



Professional Association of Exporters and Importers

“Leaders and Partners in Worldwide Regulatory Compliance”

June 2008

Volume 22, Number 3

Under Secretary Visits PAEI

By Tansie Iwafuchi, PAEI Director

Under Secretary of Commerce for Industry and Security, Honorable Mario Mancuso paid a visit to the Professional Association of Exporters and Importers on June 4, 2008.

The PAEI Board of Directors special meeting was hosted by National Semiconductor's Chief Operating Officer, Donald Macleod.



Jo-Anne Daniels, President of PAEI, welcomed Under Secretary Mancuso. Under Secretary Mancuso spoke about a proposed regulation that would allow companies to transfer approved technologies to all of their

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P.A.E.I. NEWSLETTER

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employees worldwide without the need for individual export licenses. He confirmed that the Wasenaar group was meeting on proposed changes to be incorporated into the Commerce Control List later in the year. Under Secretary Mancuso indicated that the Deemed Exports and Encryption regulations were being reviewed, but that no target date had been set for publication. Finally, the Validated End user program was discussed.



Under Secretary Mancuso stated that he hopes there will be additional improvements and expansions made to the VEU program, and that the Commerce Department is working closely with the Chinese government to streamline logistical issues.

PAEI Members Share Your Insights!

The P.A.E.I. Newsletter is a publication that is written by its many members. If you have an article you have written, or have any web site that you would like to share with your fellow PAEI members in the next newsletter, please contact:

Karen Hebert at khebertdms@aol.com



Sophia Raquel Tafoya

Born: May 16, 2008

Time: 12:30 AM

Weight: 7lbs 15 Oz.

Length: 20.5 in.

Congratulations

Gieselle, Jessie

and David!

Upcoming Events

Mark Your Calendars!

- **June 26, 2008**
PAEI "C-TPAT" Updates
- **July 16, 2008**
Compliance Careers Workshop
- **September 24 - 25, 2008**
BIS "Complying with U.S. Export Controls"

Watch the PAEI Web site for these and other events,

<http://www.paei.org>

"Census Bureau Issues Mandatory AES Rules" (Source: Author)

Author: Mark D. Menefee, Esq.,
Baker & McKenzie LLP, 202-835-4254,
mark.d.menefee@bakernet.com

Reprinted from the June 6, 2008 NGC Ex/Im
Daily Update

On June 2, 2008, the U.S. Census Bureau ("Census") issued a long-awaited final rule substantially revising the Foreign Trade Statistics Regulations and renaming them the Foreign Trade Regulations ("FTR". The new regulations authorize significantly greater civil and criminal penalties for violations of the FTR. Accordingly, U.S. exporters, freight forwarders, and carriers should review their procedures for filing export trade data, directly or indirectly, with the U.S. government. The new regulations mandate electronic filing of export trade data in the Automated Export System ("AES") to implement provisions in the Foreign Relations Authorization Act (signed into law September 30, 2002). The final rule also makes numerous specific modifications to the previous regulations, as noted below, that could have substantial impact upon companies' shipping procedures.

The final rule will become effective on July 2, 2008, but the implementation date for the rule changes is September 30, 2008, to allow sufficient time for companies to take necessary steps to come into compliance with the new requirements.

Foreign Trade Regulations

The final rule renamed the regulations as the FTR to reflect more accurately the scope of the purposes served by AES, beyond the collection of trade statistics. AES has become an increasingly important database for export control and enforcement purposes. Appendix E was added to the regulations to provide a concordance or "crosswalk" between the new pro-

visions in the FTR and corresponding provisions in the Foreign Trade Statistics Regulations.

Mandatory Electronic Filing

The FTR mandate that all export information for which a Shipper's Export Declaration ("SED") is required must be filed electronically through the AES. Census will no longer accept paper SEDs after September 30, 2008. Electronic Export Information ("EEI") is the data filed in AES and is the electronic equivalent to the data in the paper SED form.

