

## International Trade Alert

October 12, 2017

### Key Points

- The U.S. Bureau of the Census has issued a notice requesting comments on the definition of “routed export transaction” and the responsibilities of parties in routed export transactions. Comments are due by December 5, 2017.
- The request for comments is an opportunity for the trade community to work with Census to address its recurring issues with routed export transactions, which are a frequent source of confusion, delays and transactional costs.
- The request also presents an opportunity for the trade community to redefine routed export transactions so that the term more closely aligns with business realities.



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### Census Begins Review of Routed Export Reporting Requirement

On October 6, 2017, the U.S. Bureau of the Census (“Census”) issued a *Federal Register* notice, **“Request for Public Comments Regarding Standard and Routed Export Transactions”** (the “Notice”), to request comments on the routed export transaction reporting requirements in the Foreign Trade Regulations (FTR), 15 CFR part 30. The routed export transaction reporting requirements are often a source of confusion and added transactional costs for U.S. exporters, foreign consignees and freight forwarders. Interested parties have until December 5, 2017, to submit written comments to Census.

The FTR currently states, “The Census Bureau recognizes ‘routed export transactions’ as a subset of export transactions. A routed export transaction is a transaction in which the FPPI [Foreign Principal Party in Interest] authorizes a U.S. agent to facilitate the export of items from the United States and to prepare and file EEI [electronic export information].” 15 CFR 30.3(e). Many U.S. exporters and their freight forwarders devote more time to considering the impact of routed export transactions than any other requirement in the FTR. Census’s request seeks comments “on the clarity, usability, and any other matters related to the regulatory requirements for routed transactions.” Census suggests comments on the following specific questions, but also seeks pertinent feedback not captured by its suggested questions:

- I. If you do not think that the definition of a routed export transaction in 15 CFR 30.1 is clearly stated, then what definition of routed export transaction would you suggest?

- II. Should Census modify the list of data elements at 15 CFR 30.3(e)(2) that the U.S. authorized agent is required to provide when filing the electronic export information? If so, what changes would you suggest?
- III. Should Census modify the list of data elements at 15 CFR 30.3(e)(1) that the U.S. Principal Party in Interest (USPPI) is required to provide to the U.S. authorized agent? If so, what changes would you suggest?
- IV. The carrier's responsibilities under the FTR are the same in both standard and routed transactions. Does the FTR clearly communicate these responsibilities? If not, what clarification would you suggest?
- V. The data elements that the USPPI and U.S. authorized agent are required to provide are currently located in Section 30.3(e) of the FTR. However, additional data elements are needed to complete the Automated Export System (AES) filing. Below is a list of data elements that are required to be reported, but for which a responsible party is not listed. Please provide comments on which party, the USPPI or the U.S. authorized agent, should report these data elements:
- hazardous material indicator
  - FTZ identifier
  - shipment reference number
  - VIN/product ID
  - routed export transaction indicator
  - vehicle title number
  - vehicle title state code
  - filing option indicator
  - KPC number
  - related-party indicator
  - export information code.
- VI. Are the responsibilities of parties in a routed export transaction clearly stated? If not, what improvements would you suggest?
- VII. How could we improve the process to authorize filing in a routed export transaction?
- VIII. How could the FTR be revised to align with the Bureau of Industry and Security's (BIS) Export Administration Regulations (EAR) on routed export transactions?
- IX. What changes would you suggest in Section 30.3 of the FTR that might improve the parties' understanding of the requirements of a routed export transaction?
- X. What changes would you suggest in Section 30.3 of the FTR that might improve the parties' understanding of their roles in a routed or standard export transaction?

## **An Opportunity to Propose Solutions**

The Notice requests comments on a variety of specific issues with a focus on the definitions of key terms and the responsibilities of the parties in a routed export transaction. Routed export transactions are the subject of frequent criticism within the export and freight-forwarding communities. Issues that parties to a routed export transaction often encounter include:

- correctly identifying a routed export transaction
- correctly determining the responsibilities of the parties in a routed export transaction
- timely communicating with each other to confirm each party's responsibilities
- ensuring the completeness, accuracy and timeliness of EEI filings in a routed export transaction
- avoiding shipping delays caused by disputes over reporting responsibilities and data elements in a routed export transaction.

Census requests that parties submitting critical comments also submit suggested revisions to the FTR that would address the issues raised by the commenter. Suggested solutions should focus on ensuring that Census receives the data elements that it and its partner agencies require for statistical and enforcement purposes.

The trade community also has the opportunity to review and comment on the alignment between the treatment of routed export transactions in the FTR and the EAR. BIS proposed revising its definition of a routed export transaction in 2014 to avoid confusion between the EAR's requirements and those of the FTR.

## **Conclusion**

The Notice provides the trade community with a significant opportunity to work with Census to address the significant business delays and confusion that arise in potential routed export transactions. While it remains to be seen what changes, if any, Census might adopt, it will no doubt consider well-formulated suggestions and comments.

## Contact Information

If you have any questions regarding this alert, please contact:

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