

APR - 7 2009



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

RECEIVED
GEORGE R. TUTTLE

APR - 8 2009

Mr. George R. Tuttle, III
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One Embarcadero Center, Suite 730
San Francisco, CA 94111-4044

Orig to GEO
Copy to _____
Rec'd by MAA Rev'd by [Signature]
To Calendar YES NO

Dear Mr. Tuttle:

This letter is in response to your letter dated May 21, 2008, and subsequent e-mail of March 20, 2009, to Ms. Melannie Walker, Regulations, Outreach, and Education Branch (ROEB), Foreign Trade Division (FTD, requesting clarification of the Foreign Trade Regulations (FTR), Section 30.3. You are requesting clarification of who should be reported as the United States Principal Party in Interest (USPPI) in a drop shipment. Specifically, when a U.S. manufacturer sells to a reseller or distributor and the reseller or distributor then sells the commodity to a Foreign Principal Party in Interest (FPPI) and a U.S. manufacturer ships directly to the FPPI.

The FTR, Section 30.3 (b)(ii), states that "If a U.S. manufacturer sells goods, as a domestic sale, to a U.S. buyer (wholesaler/distributor) and that U.S. buyer sells the goods for export to a FPPI, the U.S. buyer (wholesaler/distributor) shall be listed as the USPPI in the Electronic Export Information (EEI)." Therefore, since the U.S. manufacturer sells and receives payment from the U.S. reseller, this is considered a domestic transaction and the U.S. reseller will be listed as the USPPI. In addition, I would like to clarify that the value to be reported in the EEI would be the selling price between the U.S. reseller and the FPPI and not the selling price between the U.S. manufacturer and the U.S. reseller.

We appreciate the opportunity to assist you with your goals of maintaining and promoting compliance with the FTR. If you have any further concerns regarding this or other regulatory matters, please contact Ms. Caroline Berry, ROEB, FTD, on (800) 549-0595, option 3.

Sincerely,

[Handwritten Signature]
Joe A. Cortez

Chief, Regulations, Outreach,
and Education Branch
Foreign Trade Division