Generally (but not always) the party filing EEI will be the U.S. Principal Party in Interest ("USPPI"), or the USPPI's agent or freight forwarder. The FTR define the USPPI as the person or legal entity in the U.S. that receives the primary benefit, monetary or otherwise, from the export transaction. The Foreign Principal Party in Interest ("FPPI") is defined as the party shown on the transportation document to which final delivery or end-use of the goods will be made. The FPPI may also be the ultimate consignee of the goods.

Increased Penalties

The new rule authorizes enhanced civil and criminal penalties for violations of the FTR. The Secretary of Commerce has delegated enforcement authority for the FTR to the Office of Export Enforcement ("OEE") in the Commerce Department's Bureau of Industry and Security and to the Department of Homeland Security's U.S. Customs and Border Protection ("CBP") and U.S. Immigration and Customs Enforcement ("ICE").

Civil penalties include the following:

- * Maximum of \$1,100 per day of delinquency (but no greater than \$10,000 per violation) for failures to file or delinquent filings;

- * Maximum of \$10,000 per violation for filing false or misleading information in AES, in addition to any other penalties imposed by law (e.g., under the Export Administration Regulations (the "EAR"), the International Traffic in Arms Regulations (the "ITAR"), or CBP regulations); or

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* Civil forfeiture of any property involved in a violation of the FTR. Criminal penalties are a maximum of \$10,000 per violation or 5 years imprisonment, or both, for a knowing failure to file or a knowing filing, directly or indirectly, of false or misleading information. In addition, the FTR impose a new "catch-all" type of criminal prohibition. Any person, including an exporter, agent, or carrier, who knowingly reports, directly or indirectly, any information through or otherwise uses AES "to further any illegal activity" shall be subject to a criminal fine of up to \$10,000 per violation and 5 years imprisonment, or both.

Voluntary Self-Disclosure Procedures

In the new FTR, Census "strongly encourages" the voluntary self-disclosure of any violation or suspected violation of the FTR. The rule states that any person making a disclosure "should...conduct a thorough review of all export transactions for the past five years where violations of the FTR are suspected..." The FTR require all unreported data or corrections covered by a voluntary disclosure to be made through AES. The new rule establishes procedures for submitting a disclosure, including an initial notification mechanism followed by a narrative report, similar to the approach to voluntary disclosure set forth in the EAR and the ITAR. Voluntary disclosures are to be directed to Census, which will notify CBP, ICE, and OEE of the disclosures.

Post-Departure Filing

For many years a number of qualified filers have been able to use what is known as the Option 4 "Post-Departure Filing" privilege, which allows them to submit SEDs, or file EEI in AES, up to 10 days after the exports. In August 2003, however, Census and CBP imposed a moratorium on allowing new parties to use Option 4. While the revised FTR include provisions for review of requests for Option 4 filing status, the preamble to the rule states that the moratorium will remain in effect pending further review of the post-departure filing program.

Other Provisions

Of note, the newly issued FTR also:

* Retain certain filing exemptions, including the \$2,500 filing exemption (for shipments valued at less than \$2,500 per Schedule B or Harmonized Tariff System number, shipped by one USPPI to one consignee on a single carrier) and the Canadian exemption (for shipments ultimately destined for Canada only). Other exemptions and exclusions from EEI filing are summarized at Appendix C of the FTR. The filing exemptions are not available for items shipped under an export license or permit, U.S. Munitions List ("USML") items, items destined for "terrorist-supporting countries," and rough diamonds.

* Provide rules for reporting export values via AES, including inland freight and insurance charges not known at the time of export, costs of repairs and/or alterations to goods and the value of replacement parts.

