

SUPPORTING STATEMENT
U.S. Department of Commerce
U.S. Census Bureau
Shipper's Export Declaration (SED)/
Automated Export System (AES) Program
OMB Control No. 0607-0152

A. Justification

1. Necessity of the Information Collection

The current clearance under Office of Management and Budget (OMB) Number 0607-0152 covers the paper SED, Commerce Form 7525-V (Attachment A), and its electronic equivalent, the AES (Attachment B) and related documents (e.g., Letter of Intent, *AESDirect* Registration and Certification Quiz [Attachments C, D, and E]). With this submission, the U.S. Census Bureau is requesting continued clearance for the SED/AES program.

The Census Bureau will be using the paper SED for a limited period of time during the year 2008. This is due to the expected implementation of mandatory electronic filing of all export information via the AES. This requirement is mandated through Public Law 107-228, of the Foreign Relations Authorization Act of 2003.

This law authorizes the Secretary of Commerce with the concurrences of the Secretary of State and the Secretary of Homeland Security to require all persons who file export information according to Title 13, United States Code (U.S.C.), Chapter 9, to file such information through the AES. Since 2005, the Census Bureau and the U.S. Customs and Border Protection (CBP) have implemented the following enhancements to the AES: (1) Edits for rough diamond shipments for the Kimberly Process (2) E-mail messaging (3) Created the Validated End-User license code (4) Automated carrier code updates (5) Developed background Standard Carrier Alpha Codes (SCAC) update process from National Motor Freight Traffic Association file (6) Developed SCAC maintenance log list (7) Developed Consignee screens (8) Allowed Option 4 vessel shipments to proscribed countries (9) Developed method of transportation maintenance screens (10) Developed edit value type screens. The revisions should not affect the average three-minute response time for the completion of the AES record. There will be no changes to the paper SED; therefore, there is no expected change to the existing eleven-minute response time to complete this form.

The Census Bureau will allow the trade community to continue using the paper SED until the actual implementation of the mandatory electronic filing requirement occurs. Implementation of the mandatory electronic filing requirement is expected to take place in the second quarter of 2008.

Currently, the Census Bureau is involved in the rulemaking process that will notify the trade community of the mandatory requirement for electronic filing.

The SED form and its electronic equivalent, the AES record, provide the means for collecting data on U.S. exports. Title 13, U.S.C., Chapter 9, Sections 301-307, mandates the collection of these data. The regulatory provisions for the collection of these data are contained in the Foreign Trade Statistics Regulations, Title 15, Code of Federal Regulations (CFR), Part 30. The official export statistics collected from these tools provide the basic component for the compilation of the U.S. position on merchandise trade. These data are an essential component of the monthly totals provided in the U.S. International Trade in Goods and Services Press Release, a principal economic indicator and a primary component of the Gross Domestic Product (GDP).

The data collected from the SED and the AES record are also used for export control purposes under Title 50, U.S.C., Export Administration Act, to detect and prevent the export of certain items by unauthorized parties or to unauthorized destinations or end users.

2. Needs and Uses

The information collected on the paper SED and the AES record shows what is being exported (description and commodity classification number), how much is exported (quantity, shipping weight, and value), how it is being exported (mode of transport, exporting carrier, and whether containerized), from where (state of origin and port of export), to where (port of unloading and country of ultimate destination), and when a commodity is exported (date of exportation). The identification of the U.S. Principal Party in Interest (USPPI) shows who is exporting goods for consumption (control purposes), while the USPPI and/or the forwarding or other agent information provides a contact for verification of the information.

The information is used by the Federal Government and the private sector. The Federal Government uses every data element on the SED/AES record for statistical purposes, export control, and/or to obtain data to avoid taking additional surveys.

Data collected from the SED/AES serves as the official records of export transactions. In addition, the mandatory use of the AES record will enable the U.S. Government to produce more accurate export statistics. Currently, the mandatory use of the AES in specific export situations facilitates the Bureau of Industry and Security (BIS) and the CBP to enforce the Export Administration Regulations for the detection and prevention of exports of high technology commodities to unauthorized destinations; the enforcement of the International Traffic in Arms Regulations (ITAR) by the U.S. Department of

State; and the validation of the Kimberly Process Certificate for the export of rough diamonds.

