

*The International
Trade Compliance
And Operations
Experts for
129 years!*

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AES – What It Means To You

Think back to the old days of the paper SED when you could get by with using a Schedule B number that someone, six years ago, picked out as the correct one. How about those weird reporting quantities? Why use an “X” when you were actually exporting a quantity of 5,000? And then there are those really strange abbreviations like LVS, GBS, and NLR. Need to type some darn thing into that box on the form so you can get the shipment out the door...

The days of casually completing the Form 7525V, so some government agency could collect statistics that no one much cares about, are over. The Automated Export System (AES) has arrived and became mandatory for the use of reporting Electronic Export Information (EEI) as of **October 1st** for all exports that require the reporting of such data.

Exporters must clearly understand and fully appreciate that AES is not simply a fancy electronic way of collecting the same information that used to be submitted on the SED form. Yes, the data elements are fundamentally the same with some additions, but the kicker is that all the information the exporter submits is collected, collated, whirled and twirled, reviewed, and recorded in a multitude of databases in real time. No longer will your export information have coffee spilled on it rendering it unreadable, nor will it ever fall behind the file cabinet never to be seen again.

The AES is a massive and very important regulatory tool. In addition to collecting statistical data for the Census Bureau, it is the primary reporting methodology used by the Bureau of Industry and Security (BIS) and by the Department of State for export control purposes under their respective regulations. Equally important, it is Customs & Border Protection (CBP) who employs AES for the clearance of all goods departing the United States.

The huge difference with AES is that these agencies now see and review all this information in real time. In fact, based on AES filing requirements, they are seeing this information before the goods actually leave the U.S. Think about how computer systems and their associated applications and databases have made your own work so much more efficient. Can't you find and then view information quickly and easily? Doesn't MS Word even tell you when your spelling or grammar is less than perfect?

Continued...

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AES – What It Means To You *Continued*

AES provides that very same efficiency and effectiveness to the regulatory agencies of government charged with the monitoring and control of exports. The information entered into AES, once submitted and accepted, is now available immediately to these government agencies to scrutinize. AES, itself, has built-in edits and audits that prohibit the exporter from making outright stupid mistakes like that six-year-old Schedule B number which no longer exists.

Now, an agency can go into AES and by typing in your exporter number, call up all the shipments you made to China using License Exception GBS. Since China isn't in Country Group B, the Office of Export Enforcement will likely be knocking on your door very soon. How about all your exports that cite a particular ECCN combined with your use of License Exception LVS? Gee, it turns out LVS is not available for that ECCN. I hear another knock on the door!

The new Foreign Trade Regulations detail the timely filing requirements for AES submissions. Since AES records (to the minute) the time a filing was made, let's go back and look at your record of compliance with those requirements. For the old timers who remember the old \$100 penalty, now think \$1,100 for each day that an AES filing deadline is missed.

But, you've read all this and think that none of it applies to you because your freight forwarder does all this AES filing stuff for you. Guess again. Who is the USPP? It's not your forwarder, it's *you!* Your forwarder is merely an agent of your company, acting on your behalf for the filing of EEI through AES. You, the exporter, own the information that gets into AES.

Wait, what if you actually didn't give your forwarder any specific information. Now the forwarder should really be on the hook. The forwarder had to do the best job it could of interpreting what it believed might apply to your export. Sorry, it's still your responsibility. Understand that you are now, more than ever before, really exposed for non-compliance. Not only was the AES information inaccurate, you did not exercise reasonable care in seeing that the correct data even got reported. You could be looking at a penalty of up to \$10,000 per violation.

Accuracy and timeliness of AES information is now a very, very serious regulatory matter. AES provides export regulatory agencies with a tool that has a scope and facility that has never existed before.