number but what if the Schedule B number is different than the HS tariff code? Do we still for exporting purposes use the HS tariff code to get it for the country that it's going to or do we just put our Schedule B number out there and leave it alone?

Omari Wooden: Well, AES the Automated Export System actually allows you to report both HTS or Schedule B numbers. There are a handful of HTS import classification numbers that can't be used for export.

So if you would prefer to use the HTS in the Automated Export System, you can because keep in mind what you're reporting in the Automated Export

System is staying within the government. That is the reporting to us the U.S. government. That's actually not leaving the United States and you mentioned the HS tariff codes for the foreign country?

Barbara Perkins: When you said about the repairs being shipped back that you use the 980110. That's fine to report it to AES but if you're shipping like through FedEx or UPS and they're filling-out your AES form, they want the HS tariff code as well.

Omari Wooden: Well, okay. Now that is something that we would probably have to specifically address with UPS or those types of parties because again based on the foreign trade regulations, this is what the requirement is so if it is a repair item, again the repair item is a 9801 number.

If you are actually replacing the product, then we actually want the Schedule B number so that might be something that we may want to take offline and you can contact the 1-800 number, option number 3 that is actually at the end so you might want to just talk to the regulation staff to clarify that scenario.

Coordinator: Our next question comes from Deborah Escobedo from Strasbaugh. Your line is open.

Deborah Escobedo: Hi, good afternoon. I had two questions. Can I take care of both of them or one preferred?

Omari Wooden: Let's go with one at a time. Let's see what the first one is.

Deborah Escobedo: Okay. You discussed the routed transaction and the non-routed transaction. I get requests to send a representative overseas to send an item to a third party and you mentioned I can request a copy of the POA.

Omari Wooden: Correct. When you say that third party, is that a U.S. agent third party in the U.S.?

Deborah Escobedo: No, it's the end user.

Omari Wooden: Oh okay, so they're telling you ship like the gentleman asked earlier, they're telling you to ship it to someone else abroad?

Deborah Escobedo: Right.

Omari Wooden: Okay.

Deborah Escobedo: And it's usually going through the standard FedEx or UPS or even DHL. Would I still requested a POA or is that something they would have on file between the two...

Omari Wooden: Well, in that case that does not necessarily make that a routed transaction based on what you just stated. If the foreign party is telling you to ship it to my customer in another country, there are not enough details there to say that this is a routed export transaction.

Deborah Escobedo: Okay, okay. That's a, you know, we actually stick with the non-routed but when that came up, I wanted to clarify.

Omari Wooden: Right.

Deborah Escobedo: Perfect, and...

Omari Wooden: Did you have another question?

Deborah Escobedo: I sure did and I apologize. A lot of times we have consolidations, you know, groups of items that would fall under the same Schedule B going to one end user so when I do the filing, this is all under the one Schedule B and it exceeds 2500, I would still, you know, have to file, correct?

Omari Wooden: Correct. If we look - if I'm understanding the question - if we look back to the one rule, one U.S. company, the one consignee on one day on one carrier, if you have - if that makes the one shipment - then you have to look at your now your Schedule Bs.

So if all of those are then rolled-up, you know, it's one classification and then they all roll-up to something that is greater than $2500, yes, you'd have to report it.

Deborah Escobedo: Okay, perfect. Well, great, I thank you so much for answering those questions.

Omari Wooden: All right, no problem.

Jennifer Smits: Just a reminder, as we still got a lot of questions in the queue so we'll have one question and one follow-up question.

Coordinator: Our next question comes from Nina Hruska from Precision Turbo Engine. Your line is open.

Nina Hruska: Thank you so much. My question has to do with warranty items. When you're going back out, you want us to report a value when we do warranty and we're automotive after-market high-performance products, a lot of individuals in other countries purchase from us and businesses.

Their biggest concern is the documentation that they're going to have to pay duties and taxes again on their item, we always say returning warranty replacement items and we put it at a $5 value for them so that they - they've already paid their duties and taxes - and yet I'm seeing that we are required to put the whole value if it's over $2500?

Omari Wooden: Thank you for your question so let me clarify where I am seeing you're reporting that information. What I'm requiring or what the regulations are requiring you to report that in the Automated Export System.

That is different from what is leaving the country. The information that you report in AES is coming to us and to Customs within the United States so the fact that you're giving us the entire value, that's for us.

That's for our statistical purposes so what you're giving to them on the invoice is different so when I say the entire value, I'm talking about what's reported in the Automated Export System and that stays in the United States.

