

Foreign Trade Regulations

**Demystifying the Rules of
Exporting**

August 22, 2012

Today's Speakers

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Public Information Office

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#foreigntrade



U.S. Department of Commerce
Economics and Statistics Administration
U.S. CENSUS BUREAU

Fundamentals of Exporting

Created by the Foreign Trade Division of the U.S. Census Bureau, this in-depth webinar series provides the tools necessary for a strong foundation in the fundamentals of exporting.

Foreign Trade Regulations – Demystifying the Rules of Exporting

The fourth webinar in the 8-part series

http://www.census.gov/newsroom/releases/archives/news_conferences/webinars_exporting.html

Foreign Trade Division

The **Foreign Trade Division** is the *official* source for U.S. export and import statistics and is responsible for issuing regulations governing the reporting of all export shipments from the United States.

Today's Topics

- **Legal Requirements**
- **U.S. Principal Party in Interest**
- **Types of export transactions**
- **Penalties**
- **Best Practices**



Legal Requirements



Census Bureau

[Foreign Trade Regulations \(FTR\)](#)

Title 15 Code of Federal Regulations, Part 30



Bureau of Industry and Security (BIS)

Export Administration Regulations (EAR)



Customs and Border Protection (CBP)

Customs Regulations



State Department

International Traffic in Arms Regulations (ITAR)

When is Electronic Export Information (EEI) Required? (FTR 30.2)

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



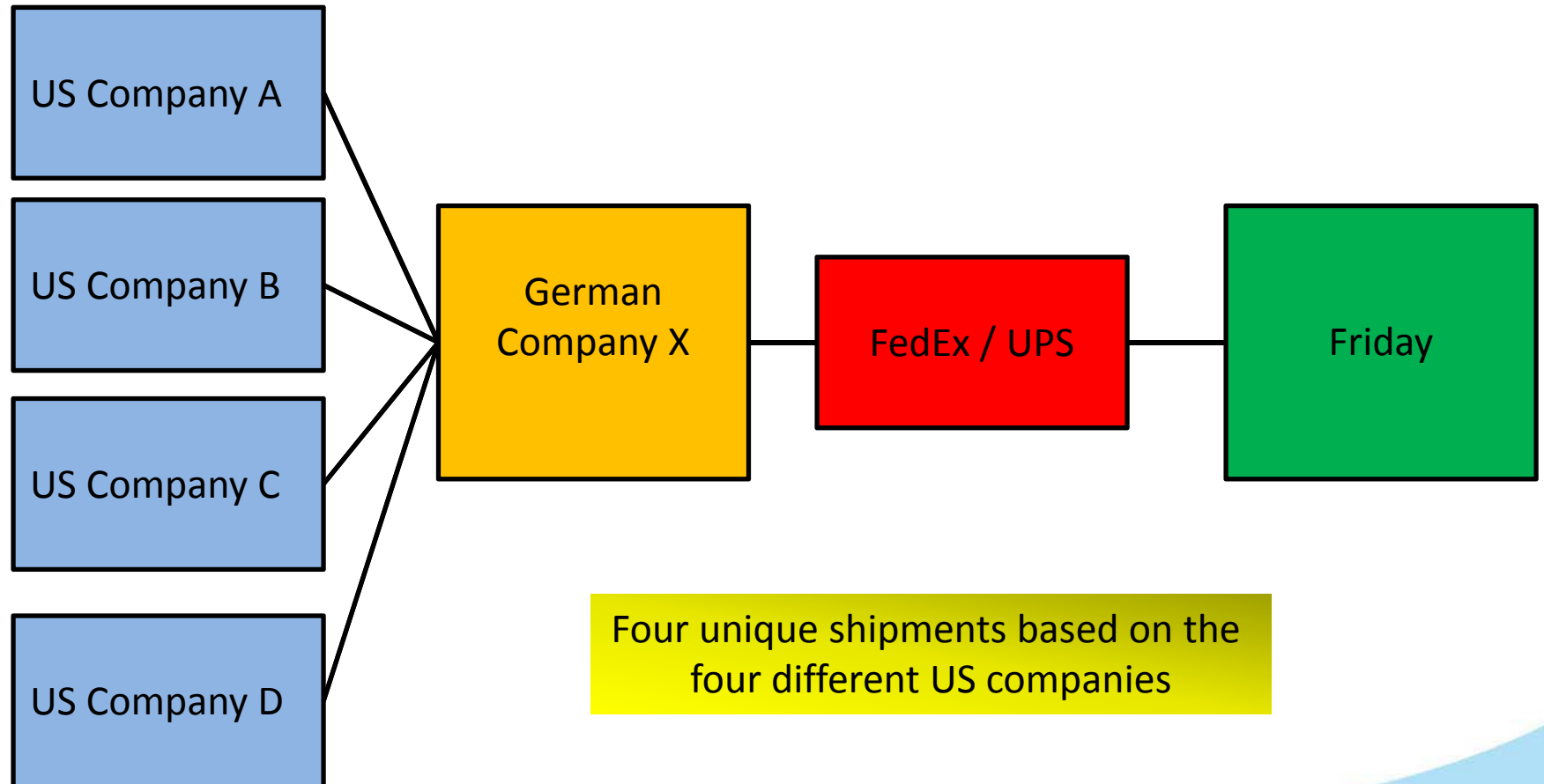
- U.S. \Rightarrow foreign countries
- U.S. \Rightarrow U.S. Virgin Islands
- Puerto Rico \Rightarrow foreign countries
- Puerto Rico \Rightarrow U.S. Virgin Islands
- U.S. \Leftrightarrow Puerto Rico