Other Federal agencies use the data to develop the components of the merchandise trade figures used in the calculations for the balance of payments and GDP accounts to evaluate the effects of the value of U.S. exports; to plan and examine export promotion programs and agricultural development and assistance programs; and to prepare for and assist in trade negotiations under the General Agreement on Tariffs and Trade. Collection of these data also eliminates the need for conducting additional surveys for the collection of information as the SED/AES record shows the relationship of the parties to the export transaction (as required by the Bureau of Economic Analysis). The SED/AES record data are also used by the Bureau of Labor Statistics as a source for developing the export price index and by the Department of Transportation for administering the negotiation of reciprocal arrangements for transportation facilities between the United States and other countries.

A collaborative effort amongst the Census Bureau, the National Governors' Association and other data users resulted in the development of export statistics requiring the state of origin to be reported on the paper SED/AES record. The information collected enables state governments to focus activities and resources on fostering exports of the kinds of goods that originate in their states.

Export statistics collected from the SED/AES record aid private sector companies, financial institutions, and transportation entities in conducting market analysis and market penetration studies for the development of new markets and market-share strategies. Port authorities, steamship lines, steamship freight conferences, airlines, aircraft manufacturers, and air transport associations use these data for measuring the volume and effect of air or vessel shipments and the need for additional or new types of facilities.

The implementation of quality standards is an integral part of the pre-dissemination review of the information disseminated by the Census Bureau (fully described in the Census Bureau's Information Quality Guidelines). In addition, information quality is incorporated into the clearance process required by the Paperwork Reduction Act.

3. Use of Information Technology

Shortly, the Census Bureau will publish regulations that will provide for the mandatory electronic reporting of all export information via the AES that previously required the filing of a paper SED. The AES was developed jointly by the Census Bureau and the CBP. The AES is the electronic alternative for filing the SED information. It is an information gateway for both the Census Bureau and the CBP to improve the timeliness and accuracy

of export trade statistics, improve customer service, assure compliance with and enforcement of export laws, and to provide for paperless reporting of export information.

Currently, there are 26,473 AES filers submitting export information for 239,094 USPPIs. These AES submissions represent approximately 1,402,331 export records monthly or 97.7 percent of non-Canadian export transactions. The USPPIs are not required to submit the SED information for exports to Canada, except for license-controlled shipments. Under an agreement with Canada, the Census Bureau uses Canadian import data as a replacement for U.S. export information. Including automated Canadian data, the Census Bureau receives approximately 98.5 percent of its information from automated sources. The AES significantly reduces response burden for participants. The Census Bureau's findings show that the response time drops from eleven minutes for the preparation of the paper SED to three minutes for the filing of an AES record. Also, the AES improves the accuracy and timeliness of processing trade statistics. Nearly 50 percent of paper SEDs contain errors that have to be resolved by clerical processing personnel. In the AES, incorrect or invalid information is edited up front, and corrections are made before the data are accepted and processed. As a result, electronic SEDs have less than a 5% error rate.

4. Efforts to Identify Duplication

The Census Bureau maintains ongoing contact with other federal agencies involved in export or export control functions. The Census Bureau has representatives on various International Trade Data System working groups to ensure that export data collected by the Census Bureau are not duplicated by other agencies and that other agency use of the export information collected from the SED/AES record adheres to the Census Bureau statutory and regulatory guidelines on access, use, release, security and confidentiality. In addition, the Census Bureau keeps up with policy and regulatory changes being made by other federal agencies to ensure that they comply with the guidelines listed above and do not duplicate information currently being collected by the Census Bureau.

5. Efforts to Minimize Burden

In October 1999, the Census Bureau made available the *AESDirect*, the free Internet-based program for filing the SED information to the AES. The *AESDirect* provides online registration, tutorial, certification, and assistance in filing export information electronically. It also provides users the capability to recall a previous shipment or record for use as a template for the creation of subsequent shipment records. During October 2001, the Census Bureau enhanced the *AESDirect* by making it available from a downloadable

file. The *AESPCLink* is free software that enables users to create the SED information off-line at their own personal computer.

