SUPPORTING STATEMENT FOR
UNITED STATES INTERNATIONAL TRADE COMMISSION QUESTIONNAIRES

**DENIM FABRIC: USE IN AGOA COUNTRIES DURING FISCAL YEAR 2007 (INV. NO. AGOA-002)**
**AND**
**DENIM FABRIC: COMMERCIAL AVAILABILITY IN AGOA COUNTRIES DURING FISCAL YEAR 2009 (INV. NO. AGOA-003)**

## A. Justification

### 1. Request

Pursuant to section 112(c)(2)(B)(iii) of AGOA (19 U.S.C. 3721(c)(2)(B)(iii)), the Commission must determine the extent to which denim fabric deemed to be available in commercial quantities during fiscal year 2007 for use by LDB SSA countries was used in the production of apparel articles receiving preferential treatment during fiscal year 2007. In response, the Commission has instituted investigation No. AGOA-002, *Denim Fabric: Use in AGOA Countries During Fiscal Year 2007* for the purpose of gathering information and making the determination on the subject fabric use.

Pursuant to section 112(c)(2)(B)(ii) of AGOA (19 U.S.C. 3721(c)(2)(B)(ii)), the Commission must also determine whether the denim articles described in section 112(c)(2)(C) of AGOA will be available in commercial quantities during the period October 1, 2008-September 30, 2009 (FY 2009), and, if so, the quantity that will be available. In response, the Commission instituted investigation No. AGOA-003, *Denim Fabric: Commercial Availability in AGOA Countries During Fiscal Year 2009,* for the purpose of gathering information and making the required determinations.

The two separate investigations cover the same products, for the most part are believed to have the same interested parties, and were both initiated based on Public Law 109-432. To reduce the burden on the respondents, we are sending one questionnaire to each respondent on behalf of both investigations, rather than sending two separate sets of questionnaires.

(For the amendments to AGOA, see the sections of Public Law 109-432 in Attachment 1.)

### 2. Purpose

The Commission will collect information through questionnaires, which will be tabulated and used by the Commission in making the determinations described above. The Commission expects to transmit its report containing the determination related to the use of the subject denim (investigation No. AGOA-002) to the President by July 1, 2008, and its report containing the determinations related to the availability of the subject denim for fiscal year 2009 (investigation No. AGOA-003) to the President by August 1, 2008. A public version of each report will be issued shortly thereafter. The information to be collected is critical to the Commission's tasks because it will provide the basis for the Commission's determinations as to how much denim was used in the production of apparel articles receiving preferential treatment during fiscal year 2007 and whether the subject denim will be commercially available in FY 2009 and, if so, the quantity that will be available.

### 3. Use of technology

All available information technology has been incorporated into the questionnaire design and processing to reduce the reporting burden. The questionnaire is designed to be submitted electronically (via email) if respondents choose to do so.

### 4. Non-duplication of available data

The Commission’s investigations have been designed to rely to the greatest extent possible on existing publicly available data collections by other government agencies and private sources. After a thorough search of data sources for these investigations, it has been determined that no other industry, government, or academic organizations collect or publish data that are duplicative of the data requested in the questionnaires.

Although there are limited data on production and shipments of textile and apparel articles in sub-Saharan Africa, these data are only available at a highly aggregated level and do not include the product-specific data required for the study. U.S. import data on apparel articles in chapters 61 and 62 of the U.S. Harmonized Tariff Schedule (HTS) do not distinguish between different types of denim and in some instances do not distinguish between denim and other types of fabric. Although an HTS chapter 98 heading was created to measure imports of the subject denim apparel, it was not put in place until March 2007, and according to U.S. Customs and Border Patrol, importers are not required to use the provision. U.S. importers and a review of the data indicate that the provision is being used only sporadically, and hence, the data collected under the new provision are incomplete.

**5. Impact on small businesses**

It is estimated that about 35 of the companies that will receive a purchaser questionnaire may be "small businesses" as defined by the Small Business Administration Rules (13 CFR Part 121). To minimize the reporting burden, the questionnaires were designed to be as brief as possible, consistent with information requirements. Check-in type questions are used where appropriate to simplify questionnaire response. Also, the questionnaires indicate that carefully prepared estimates are acceptable; this should further reduce the potential burden on smaller firms that may not have the administrative resources or automated record systems of larger firms in the industry. Also, requests for data, where possible, provide reporting options that enable respondents to provide the type of data that are most readily available.

**6. Consequences of non-collection**

The data needed by the Commission to make its determinations are not available from other sources. Without this information collection, the Commission will be unable to discharge its responsibility, as set forth in section 112(c) of AGOA, as amended.

**7. Frequency of data collection**

Not applicable. This is a one time, nonrecurring data collection.

**8a. Consistency with 5 CFR 1320.6 guidelines**

No special circumstances exist that require the collection to be conducted in a manner inconsistent with the guidelines of 5 CFR 1320.6. If any respondents do not maintain information in the format requested by the questionnaires, they are permitted to submit carefully prepared estimates based upon available information.

**8b. Consultations with affected public**

The Commission=s notice of submission to OMB requesting clearance under emergency approval provisions will be submitted to the Federal Register on January 17, 2008 and is expected to be published January 18, 2008. The notice will be posted on the Commission=s Internet site (http://www.usitc.gov).