What is a Shipment? (FTR 30.1)

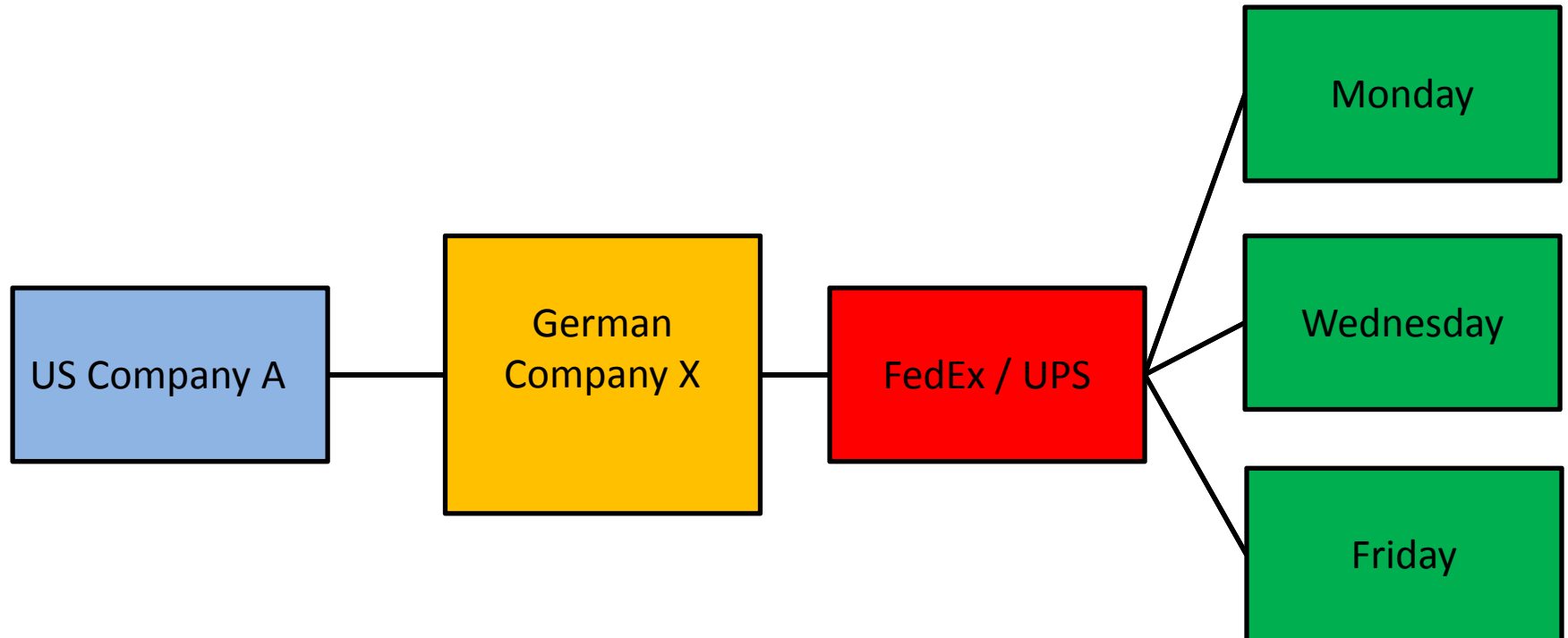
Tip: The **ONE** Rule

- **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, with
- Valued over \$2,500 per Schedule B number or license is required

Shipment Example



Shipment example



Three unique shipments based on the three different dates of export

U.S. Principal Party in Interest (FTR 30.3)

The U.S. Principal Party in Interest (USPPI) is the:

- U.S. Person or Entity
- Primary Benefactor (Monetary or Otherwise)
- Foreign Entity (if in the U.S. at time goods are purchased or obtained for export)

Generally that Person can be the:

- U.S. Seller: (Wholesaler or Distributor)
- U.S. Manufacturer
- U.S. Order Party

Ultimate Consignee (FTR 30.6(a)(3))

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

Two Types of Transactions (FTR 30.3)

Export Transaction (Standard):

- USPPI files the EEI or authorizes an agent to file the EEI

Routed Export Transaction:

- Foreign Principal Party in Interest (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 (FTR 30.3(c))

USPPI Responsibilities:

- Prepare and file EEI and provide proof of filing citation
- Authorize a U.S. agent to file EEI via power of attorney or written authorization
- Provide agent with accurate and timely export information
- Assume responsibility for license determination
- If filing, respond to AES fatal errors or compliance alerts
- Retain documentation

Export Transaction

(FTR 30.3(c))

U.S Authorized Agents' Responsibilities:

- Obtain written authorization or power of attorney from USPPI
- Accurately prepare EEI via the AES, based on information provided by the USPPI and other parties
- If filing, respond to AES fatal errors or compliance alerts
- Provide AES Internal Transaction Number (ITN) to carrier based on required filing timeframes