In February 2000, the Census Bureau established another burden reducing initiative for the AES filers, the *AESWeblink*. The *AESWeblink* is another enhancement to the *AESDirect*. The *AESWeblink* is the *AESDirect* application that receives data from another Internet application (i.e. the filer's own shipment application) and facilitates the transmission of the filer's data to the AES via the *AESDirect*. The *AESWeblink* checks for the data elements required for its initiation, requests missing data not supplied by the filer's existing Internet application, and submits the data to the *AESDirect* for validation and transmission to the AES.

Information is constantly being gathered from the AES for use by the CBP, the Census Bureau, other federal agencies, and the export community. The AES continues to expand and is the central point through which electronic export information is filed. A centralized electronic system of data collection enables more efficient reporting, while reducing the burden in filing and increasing the movement of U.S. exports.

Export information and transportation data collected from the AES provides more complete, timely, and accurate data than can be collected from the paper SED. This is accomplished by using the edit fields that are in place in the AES. For example, if an error occurs while filing export information, it must be corrected immediately while the filer is inputting the information, otherwise the system will not verify that the transaction is valid and accepted.

Several agencies including the Census Bureau, CBP, BIS, and the U.S. State Department have been involved in an extensive outreach and education effort with the trade community to alert exporters of the pending requirement to file all exports electronically. These same agencies have also been involved in a great effort to improve compliance with their own regulatory provisions in reference to the filing of export information. Currently, these efforts have resulted in increased compliance and improved filing of SED/AES records.

Under the terms of a Memorandum of Understanding (MOU) signed by the CBP, the Census Bureau, Statistics Canada, and Canadian Customs, the United States can substitute Canadian import statistics for U.S. export statistics. Conversely, the MOU enables Canada to substitute U.S. import statistics for Canadian exports to the U.S. This exchange eliminates over ten million SEDs annually.

The Census Bureau is advising the trade community to make provisions for the mandatory filing requirement to report all shipment information through the AES. By using the AES only, filers will greatly reduce the reporting burden. We estimate that it takes eleven minutes to prepare a paper SED as

opposed to three minutes to file the same information electronically through the AES. Additional initiatives, including the development of the *AESDirect*, *AESPCLink*, and *AESWeblink*, further reduce the reporting burden for the AES filers by adding data linking capabilities that eliminate duplicate reporting of the same information.

Mandatory reporting through the AES, once fully implemented, will provide a decrease in response burden through automation. Repetitious information can be entered automatically, and common information required by different agencies would be entered only once.

6. Consequences of Less Frequent Collection

Less frequent collection of export statistics would result in the loss of current monthly released data. This would adversely affect the release of the current monthly goods and services trade balance figures, and if delayed enough, could affect the GDP estimate.

Should the Census Bureau begin to release the official export statistics on a quarterly basis, information currently released around 40 days after the month of export would be delayed an additional 80 days. This could greatly impact the merchandise trade balance, produced by the Federal Government, which is one of the most sensitive and closely watched of the principal economic indicators. The Council of Economic Advisors, Congress, the Trade Policy Agencies, the press, and financial markets focus great attention on the monthly release. Slight movements in the deficit affect public policy, financial decisions, Congressional actions, and market movements. The trade deficit is one of the most important economic issues of recent years.

Separating the SED/AES record from the actual export movement of a shipment would disallow the use of the SED/AES record as a tool to be used for export control purposes by the CBP, the BIS, the U.S. State Department, or any other federal agency utilizing the information for detecting and preventing the export of high technology commodities to unauthorized destinations.

7. Special Circumstances

The collection of export information from the SED/AES record is conducted in a manner consistent with the OMB guidelines except that the response is required more frequently than on a quarterly basis. This is due to the fact that the information is necessary to obtain current data for the monthly balance of trade, and is used on an ongoing basis by the CBP, the BIS, and the U.S. State Department for export control purposes.

Exporters must also present the SED, Internal Transaction Number (ITN), or exemption statement to the exporting carrier prior to exportation. Where the CBP requires that a manifest be filed, all required SEDs, ITNs, exemption statements, etc. must accompany that manifest (19 U.S. C.).