* Clarify the meaning of "country of ultimate destination" on the EEI. According to the revised FTR, "The country of ultimate destination is the country where the goods are to be consumed, further processed, stored, or manufactured, as known to the USPPI at the time of export." For shipments not moving under an export license, the FTR state that the "country to which the goods are being shipped is not the country of ultimate destination if the USPPI has knowledge at the time the goods leave the United States that they are intended for reexport or transshipment in their present form to another known country." The FTR call for "special care" before reporting as the country of ultimate destination the following known transshipment hubs: Canada, Mexico, Panama, Hong Kong, Belgium, United Arab Emirates, The Netherlands, and Singapore. The FTR also state that "[i]f the USPPI does not know the ultimate destination of the goods, the country of destination to be shown is the last country, as known to the USPPI at the time of the shipment from the United States, to which the goods are to be shipped in their present form."

* Prohibit all carriers from accepting paper SEDs; ocean or air carriers from loading cargo; or rail and truck carriers from crossing the border, without all

(Continued on page 6)

required proof of AES filing citations, exemptions, or exclusion legends.

* Provide specific rules on what constitutes proper proof of AES filing citations or exemptions and how they are to be annotated on other shipping documents. For example, only the Internal Transaction Number ("ITN"), which confirms that the shipment information has been accepted in AES, is acceptable as the proof of filing citation. The External Transaction Number ("XTN") will no longer be accepted as proof of filing.

* In "Routed Export Transactions," require the agent of a FPPI, upon request, to provide the USPPI with a copy of the power of attorney or written authorization for the agent to file EEI on behalf of the FPPI before the USPPI provides the required information necessary to complete the EEI filing. Specify that in Routed Export Transactions the USPPI can compile and transmit EEI on behalf of the FPPI when authorized in writing by the FPPI.

* Continue to protect the confidentiality of EEI. EEI may be supplied to federal agencies for official purposes (e.g., export control and enforcement or statistical purposes). EEI is exempt from public disclosure absent a national interest determination made by the Secretary of Commerce or the Secretary's delegate. Please do not hesitate to contact a member of our Outbound Trade Compliance team with any specific questions you might have.

The Northrop Grumman Corporation Law Department sends the NGC Export/Import Daily Update ("The Daily Bugle") every business day to nearly 2,000 subscribers to help NGC employees, customers, and others comply with U.S. defense and high-tech trade restrictions and Federal business ethics regulations.



Professional Association of Exporters and Importers

“Leaders and Partners in Worldwide Regulatory Compliance”

Trade Meeting C-TPAT Updates

Topics to be covered:

- Future Focus of C-TPAT
- Updates of C-TPAT certification & validation process
- Supply Chain Security Breaches
- Certification Importer case study
- C-TPAT Compliance and lessons learned

Guest Speakers:

Guest Speaker: Ms. Bernice Conley, Supply Chain Security Specialist
Customs & Border Protection C-TPAT Office, Long Beach

Trade Presenter: Mr. David Perez, PAEI member and Customs Compliance
Manager from Xilinx, Inc.

Date: Thursday, June 26, 2008

Cost: \$50.00 for PAEI members \$80.00 for non-members

If you would like to become a member and attend this event at the PAEI member rate, please go to <http://www.paei.org/join.htm> and join now.

Time: 9:00 AM – 12 Noon (price includes continental breakfast) **Registration will begin at 8:15 AM.**

Place: Adobe Systems Incorporated - Conference Room: Alexa, located in the West Tower , 2nd Floor
345 Park Avenue
San Jose, CA 95110
(408) 536-6000

You may register for this meeting and pay by credit card in a secure environment on our web site at <http://www.acteva.com/booking.cfm?bevaaid=159192>. We accept Visa/AMX/Mastercard.

Or send a check postmarked no later than June 19, 2008, and payable to: PAEI, P.O. Box 612743, San Jose, CA 95161-2743

Please include a copy of the [registration form](#) with your check. PAEI's Tax Id Number: 680117035.

For further information, please contact Jo-Anne Daniels by phone: (650) 726-6764 or by e-mail: tra3332003@yahoo.com.