- Upon request, provide USPPI with copy of information filed on its behalf

Routed Export Transaction (FTR 30.3(e))

USPPI Responsibilities:

- Must provide FPPI's agent with commodity data and Licensing information
- May request copy of the authorized agent's power of attorney or written authorization from the FPPI
- If filing, obtain power of attorney or written authorization from FPPI to complete and file the EEI
- Maintain documentation

Routed Export Transaction (FTR 30.3(e))

U.S. Authorized Agent Responsibilities:

- Obtains a POA or written authorization from the FPPI
- Prepare and file the EEI
- Upon request, provide the USPPI with data elements filed on its behalf
- Upon request, provide the USPPI with a copy of the POA or written authorization from the FPPI
- Provide filing citation or exemption legend
- Maintain documentation

Shipments Exempt from Filing (FTR 30.36-30.40)

- Country of ultimate destination is Canada (30.36)
- \$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))
- Intangible exports of software & technology (30.37(f))
- Temporary Exports (e.g., Carnets) (30.37(q))
- Shipments consigned to the U.S. Armed Forces (30.39)

Exemptions Do Not Apply (FTR 30.2(a)(iv))

- Commerce (BIS) licenses
- [Country Group E:1](#) (Supplement 1 to 15 CFR 740)
- State Department licenses and ITAR controlled items
- License shipments from other government agencies
- Shipments on [Office of Foreign Assets Control Sanctions Program List](#)
- Rough Diamonds

Repair Items

(FTR 30.29(a))

- Report the value of the repairs, including parts and labor
- Report Schedule B number 9801.10.0000 for the re-export of any article that was imported for repairs or alterations

Warranty Items

(FTR 30.29(b))

- Report the value of the replacement commodity
- Report original Schedule B number
- If the value on 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”