8. Consultations Outside the Agency (Census Bureau)

The Census Bureau has established a mailing list of more than 26,000 persons and businesses that export. We keep these contacts apprised of any developments or changes within the data collection program and frequently receive feedback by email, telephone, or in writing from these entities. The Department of Commerce and Census Bureau district offices maintain a rapport with members of the local trade community and refer them to the Census Bureau headquarters whenever necessary. These are another source of additions to our mailing list.

The Foreign Trade Division maintains a Website that is accessible over the Internet. It provides up-to-date information on all major developments relating to the SED/AES record provisions. This Website is used extensively by the trade community and other federal agencies to keep informed on current export trade policies as they pertain to developments regarding the preparation and filing of exports.

The Census Bureau regularly participates in seminars and conferences sponsored by various trade organizations, such as the National Customs Brokers & Forwarders Association of America, the Joint Industry Group, the National Council on International Trade & Development, the Industry Sector Advisory Committees, and others. These seminars and conferences provide updates about revisions to the Foreign Trade Statistics Regulations, Title 15 CFR, Part 30. These seminars and conferences also address numerous topics including how to maintain compliance with the U.S. export regulations, accurately preparing the SED/AES record, filing through the Automated Export System, and classifying commodities. Although these programs are not specifically designed to elicit public response, the seminars do provide a means of obtaining the public's views on statistical regulations governing exports. Participation in these conferences enables the Census Bureau to keep the trade community informed of current regulatory policy decisions as well as allows for the exchange of information between the trade community and the Census Bureau on actions that we propose to take that would have an impact on the trade community.

The Census Bureau also conducts the *AESPCLink* workshops around the country to provide hands on training. Also, the Census Bureau directly participates in seminars sponsored by trade organizations, exporting companies, the CBP and the BIS to provide outreach and education on the SED/AES program.

A Presubmission Notice was published in the *Federal Register* on December 3, 2007, inviting public comments on our plans for the mandatory filing of all export shipments through the AES. There were two comments received in response to this notice. Both commentors strongly support the continued collection of data on the Shipper's Export Declaration and its electronic equivalent, the AES. However, one commentor expressed concern that the AES currently does not accommodate export requirements for a specific type of export transaction. The Census Bureau agreed to further discuss this issue with the commentor.

9. Paying Respondents

The Census Bureau does not pay respondents to provide the SED information.

10. Assurance of Confidentiality

The SED/AES record is exempt from public disclosure by statute, Section 301(g), Chapter 9, Title 13, U.S.C., and exemptions (b)(3) and (b)(4) of the Freedom of Information Act, Title 5, U.S.C., Sections 552 (b)(3) and (b)(4). Public Law 96-275 amended Section 301 by adding Paragraph (g) to provide that "SEDs (or any successor document), wherever located, shall be exempt from public disclosure unless the Secretary determines that such exemption would be contrary to the national interest." Department Organization Order 35-2A, Section 3.01a, delegated the authority to make the national interest determination to the Director of the Census Bureau.

In addition, the filing of complete and accurate SED information is mandatory under Chapter 9, Title 13, U.S.C. The preparer of the SED information signs the statement on the document certifying that the information is true and correct and that the penalty provisions for violations of the U.S. laws (referenced on the SED/AES record) as related to exportation are understood. In addition, for filers using the AES, during the *AESDirect* registration process they must check a box stating that they certify that all statements made and information provided is true and correct and that the penalty provisions for violations of the U.S. laws (referenced on the SED/AES record) as related to exportation are understood.

Statements on the SED and literature describing the AES program advise exporters that the requirement is mandatory and that the Census Bureau keeps such information confidential under Chapter 9, Title 13, U.S.C., Section 301(g).

Furthermore, the Census Bureau and the CBP have implemented the redesign of the commodity module of the AES in anticipation of full mandatory

reporting through the AES as authorized by Public Law 107-228, The Foreign Relations Authorization Act of 2003.

11. Justification for Sensitive Questions

The SED/AES records do not contain any questions of a sensitive nature.

12. Estimate of Respondent Burden

The following table shows the total annual responses, and the time required to collect information and to complete the Commerce Form 7525-V or the AES record. The hours per response also include time required for record keeping.

