

AUTOMATED EXPORT SYSTEM (AES) – OPTION 4

BACKGROUND

- Under the Option 4 filing program CBP receives no advanced data. Commodity data about the exports are generally received up to five (5) days after a cargo shipment has been exported. The manifest from the carrier provides transportation information about the shipment up to four (4) days after the departure of the conveyance.
 - There is no process to validate or determine if information provided by the companies utilizing Option 4 is correct, or if the companies are filing the data.
 - New applications to the program were suspended in 2003 due to abuses of the Option 4 filing program.
- CBP, seeking pre-departure data on export transactions in order to conduct risk assessments, began discussions with interested parties to end or modify Option 4 to achieve this goal.
- The Option 4 Workgroup was initiated in April 2015 with the COAC Export Subcommittee and includes a variety of entities with members and exporters from the auto industry, agriculture industry, electronics industry, freight forwarders, as well as air, rail, ocean, and truck carriers. The intent of the Workgroup is to receive recommendations from the industries impacted by Option 4 and collectively a path for CBP to best implement its need to obtain advance information in the current environment.
- One option, the Advanced Export Information (AEI) pilot was initiated October 1, 2014 where CBP would receive a limited pre-departure data set prior to departure of the conveyance. The data set consists of 12 data elements, with the balance of the AES data requirements to be filed within five (5) days of export. AESDirect filers can use this pilot once CBP takes over AESDirect around late 2015.
- CBP is also looking at the electronic export manifest to support being able to conduct risk assessments under a future Option 4 program.
- The Option 4 Workgroup conducted six discussions related to Air Manifest/Progressive Filing Model, the Working Group Strategy, Trusted Trader Approach, Ocean and Air Manifest, an overview of Agriculture, and the CBP White Paper

CURRENT STATUS

- CBP provided a risk document regarding Option 4 exports, which noted that that the lack of visibility on Option 4 shipments prior to the goods being exported does not allow the government to conduct risk assessments and the agency can only effectively verify that the shipments are indeed low risk utilizing pre-departure information
- The trade provided their perspective in a PowerPoint presentation on export risks and provided areas where discussion could prove fruitful.
- On October 15, 2015, CBP and the Exports Subcommittee of COAC convened a discussion and CBP acknowledged that:
 - It can work with the business community to improve the existing process but yet must be able to obtain pre-departure information to effectively risk manage Option 4 shipments.
 - It is in agreement with the trade that there is not a one-size-fits-all solution as participants are from a myriad of industries citing that there are manufacturers of goods and there are agricultural producers / exporters of many different sizes.

- Some of the perceived risks were generic in nature and were also applicable to exports in general, including exports exempt from reporting. CBP believes that export manifest reporting is the way forward for these risks.
- CBP will continue to working with all relevant law enforcement and export regulatory agencies to detect and interdict export fraud.
- It is coordinating with the C-TPAT Trusted Trader program to identify and manage potential benefits for Option 4 participants who are also C-TPAT/Trusted Trader participants.

RECOMMENDATIONS:

The working group intends to recommend that the Option 4 working group be continued and reinvigorated in the next COAC quarter. An early November 2015 date was identified as being the most beneficial to restart and indicated that the trade provided Powerpoint and the CBP provided risks would be distributed to the group prior to the meeting.