Voluntary Self Disclosure (FTR 30.74)

Submit letter on company letterhead and include the following information:

- Description of information unreported or reported incorrectly
- Number and value of shipments affected
- Steps taken to resolve problem
- Point of contact
- Letters should be submitted to:



Mr. Nick Orsini
Chief, Foreign Trade Division
U.S. Census Bureau
4600 Silver Hill Road, Room 6K032
Washington DC 20233-6700

File data in AES as soon as possible and retain documentation regarding all shipments involved in disclosure

Parties Subject to Penalties (FTR 30.70-30.74)

All parties involved in an export transaction are subject to penalties, including:

- USPPI
- Freight forwarder
- Authorized agent
- Carrier

Implement Best Practices

- Document!!! Document!!! Document!!!
- Correct information as soon as possible
- Maintain compliance
 - Education & cross training
 - Automation & Procedures
- Attend Seminars & Workshops



Additional Training Tools

- Export training videos
- Webinars
- Global Reach Blog
<http://globalreach.blogs.census.gov>

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GLOBAL REACH

The official blog of the U.S. Census Bureau's Foreign Trade Division

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U.S. Exports of Goods Continue to Grow

Posted on March 12, 2012

One of the primary tools of the [National Export Initiative \(NEI\)](#) is the U.S. merchandise trade statistics captured by the [Foreign Trade Division](#) of the U.S. Census Bureau. Examining the trade statistics provides a business with the information needed to make efficient and effective decisions for their export strategy. The statistics may also be used to evaluate the current and historical trends of U.S. exports and imports.

The table below displays the top five U.S. export commodities (NAICS-based) with the highest growth rate from 2009 – 2011, based on total dollar value in millions. By studying the data, we can see that over that two-year period, U.S. exports of goods have increased **40.2%**. Iron ores registered the largest individual increase at 274.0%. Cattle (206.0%), coal (164.7%), swine (152.9%), and cotton (151.2%) completed the top five.

Total

- Other Countries Have Exporter Data Too?? (551)
- USPPI Trade Term of the Month (249)
- U.S. Exports of Goods Continue to Grow (237)
- Clarification Of Routed Export Transactions (199)

Foreign Trade

Main About Foreign Trade Data AES Regulations Reference Defin

Important Links

- [Global Reach Blog](#)
- [Newsletters](#)
- [AESDirect](#)
- [DropBox](#)
- [Guide to Foreign Trade](#)
- [Foreign Trade Products](#)
- [USA Trade Online](#)

Related Sites

- [Business and Industry](#)
- [Briefing Room](#)

VIDEOS

- [Export Compliance and Regulations](#)
- [Reporting Electronic Export Information \(EEI\)](#)
- [Using Trade Data for Export Planning and Strategy](#)
- [Trade Agreements](#)
- [Mandatory AES](#)

[March 2012 Trade Numbers](#)

Deficit: \$51.8 Billion
Exports: \$186.8 Billion
Imports: \$238.6 Billion

Next release: June 8, 2012
[Complete Release Schedule](#)

[Upcoming Seminars and Workshops](#)

June 5-6, 2012
AES Compliance, Glen Ellyn, Illinois

Questions?



For More Information

- **Media Inquiries:**
 - Public Information Office: 301-763-3030

- **FTD Call Center: 800-549-0595**
 - Option 1 – AES Assistance
 - Option 2 – Commodity Classification Assistance
 - **Option 3 – Regulations Assistance**
 - Option 4 – Data Dissemination Branch

- **Fax: 301-763-8835**

- **E-mail: ftdregs@census.gov**

Upcoming Webinars

For more information or to sign up for our next webinar go to: http://www.census.gov/newsroom/releases/archives/news_conferences/webinars_exporting.html

- **Filing Export Information Electronically — The ABCs of AES:**
September 5, 2012 (RSVP available Monday, Aug. 27)
- **Your Free Tools of Trade — AESDirect and AESPcLink:**
September 19, 2012
- **Getting it Right the First Time — How to Avoid Common Penalties:**
October 3, 2012
- **What is a Foreign Trade Zone and How Can It Help You?:**
October 17, 2012