SED/AES	Annual Responses	x	Hours per Response	=	Total Hours
7525-V	394,252		.1833		72,280
AES	14,913,223		.05		745,661
Total	15,307,475				817,941

The estimate of approximately eleven minutes (.1833 hrs.) per document completion time for the Commerce Form 7525-V is based on historical records.

The estimate of approximately three minutes (.05 hours) per electronic AES submission is based on an examination of an electronic submission as compared with preparation of paper SEDs. We estimate that approximately one quarter to one third of the information reported on paper SEDs is repetitious and can be automatically inserted on electronic submissions. An example of such repetitious information is the name, address, and Employer Identification Number of the USPPI. Also, many automated filing respondents extract preexisting information from their electronic databases eliminating the repeated lookup of information necessary for paper submissions.

Respondent Cost	Burden Hours	Cost
SED Form	72,280@\$17.84/hour	\$1,289,475
Automated Submissions	745,661@\$17.84/hour	\$13,302,592
Total		\$14,592,067

The estimate of \$17.84 per hour is roughly based on the wages of the cargo and freight agents responsible for preparing the SED/AES record. The

estimate was derived from the U.S. Department of Labor's occupational employment statistics.

The Census Bureau informs filers of the estimated time per response for preparing the SED forms or participating in the AES program through publications such as the "Correct Way to Fill Out the Shipper's Export Declarations" (Attachment F).

13. Estimate of Cost Burden

The Census Bureau does not expect respondents that utilize the SED to incur any costs other than that of time to respond. Information that is requested from the SED form is of the type and scope normally carried in company records and there is no need for special hardware or accounting software necessary to provide answers to this information collection. For respondents that use the *AESDirect*, the only cost involved is a personal computer and access to the Internet. Since this investment would be used for more than the SED/AES purposes, the cost of this investment would be minimal. Also, for some respondents that make use of the AES, there will be an initial software cost in developing the link with the AES system. These respondents may purchase pre-developed software packages that usually cost between \$1,000 and \$10,000. We estimate that approximately 800 USPPIs or, more likely agents, such as freight forwarders that service many of the small and medium-sized exporters using this process, will purchase compatible software during the coming months in preparation for mandatory electronic filing. Using \$2,000 as an average cost, we estimate this initial software procurement will cost the export community about \$1,600,000. Some filers may also program the linking process into their existing programs, which is generally less expensive than purchasing or developing new software.

Further, purchasing of outside freight forwarder services, if utilized by respondents, is part of usual and customary business practices and not specifically required for this information collection.

14. Cost to Federal Government

The Census Bureau bears the primary federal cost of processing the SEDs. Since the collection of export data is an integrated program, detailed costs are not available for each individual SED. The export statistics program in the Foreign Trade Division is estimated to cost \$28.3 million dollars for fiscal year 2008. The number of SED/AES records received by the Census Bureau varies from reporting period to reporting period (monthly) depending upon international economic activity.

15. Reason for Change in Burden

The burden associated with this collection is being increased by 3,801 hours. The individual response burden for previous SED filers who converted to electronic filing has decreased from 11 minutes to three minutes. However, the total annual responses have increased by 1.9 million thus increasing the overall burden hours.

16. Project Schedule

The Census Bureau processes export data reported on Commerce Form 7525-V for publication in categories outlined in the regular foreign trade statistics program. These data are collected and published monthly, approximately 40-45 days after the month covered.

The CBP is responsible for the initial collection of SED/AES record information at the port of export, and in the case of the SED, its subsequent transmission to the National Processing Center of the Census Bureau in Jeffersonville, IN. The collection and compilation of monthly export data is conducted on a transactional basis rather than as a statistically designed sample.

17. Request to Not Display Expiration Date

We do not wish to display an expiration date on the SED form. The form is stocked in bulk by various members of the trade community and would require needless reprinting given that the form will be retired at the end of year 2008. We do not wish to display an expiration date within the AES because AES software is vendor developed. To include an expiration date within AES-based software would impose extensive and costly changes on AES software vendors and filers.

18. Exceptions to the Certification

There are no exceptions.