

SUPPORTING STATEMENT
U.S. Department of Commerce
U.S. Census Bureau
Automated Export System (AES) Program
OMB Control No. 0607-0152

A. Justification

1. Necessity of the Information Collection

The clearance under OMB Number 0607-0152 covers the AES (Attachment A) and related documents (e.g., Letter of Intent, *AESDirect* Registration and Certification Quiz [Attachments B, C, and D]). With this submission, the Census Bureau is requesting continued clearance with revisions for the Automated Export System (AES) program.

The Census Bureau requires mandatory filing of all export information via the AES. This requirement is mandated through Public Law 107-228 of the Foreign Trade Relations 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.

The AES record provides 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 Regulations (FTR), 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).

These data collected from 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.

Since 2007, the Census Bureau and the U.S. Customs and Border Protection (CBP) have implemented the following enhancements to the AES: (1) modified Bureau of Industry and Security Export Control Classification Numbers (ECCNs); (2) developed country of destination drop down menu selection box; (3) developed verify messages for shipments destined to Iran, North Korea, Sudan, Cuba, Pitcairn Island, Iceland and Nicaragua; (4) modified security requirements for *AESDirect* accounts; (5) eliminated the Social Security Number (SSN) as a valid identification type; (6) developed a shipment manager screen; (7) added warnings to filers when they are submitting shipments in the education/test region and when they are re-using a Shipment Reference Number; (8) upgraded the AES Broadcast messaging system to a self-managed software with almost immediate dissemination; and (9) upgraded *AESDirect* servers and system to a more

current and scalable infrastructure. With the publication the Final Rule, Foreign Trade Regulations (FTR): Mandatory Automated Export System Filing for all Shipments Requiring Shipper's Export Declaration (SED) Information: Proposed Substantive Changes and Corrections, the following enhancements will be implemented in the AES: (1) develop ultimate consignee type drop down menu selection box; and (2) develop license value fields for licensed shipments only.

The revisions should not affect the average three-minute response time for the completion of the AES record. The additional time required to complete the new fields in the AES record is offset by constant advances in technology and heightened knowledge of filers since the implementation of mandatory electronic filing in July 3, 2008.

The changes identified in this Final Rule will require the addition of two data elements in the AES. The added data elements include the ultimate consignee type and the license value. The ultimate consignee type is a mandatory data element and is selected from a drop down menu based on the knowledge the exporter has at the time of filing. If the ultimate consignee types listed do not apply or if the ultimate consignee type is unknown, the filer will not incur any additional burden because the ultimate consignee type field will have "Other" and "Unknown" as selections. The next data element added is the license value, which is a conditional data element. This value will only be required if the shipment contains a licensable commodity. Currently, less than two percent of records filed require a license. Completing this field will not affect respondent burden significantly since the additional field affects only a small percentage of the shipments that are required to be reported in the AES.

In addition to the two new data elements added to the AES, filers will be required to file in the AES when exporting used self-propelled vehicles. The requirement to file in the AES for all used self-propelled vehicles applies regardless of value or country of destination. Currently, four percent of records filed in the AES are for used self-propelled vehicles. The Census Bureau does not capture statistics for used self-propelled vehicles valued less than \$2,500. The Bureau of Transportation Statistics published the national transportation statistics in 2011 and stated that the average cost of a used passenger vehicle car was \$8,786. By using these statistics, it could be conjectured that most used vehicles are currently being captured in the AES. However, with the new requirement to file all used self-propelled vehicles, we anticipate that the number of filings will slightly increase. Although additional filings will be required it is critical to capture this information for the purposes of export control 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.

The Census Bureau will allow the trade community to continue using the current AES until the implementation date identified in the Final Rule, Foreign Trade Regulations (FTR): Mandatory Automated Export System Filing for all Shipments Requiring Shipper's Export Declaration (SED) Information: Proposed Substantive Changes and Corrections. Implementation of the revised FTR is 270 days from the effective date of the Final Rule.

2. Needs and Uses

The information collected via the AES 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 AES record for statistical purposes, export control, and/or to obtain data to avoid taking additional surveys.