Seating is limited. Register early!

Please complete one registration form for each attendee. Please print clearly.



The Professional Association of Exporters & Importers (PAEI)

Presents

Trade Compliance Professionals: A Day in the Life

This event will feature informal presentations about trade compliance professionals (import and export), their daily tasks, their educational backgrounds, and how trade professionals work within their company to promote compliance with the law. We will have our PAEI job website information available, and we encourage compliance job seekers, human resource professionals, or companies looking for an employee, to attend this event. The presentations will be followed by a networking event featuring exotic non-alcoholic beverages, and hors d'oeuvres.

Place: National Semiconductor

2900 Semiconductor Way, Bldg. G, Santa Clara CA 95051 USA

Date: Wednesday, July 16, 2008

Time: 5:30 PM – 7:00 PM

Speakers will include:

- *Tansie Iwafuchi, National Semiconductor (Export)*
- *Fatima Guadamuz-Cabral (Import)*
- *Other speakers to be announced as confirmed.*

Watch the PAEI web page for updates on additional speakers.

Cost: This event is free to PAEI members, but you must register in advance for this meeting. Please register by sending an e-mail to Karen Hebert; khebertdms@aol.com or by faxing the completed form to 408-274-7611.

If you would like to become a member and attend this event for free, please go to <http://www.paei.org/join.htm> and join now.

A donation of \$10.00 per person for non-members of PAEI is requested. You may send a check in the amount of \$10, postmarked no later than Thursday, July 10, 2008, and payable to, PAEI, P.O. 612743, San Jose, CA 95161-2743. PAEI's Tax Id Number: 680117035.

ALL registrations must be received by Monday, July 14, 2008 by Noon!

Name _____ PAEI MEMBER? Yes / No

Company _____

Address: _____

Telephone Number: _____

E-Mail: _____



The Bureau of Industry and Security
Cosponsored by: The Professional Association of
Exporters and Importers



Presents

"Complying with U.S. Export Controls"

September 24 – 25, 2008
San Jose, California

This two-day program is led by BIS's professional counseling staff and provides an in-depth examination of the Export Administration Regulations (EAR). The program will cover the information exporters need to know to comply with U.S. export control requirements on commercial goods. We will focus on what items and activities are subject to the EAR; steps to take to determine the export licensing requirements for your item; how to determine your export control classification number (ECCN); when you can export or reexport without applying for a license; export clearance procedures and record keeping requirements; Export Management Compliance Program (EMCP) concepts; and real life examples in applying this information. Presenters will conduct a number of "hands-on" exercises that will prepare you to apply the regulations to your own company's export activities. This program is well suited for those who need a comprehensive understanding of their obligations under the EAR.

About the Instructors:

The instructors are experienced export specialists, and enforcement personnel from BIS's field offices and other agencies. The instructors will be available throughout the seminar to answer your questions.

Location/time:

San Jose Holiday Inn, 1740 North First Street, San Jose, California 95112. Registration will begin at 7:30 am on September 24, 2008. The program will begin at 8:30 am on September 24, 2008, and end on September 25, 2008 at 4:30 pm.

Accommodations:

Please make your reservations directly with the San Jose Holiday Inn by calling (408) 793-3300, or (800) 315-2621. Please mention "PAEI" to obtain a discounted rate of \$135.

Registration:

The cost of this seminar is \$325. Breakfast, lunch, breaks and training materials will be provided both days. Please no telephone, or fax registrations will be accepted. All registrations must be processed using our on-line processing system using a credit card. No checks will be accepted. No registrations will be accepted after September 19, 2008. NO REFUND FOR CANCELLATIONS MADE AFTER September 12, 2008 12:00 noon.

