

Export Compliance: Ensuring Safety, Increasing Efficiency

The Export Controls Improvement Act, H.R. 6828, introduced by Representatives Brad Sherman (D-CA), Dan Manzullo (R-IL) and Adam Smith (D-WA), strikes the correct balance between improving the enforcement of our nation's export control laws and facilitating the ability of the private sector to export their product overseas. H.R. 6828 also recognizes the differences between small, medium and large exporters, a factor very compelling to NCBFAA, an organization that prides itself on representing the interests of small business.

Background: NCBFAA represents over 800 individual companies, from throughout the United States, who facilitate the movement of exports and imports. In the export realm, think of us as travel agents for cargo: we work with the exporter to arrange transportation of American goods to foreign markets. We also ensure that detailed information about the export is filed with the relevant federal agencies with jurisdiction over exports.

The primary means for reporting export shipments to the government has been the Shipper's Export Declaration, which is now available to filers in an automated mode, through the Automated Export System (AES). Through this electronic pipeline, data is then sent to the agencies with jurisdiction.

In the near future, AES will be integrated into Customs' soon-to-be-completed Automated Commercial Environment (ACE) and will connect to all the agencies of jurisdiction through the International Trade Data System (ITDS). This will mean an exporter can file export data electronically through a *single* window, with the data then routed simultaneously to all relevant agencies for approval and oversight. This will make AES an invaluable tool, providing the government with better information, more accurate enforcement and more efficient disposition of cargo. ***Yet, it becomes all the more critical that the information going into AES is accurate, reliable and timely.***

The Need for Legislation: That is why H.R. 6828 is so important.

- It recognizes the Automated Export System as the single instrument for inputting Shipper's Export Declaration data and delivering that information to the appropriate federal agency.
- It also uses the power of automation by requiring AES to alert the exporter about licensing requirements and to issue warnings – when appropriate – that the transaction cannot be completed if it involves restricted parties or countries subject to trade sanctions. This is a critical change, representing an important paradigm shift. Currently, when information is keyed into AES, the system will accept almost all information filed at face value. It is then up to the federal agencies to identify prohibited or restricted exports as they flow through our ports. As trade increases dramatically, the task of intercepting 100% of the goods that violate export control or trade sanctions becomes impossible. This will be an important compliance tool for an exporter making an inadvertent or honest mistake. It means that the filer will have the necessary resources to process export applications with greater confidence that they meet the letter of the law.
- Provides assurance to the government that the filers of AES data have the requisite skills, knowledge and professionalism to merit this trust, by granting the Secretary authority to establish a registration program for AES filers.

The National Customs Brokers and Forwarders Association of America strongly supports H.R. 6828 and urges expeditious passage of this important legislation.