Data collected from the AES serves as the official record of export transactions. In addition, the mandatory use of the AES enables the U.S. Government to produce more accurate export statistics. Currently, the mandatory use of the AES allows 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. The Census Bureau delegated the authority to enforce the FTR to the BIS's Office of Export Enforcement along with the Department of Homeland Security's (DHS) CBP and Immigrations and Customs Enforcement (ICE).

Other Federal agencies use these 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 eliminate the need for conducting additional surveys for the collection of information as the AES shows the relationship of the parties to the export transaction (as required by the Bureau of Economic Analysis). These AES data are also used by the Bureau of Labor Statistics as a source for developing the export price index and by the U.S. 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 AES. 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 AES 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

The AES was developed jointly by the Census Bureau and the CBP. 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, ensure compliance with and enforcement of export laws, and to provide for paperless reporting of export information.

There are 45,443 AES filers submitting export information for 275,843 USPPIs. These AES submissions represent approximately 1,516,859 export records monthly which is 100 percent of non-Canadian export transactions. The USPPIs are not required to submit an AES record for exports to Canada, except for shipments that are license-controlled, contain rough diamonds, used self-propelled vehicles, or are en route through Canada destined for a third country. Under the terms of a Memorandum of Understanding (MOU) 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 all of its information from automated sources. The AES improves the accuracy and timeliness of processing trade statistics. In the AES, system edits prohibit entry of invalid information and corrections must be made before these data are accepted and processed. As a result, AES records have less than a five percent error rate. With the regulatory changes reflected in this rule, the average response time for filing an AES record remains three minutes.

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 AES 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

The Census Bureau makes available the *AESDirect* from a downloadable file on the Web. The *AESDirect* is a free Internet-based program for filing 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. The *AESPCLink* is free software that enables users to create the AES information off-line at their own personal computer.

In addition, the Census Bureau established 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 these data to the *AESDirect* for validation and transmission to the AES.

The following burden reducing initiative for the AES filers have also been implemented: (1) The template manager enables all users within a company's account to search for, create, update, copy, and delete templates. In addition, companies are able to store up to 100 templates per account (2) The shipment manager allows companies to perform customized audits of AES records filed within the past five years (3) A pull down menu which displays full country names makes it easier for users to select the correct Country of Destination (4) account settings in *AESDirect* have been modified to allow automatic password retrieval and new account roles allow for simplified account management.

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 complete, timely, and accurate data. 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. Department of State (State Department) have been involved in an extensive outreach and education effort to ensure that the trade community is aware of the export filing requirements in an effort to improve compliance. The Census Bureau also partners with private organizations and trade associations to provide additional educational opportunities to those involved in the export process. Additionally, the Census Bureau has ongoing efforts to keep the trade community informed and up to date regarding new trade trends

and regulatory changes that can affect the company's operations and business practices. As a result of these efforts, the following tools have been made available: (1) export training videos; (2) the Global Reach blog; (3) sample shipments which serve as guides on how to file the AES record and displays completed AES records with all data elements reported and defined; and (4) updated user guides which detail proper procedures for creating the AES record, sending the AES record to the AES, retrieving the AES record to verify and/or update export information, printing the AES record and deleting the AES record. Currently, these efforts have resulted in increased compliance and improved filing of AES records.

Under the terms of a 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 United States. This exchange eliminates the filing of over ten million AES records annually.

The average response time for the completion of the AES record is three minutes. Advances in technology, increases in user knowledge, and additional initiatives, including enhancements to the AES aid in reducing the reporting burden to AES filers who are subject to the additional filing requirements. Mandatory reporting through the AES has provided 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 AES record from the actual export movement of a shipment would disallow the use of the AES record as a tool to be used for export control purposes by the CBP, the ICE, the BIS, the 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 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. Exporters must present the Internal Transaction Number (ITN) or exemption statement to the exporting carrier prior to every export. In addition, where the CBP requires that a manifest be filed, all required ITNs, exemption statements, etc. must accompany that manifest (19 U.S.C.). 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 State Department for export control purposes.

