

SEP 14 2004



UNITED STATES DEPARTMENT OF COMMERCE  
Economics and Statistics Administration  
U.S. Census Bureau  
Washington, DC 20233-0001

George R. Tuttle  
Law Office of George R. Tuttle  
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San Francisco, CA 94111

Dear Mr. Tuttle:

This letter is in response to your letter dated September 3, 2004, requesting clarification regarding the Foreign Trade Statistics Regulation 30.7(q). This section states that in general, the value to be reported on the Shipper's Export Declaration (SED) or the Automated Export System (AES) record shall be the selling price or cost if not sold.

There are three values that can be reported on the SED or the AES record. They are the selling price, cost or market value. The selling price includes materials, labor, and profit. **Cost allows a manufacturer to sell merchandise to a related party or distributor for the amount it costs to produce an item.** This cost normally includes materials, labor and slight overhead to cover expenses, i.e. shipping and handling. **Market value is used when an item has not been sold. This value should reflect the "fair" value for the commodity, if it were to be sold in the United States.**

For goods exported pursuant to a sale, the selling price is the U.S. principal party in interest's price to the foreign principal party in interest. However, for goods shipped on consignment without a sale made at the time of export, the market value should be reported at the time of export from the U.S. port.

**Goods, not being exported pursuant to a sale, would be handled similar to goods being shipped on consignment without a sale, by reporting the market value on the SED or the AES record.** But for the example you provided in your letter, where the die and wafers do not have a "market value" because they are not sold, you then may use the cost of production as the value for the SED or the AES record.

We appreciate the opportunity to assist you with your goals of maintaining and promoting compliance with the export regulations. If you have any further concerns regarding this or other regulatory matters, please contact Ms. Kiesha Pickeral, Regulations, Outreach, and Education Branch, Foreign Trade Division, on (301) 763-2238.

Sincerely,

Jerome M. Greenwell  
Chief, Regulations, Outreach,  
and Education Branch  
Foreign Trade Division

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