You may register for this seminar and pay by credit card direct at:

<http://www.acteva.com/booking.cfm?bevaaid=161517> You may also visit the PAEI Website at <http://www.paei.org> (We accept VISA, AMX, or MasterCard)

PAEI Tax ID# is 680117035. For registration questions, please contact Cindy Shull Lakey at: (360) 422-7078. A confirmation email will be sent to all attendees.

Other Questions?

For more information or questions on the topics to be covered, please call BIS's Western Regional Office at (949) 660-0144 or (408) 998-8806 or [Email us.](mailto:)



WATCH US GROW!

April 2008

New

Vicki Ng	Bare Escentuals Beauty, Inc.
Yvette Powell	Bare Escentuals Beauty, Inc.
Katy Motiey	Magellan Navigation, Inc
Loree Stevens	Magellan Navigation, Inc

Renew

Sharon D. Jones	Flextronics
Desiree Samson	EMD Chemicals, Inc
Jessica Hill	EntryPoint Consulting LLC
Karon Giovannoni	Matheson-Trigas, Inc.
Mary Ann Phillips	Endwave Corporation
Jim Crossen	Endwave Corporation
Stacy Mendez	Ditech Networks
Jim Smaltz	Ditech Networks

May 2008

New

Robert Hamilton	NXP Semiconductors USA, Inc.
Robert Bowen	Hitachi Global Storage Technologies, Inc.
David Smith	

Renew

Martina de la Torre	Symantec Corporation
Dorothy Nowak	NXP Semiconductors USA Inc
John F. McKenzie	Baker & McKenzie

John Kim	Perkin Elmer Optoelectronics
Amber Jarzombek	RFMW, LTD
William P. Conroy	Tyler Search Consultants
Rick Miller	Tyler Search Consultants
Creighton Chin	CPI
Sherri Fumo	Seki Technotron USA
Char Henderson	Seki Technotron USA
Andrew R. Pollack	JDSU
Marcia Davis	JDSU
Mary Jay Dougherty	NEC Corporation of America
Steven W. Baker	Law Offices of Steven W. Baker

June 2008

New

Sophia Shafezand	Power Integrations
John Kandah	Power Integrations
Sam Miller	Presidio STX, LLC
Tania Gorie	Harris Stratex Networks
Bill Dodge	JSR Micro, Inc.

Renew

Linda Rushton	Adobe Systems, Inc.
Carla Ventura	Adobe Systems, Inc.
Lydia Bostillo	Adobe Systems, Inc.
Teresa Cox	Lam Research Corp.
Ellen Pierce	Presidio STX, LLC
Johnny Washington	OMRON
Russell Y. Thomas	OMRON



P.A.E.I. Membership Information

The Professional Association of Exporters and Importers is an organization of professionals involved in import/export activities. Objectives of the association include promoting and fostering the role of the import/export professional, providing on-going education relative to regulatory issues, exchanging information and enhancing industry's participation in import/export control issues and policies.

P.A.E. I. sponsors quarterly luncheon meetings with featured guest speakers, a bimonthly newsletter, networking and job placement opportunities.

P.A.E.I. membership represents both large and small companies in the high-technology community. Membership is open to all persons interested in personal and professional growth in the international arena. Two types of memberships are available and are valid for one year from date of payment. For more information call the PAEI Message Center at telephone (800) 930-PAEI.

Complete this application and return it along with your check. Make checks payable to: Professional Association of Exporters & Importers, P.O. Box 612743, San Jose, CA 95161-2743. PAEI's TAX ID NO: 680117035. You may also pay online for your membership at the PAEI web site <http://www.paei.org/>.

Check Membership Choice:

\$25 Student (must be full time student) \$50.00 Individual \$150.00 Corporate**

Name: _____

Title: _____

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E-mail: _____

Company/Corporate Name: _____

Mailing Address: _____

City, State and Zip: _____

****Corporate members please indicate second name:**

2nd Name: _____

Title: _____

Phone: _____ Fax: _____

E-mail: _____

How did you hear about P.A.E.I.? _____