Nina Hruska: So I need just to reiterate my follow-up is if the item is more than $2500 originally, I must file for an AES number? I've got to get an EIN number again if it's being exported back out under a warranty situation?

Omari Wooden: No, let me clarify the acronym. You know, you're not getting an EIN number because that's an employer identification number but you have to report it so if the warranty replacement is a $5000 product, you have to report it in the Automated Export System. You have to report if you were referring to electronic export information. You have to report a shipment in the Automated Export System, yes, if it is over $2500.

Coordinator: Our next question comes from Jessie McCarthy from IPT Exelis. Your line is open.

Jessie McCarthy: And yes, I got two questions here. One's just a clarify. Does an EEI need to be filed for shipments to Guam if it's an ITAR-licensed product?

Omari Wooden: The fact that you said if it is a ITAR-licensed product, yes.

Jessie McCarthy: It does need to be filed?

Omari Wooden: Actually I need to - you may need to - talk to me offline on that because the reason why I actually hesitate is Guam is actually considered an exclusion because goods going to Guam do not have to be reported at all but if you have an ITAR shipment, that is something that we're going to have to discuss because at face value when you say with ITAR it has to be reported but in many cases State Department won't issue a license to goods that they consider to be within the United States jurisdiction.

That's something that we're going to have to talk offline so if you think you can reach me on Option 3 at the 1-800 number on that one.

Jessie McCarthy: All right, and my second question is if we're exporting something for the U.S. government under a contract and we're the exporter and it's a licensed - it's an ITAR - product, who is the U.S. PPI?

Omari Wooden: Say that question again?

Jessie McCarthy: If we're exporting something for the U.S. government under a contract and we're the exporter and we file for a license for an ITAR product, who is the U.S. PPI?

Omari Wooden: There are a lot of wrinkles and different dynamics to that transaction. Some of the things that you may need to ask again I think that's something that you probably want to take to our 1-800 number but where the goods, well, and then I'll leave you with some of these questions where you do call them.

Where are the goods physically going from your location? Are they being shipped to an APO? Is the foreign government, is the foreign location paying you? Is the U.S. government paying you so there are a lot of wrinkles to that question so I would actually ask if you call our 1-800 number, you can even speak to me or ask for me but there are a lot of wrinkles and I can't just say yea or nay.

Coordinator: Our next question comes from Rosa Choi from ClearFreight Inc. Your line is open.

Rosa Choi: Hi, Omari. I had a question regarding LCL export shipments on a TNE. Do I still need to file AES?

Omari Wooden: Okay, thank you for the question. You just used a lot of acronyms to me and I'm with the government. Explain all of those, please.

Rosa Choi: For a shipment that's being re-exported out for a temporary export, do I still need to file AES?

Omari Wooden: Okay, are the goods coming back into the United States?

Rosa Choi: No.

Omari Wooden: It's a temporary export but the goods are not coming back to the U.S.?

Rosa Choi: No because it originated from Mexico and then it comes through California. From here it's going back out to another country.

Omari Wooden: Okay, so this sounds like this is an in-transit shipment, moving from Mexico to another country.

Rosa Choi: Yes.

Omari Wooden: Okay. In that case is the goods are not licensable. In-transit movements through the United States do not have to be reported in the Automated Export System.

Rosa Choi: Okay so then when I do the AES filing, what statement would I use?

Omari Wooden: Well, again if you're not reporting AES you would not be reporting in AES. Based on the scenario and the information you've given me, these are goods originating in Mexico that are ultimately destined to another country. Based on Section 30.2(d) I believe where all of our exclusions are, we actually talk about goods moving through the United States to a third country.

And based on the scenario you're providing, they're going from Mexico through the U.S. to another country. That's considered an in-transit movement and would not be reported in AES so you would not be reporting that information in the Automated Export System.

Coordinator: Our next question comes from Paul Cardone from M. Braun Inc. Your line is open.

Paul Cardone: Hello. I just wanted to get some clarification when to use Schedule B versus harmonized tariff codes. As you've indicated, you use Schedule B and we've been advised to use harmonized tariff. Wondering when and where is the right or wrong way to use either number?

Omari Wooden: Okay, thank you for your question. The Automated Export System actually allows you to report either the harmonized tariff import numbers or the Schedule B export numbers so it's neither a right or wrong situation.

But one thing that I've seen companies do, companies that import a lot of products, they are regularly using the HTS import numbers and they say hey, instead of going between the Schedule B number, then the HTS numbers, let's just use the HTS numbers.

So it's also a matter of preference so I can't say whether it's right or wrong. Again, you want to make sure your classification is consistent with what your actual product is but the key is really what's the better preference for you.

