

January 16, 2020

The Honorable Wilbur Ross
Secretary of Commerce
1401 Constitution Avenue NW
Washington, DC 20230

Dear Secretary Ross:

As Chairman of the Advisory Council on Supply Chain Competitiveness (ACSCC), and on behalf of the ACSCC, I am writing to provide our recommendation regarding the need to find alternative data sources for information used to develop statistics on shipments between the United States and the territories of Puerto Rico and the Virgin Islands. While we understand and support the requirement to have accurate and complete information for calculating GDP statistics, we are convinced alternative processes for collecting this information are available and would alleviate a process that currently is a barrier to efficient trade.

Our current approach to this issue requires Automated Export System (AES) electronic export information (EEI) transmissions on every shipment between the U.S. and the territories. This approach perpetrates the longstanding anomaly that treats Puerto Rico and the Virgin Islands like foreign countries by requiring the reporting of the same kind of information on goods shipped between the territories and the United States as is required on goods coming across our international borders. Puerto Rico and the Virgin Islands are part of the U.S. Customs territory, and shipments between these territories and the U.S. are "interstate" commerce. The filing requirement is a burden on this interstate commerce, impedes the economic development of the territories by imposing unnecessary logistics costs on their businesses, raises the prices of goods in the territories, and is further imposing costs in the millions of dollars annually on U.S. businesses that could be avoided by using alternative sources of the data.

Rather than using the complicated process of gathering data on a shipment-by-shipment basis for products entering and leaving Puerto Rico and the Virgin Islands for purposes of determining trade statistics and calculating U.S. GDP, the best alternative would be for the Department of Commerce to use the same data sources for the territories that are used for the United States. Additionally, the Puerto Rico government SURI system (Sistema Unificado de Rentas Internas) is used by merchants to report value and related information for all products imported into Puerto Rico on a monthly basis for purposes of calculating sales and use taxes. The information in SURI could be used to satisfy the current data requirement. In cases where the data does not exist in current Government systems or the sources used throughout the United States somehow are not applicable to the territories, the regulation should be changed to require importers and exporters to report aggregated data on a monthly basis. This would be far preferable to the current system of requiring the information on a shipment-by-shipment basis, as the cost would be far less and the Government would receive more accurate information than the AES filers have had time to refine.

Adopting the process outlined above would allow the Department of Commerce to support the Administration's goal of modifying or eliminating burdensome regulations, as Title 15, Code of Federal Regulations, Foreign Trade Regulations (FTR), Section 30.2(a)(ii) regarding shipments between Puerto Rico or the U.S. Virgin Islands and the United States could be eliminated or modified. Additionally, the

Department of Homeland Security could eliminate 19 CFR §122.74 (a)(2) and 19 CFR §122.79(b) requiring air cargo manifests for flights between the United States and Puerto Rico.

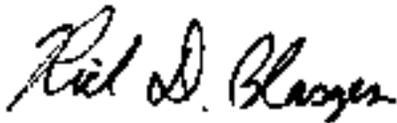
We also note that Congress has directed the Department of Commerce to identify alternative sources of information to replace the EEI data currently being collected on shipments between the territories and the U.S. House of Representatives Report 116-101 (page 41) accompanying the FY20 Commerce, Justice, Science and Related Agencies Appropriations Bill states:

Interstate Commerce.—The Committee has heard concerns about the Electronic Export Information (EEI) requirement located in 15 CFR Part 30, which mandates reporting for certain goods between the States and Puerto Rico and the U.S. Virgin Islands. The Committee directs the Department to work in coordination with the governments of Puerto Rico and the U.S. Virgin Islands, as well as other Federal agencies and stakeholders, to identify alternative data sources that provide equivalent statistics on the shipments of goods among the territories and the States to achieve the same statistical objectives, while reducing the impact on commerce, and report their findings and implementation plans to the Committee not later than 90 days after enactment of this Act.

The report required by Congress on identifying alternative sources of the data to provide equivalent statistics is due from the Department by March 19th.

Thank you for your attention to this important issue. We stand ready to answer any questions or provide any additional information you may require moving forward with our recommendations.

Yours truly,

A handwritten signature in black ink that reads "Rick D. Blasgen". The signature is written in a cursive, slightly slanted style.

Rick D. Blasgen
Chairman, ACSCC