8. Consultations Outside the Agency (Census Bureau)

The Census Bureau has established a mailing list of more than 90,000 individuals and businesses that export. We inform these contacts of any developments or changes within these data collection program and frequently receive feedback by email, telephone, or in writing from these entities. The Department of Commerce and Census Bureau Regional 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 Census Bureau's Foreign Trade Division maintains a Website and blog that is accessible over the Internet. It provides up-to-date information on all major developments relating to the AES record provisions. These sites are 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 educate the trade community of the export filing requirements as it pertains to the FTR, Title 15 CFR, Part 30. These seminars and conferences address numerous topics such as how to maintain compliance with the U.S. export regulations, accurately preparing the AES record, filing through the AES, 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. Comments received at these various conferences and seminars are on an individual basis, informal in nature and not for building a consensus. 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 on the use of the AES. 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 AES program.

On January 24, 2011, the Census Bureau published a Notice (Page 4089-4091, Citation 76 FR 4089) in the *Federal Register* inviting public comments on the Census Bureau's proposed information collection, the AES program. There were four comments received in response to this notice. One commentor strongly supports the continued collection of export data through the Census Bureau's AES or through the *AESDirect*. The commentor also supported the additional data elements to reflect the new export reporting requirements. The second commentor had concerns with the new requirement to report the container number for containerized vessel. They believe that this requirement would impact their ability to report accurate and timely data. The third commentor expressed concern that the additional data elements would be costly to implement as well as would discourage exports, decreasing the likelihood of meeting the National Export Initiative's goal. These comments were similar to comments received on the January 21, 2011, Notice of Proposed Rulemaking, Foreign Trade Regulations (FTR): Mandatory AES Filing for all Shipments Requiring Shipper's Export Declaration Information: Proposed Substantive Changes and Corrections. The Census Bureau has reviewed all comments and after consideration removed several of the proposed data elements and requirements because of the significant cost and burden the trade community would incur to implement those changes. The Census Bureau also acknowledges that some of the proposed information to be collected is available in the export control licensing system. Therefore, the Census Bureau has eliminated the requirements to report the country of origin, license applicant, end user and container number for containerized vessel in addition to other modifications to the proposed rule published on January 21, 2012.

9. Paying Respondents

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

10. Assurance of Confidentiality

The 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 export information via the AES is mandatory under Chapter 9, Title 13, U.S.C. Literature describing the AES program advises exporters that the requirement is mandatory and that the Census Bureau keeps such information confidential. During the *AESDirect* registration process, filers 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 AES record) as related to exportation are understood.

Statements 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).

11. Justification for Sensitive Questions

The 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 AES record. The hours per response also include time required for record keeping.

	Annual Responses	Hours Per Response	=	Total Hours
AES	18,202,308	.05		910,115

The estimate of approximately three minutes (.05 hours) per electronic AES submission is based on historical records and an examination of an electronic submission. We estimate that approximately one quarter to one third of the information reported in the AES is repetitious and can be automatically inserted on each electronic submission. An example of such repetitious information is the name, address, and Employer Identification Number of the USPPI. Many automated filing respondents extract preexisting information from their electronic databases eliminating the need to repeatedly enter duplicate information.

Respondent Cost	Burden Hours	Cost
AES Record	910,115@\$17.86/hour	\$16,254,656

The estimate of \$17.86 per hour is roughly based on the wages of the cargo and freight agents responsible for preparing the AES record. The estimate was derived from the U.S. Department of Labor’s occupational employment statistics.

13. Estimate of Cost Burden

The Census Bureau expects that varying costs will be incurred for respondents submitting AES records. 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 AES purposes, the cost of this investment would be minimal. 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 \$500 and \$4,000. We estimate that approximately 225 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 within the next three years. Using \$2,250 as an average cost, we estimate this initial software procurement will cost the export community about \$506,000. 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 the AES Program. Since the collection of export data is an integrated program, detailed costs are not available for each individual AES record. The export statistics program in the Foreign Trade Division is estimated to cost \$10.7 million for fiscal year 2012. This cost includes the additional expense of \$300,000 to incorporate the regulatory changes. The number of 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 118,508 hours due to an adjustment in the number of annual responses.

16. Project Schedule

The Census Bureau processes export data reported on the AES record 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 AES record information at the port of export. 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 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.