Paul Cardone: Okay. Just a quick reference question. Do you have any examples of the minimum requirements on a commercial invoice somewhere on your Website that's easy to find?

Omari Wooden: Minimum requirements on an invoice, no. Everything in our foreign trade regulations dictates what's reported in the Automated Export System. We do not govern the invoice.

Paul Cardone: Okay, thank you.

Omari Wooden: You're welcome.

Coordinator: Our next question comes from Wesley Huggins from JAS Forwarding. Your line is open.

Wesley Huggins: Yes, question I have is if we can't get a form power of attorney, what kind of written authorization do we need for routed export shipment?

Omari Wooden: Thank you for your question. The formal power of attorney as we define is a legal document, actually normally drafted by an attorney. That's why we also have the term written authorization. A written authorization could be as simple as an e-mail stating I authorize you to do XYZ and it could be an e-mail. It could be a signed document but that also suffices as a written authorization.

Wesley Huggins: Okay, thank you, because I do a lot of routed as far as like their expert shipments so that's the question I had so that's just to try to get a form power of attorney anyway, right?

Omari Wooden: Best-case scenario is you're getting the actual power of attorney. If not, then you want to try to get something in writing even if it is an e-mail just stating I authorize. Are you an agent? You're an agent, right?

Wesley Huggins: I'm an agent, correct.

Omari Wooden: Right, so you want to get something from their foreign party that's saying I, Omari Wooden, German exports authorize you forwarder to handle this transaction or to, you know, so yes.

Wesley Huggins: Okay, so once I have the power of attorney, I'm good to use them for any shipments, correct?

Omari Wooden: Well, you'll want to make sure - power of attorneys and written authorizations - are based on the timeframe between the two parties. A power of attorney could be a singular power of attorney for that one transaction or it could be a lifetime power of attorney. It really depends on the language in the power of attorney.

Coordinator: Our next question comes from Hazel Smith from Formica Corporation. Your line is open.

Hazel Smith: Hello, Omari.

Omari Wooden: Hey, how are you?

Hazel Smith: Just fine. It's been a long time since we've talked and I enjoyed your webinar.

Omari Wooden: Good, glad you liked it.

Hazel Smith: I want to clarify a scenario with regard to routed transactions.

Omari Wooden: Okay.

Hazel Smith: Okay, say the U.S. PPI is transporting the goods prepaid down to the border to let's say Laredo...

Omari Wooden: Okay.

Hazel Smith: ...to the customer's freight forwarder.

Omari Wooden: Okay.

Hazel Smith: Okay, so the customer's freight forwarder is actually handling the import transaction from Mexico and the export of the goods going across the border there, physically moving the goods across the border into Mexico and then delivering them to the shipper's carrier on the other side of the border and then that carrier is delivering the goods to the customer.

Omari Wooden: Okay.

Hazel Smith: Okay. With the freight forwarder of the customer which is the foreign principle party in interest actually moving the goods across the border, would that be considered a routed transaction?

Omari Wooden: Okay, Hazel, thank you for your question. The way we define a routed transaction is if the foreign party is selecting that agent so did the foreign party select that agent in Laredo, Texas to handle facilitation of the exports, to file the AES? If the foreign consignee selected that agent in Laredo, then I would say yes so the real question is who selected the agent in Laredo?

Coordinator: And our last question comes from Kari Aiduk from Cooper Crouse-Hinds. Your line is open. Kari, your line is open.

Kari Aiduk: Sorry, I was on mute. I wanted you to clarify the repairs that were non-warranty. You had mentioned reporting the 9801 tariff as well as just the value of the repair itself and not the entire value of the product; was that correct?

Omari Wooden: That's correct.

Kari Aiduk: Oh, okay. Thank you.

Omari Wooden: Okay, not a problem.

Jennifer Smits: Thanks, everyone. If you didn't get a chance to ask a question today, I just wanted to remind you that the phone numbers are up on the screen in case you have questions.

Media can call the Public Information Office at 301-763-3030 and the general public can call the foreign trade call center at 1-800-549-0595 before we go, I just wanted to mention a few things.

The next free webinar is on September 5th on Filing Export Information Electronically, the ABCs of AES and if you want to review today's webinar, you can go online within 24 hours. The press kit will be available at census.gov.

Just click on the slider and you will be able to find the archived webinar as well as the presentation slides from today and remember you can keep the conversation going on Twitter by using hashtag foreign trade. With that, let me thank you for participating in today's event.

Coordinator: Thank you for participating in today's conference call. You may disconnect at this time.

END