Importers' Questionnaire

From December 13, 2007 - January 8, 2008, the Commission field-tested the importers' questionnaire with regard to the availability of data, reporting burden, product coverage and definitions, clarity of instructions, disclosure, and reporting format. The following representatives of associations and companies were consulted on the content of the questionnaires and all received copies of the questionnaire.

1. Paul Ryberg, African Coalition for Trade, Inc. (represents a number of the sub-Saharan African firms that either produce denim or purchase denim for their production of denim apparel), (Paulryberg@aol.com or 202-996-1094).

2. Agnes Chang, Import Manager, Maran, Inc., (agnes@sqz.com or 201-867-8833).

3. Ivonne Clayton, Import Manager, Dress Barn, (ivonne.clayton@dressbarn.com or 845-369-4500).

4. Assaf Safran, Group Vice President, Production, Jordache, LTD, (asafran@jeans-wear.com or 646-383-8201).

5. Kim O'Byrne Rozman, Corporate Customs Compliance Manager, Jones Apparel, LTD, (kob@jny.com or 215-781-5596).

6. Helga Ying, Director, Government Affairs and Public Policy, Levi Strauss & Co., (hying@levi.com or 415-501-7650).

7. Toni Dembski-Brandl, Senior Counsel, Target, Corp., (toni.dembski-brandl@target.com or 612-696-2573).

The following table provides comments from industry sources and actions taken during preparation of the questionnaire for importers of the subject denim apparel.

| **Document and Page Number(s)** | **Comments/Suggestions** | **Adjustments to Questionnaire** |
|---|---|---|
| Importer Questionnaire p. 5 Table II-1(b) | One apparel retailer indicated that it was unable to determine the amount of fabric used in the apparel items, as it was neither a fabric manufacturer or purchaser. | Omitted fields requesting fabric use in Table II-1(b). Developed a separate table (p. 6, Table II-2) requesting estimates of fabric use per apparel item in order to solicit responses from other types of firms, including apparel manufacturers. Requested the respondents to provide the data for the new table "to the extent possible." |
| Importer Questionnaire p. 4 Table II-1(a) | One firm reported that it would have difficulty reporting information on fabric use per apparel item, and as such would have difficulty completing Table II-1(a). | Clarified instructions to indicate that respondents are only required to complete *either* Table II(a) or (b). |
| Importer Questionnaire Instructions Document p. 4 | One firm suggested amending the definition of "apparel" to include "ready to wear apparel." | Suggestion adopted. |

<u>Apparel Manufacturers' Questionnaire</u>

From December 13, 2007- January 8, 2008, the Commission field-tested the apparel manufacturers' questionnaire with regard to the availability of data, reporting burden, product coverage and definitions, clarity of instructions, disclosure, and reporting format. The following representatives of associations and companies were consulted on the content of the questionnaires and all received copies of the questionnaire.

1. Paul Ryberg, African Coalition for Trade, Inc. (represents a number of the sub-Saharan African firms that either produce denim or purchase denim for their production of denim apparel), (202-996-1094).

2. PLG Confection (Madagascar), Marc Rambolamanana, (marc@plgconfection.com).

3. Kapric Apparels EPZ Ltd.(Kenya), Thomas Puthoor, (thomasp@shahsafari.com).

The following table provides comments from industry sources and actions taken during preparation of the questionnaire for manufacturers of apparel of the subject denim.

| **Document and Page Number(s)** | **Comments/Suggestions** | **Adjustments to Questionnaire** |
|---|---|---|
| Apparel ManufacturerQuestionnaire<br>p. 3<br>Table II-3. | One industry representative suggested that it would be useful to know the volume of the subject denim purchased for use in apparel exports to other markets, not including apparel exports to U.S. or EU markets. | Added a row to table II-3 to collect these data. |
| Apparel Manufacturer Questionnaire<br>p. 5<br>Table II-7. | One industry representative indicated that the time period referred to in the question was unclear. | Changed “from 2006-2008" to “since 2006" to clarify period of interest. |

**9. Payments or gifts**
Not applicable. Questionnaire recipients will not be provided with any payments or gifts for their responses.

**10. Assurances of confidentiality**
The first page of both questionnaires state: “The commercial and financial data furnished in response to this questionnaire that reveal the individual operations of your firm will be treated as confidential by the Commission to the extent that such data are not otherwise available to the public and will not be disclosed except as described in the certification paragraph below, and as may be required by law.@ On page 2 of the instructions for the questionnaires, confidentiality is further addressed under AConfidentiality.@ Submissions of information as confidential are accepted under 19 CFR 201.6.

**11. Sensitive information**
Not applicable. Information on issues of a sensitive nature involving persons is not being sought.

**12. Respondents project cost**
The Commission attempted to reduce burden on respondents by designing the questionnaires so that firms can easily identify those sections which apply to their operations. Some of the requested data being collected are largely qualitative in nature and should require relatively little time to complete.

The Commission estimates the following burden will be placed on respondents:

| Importers’ Questionnaire | | |
|---|---|---|
| Number of respondents | (No.) | 83 |
| Frequency of response: | (No.) | 1 |
| Annual burden per respondent: | (hours) | 4 |
| Total burden: | (hours) | 332 |

| Apparel Manufacturers’ Questionnaire | | |
|---|---|---|
| Number of respondents | (No.) | 45 |
| Frequency of response: | (No.) | 1 |
| Annual burden per respondent: | (hours) | 2 |
| Total burden: | (hours) | 90 |

These estimates are based on past Commission experience with similar questionnaires and from consulting with potential respondents. The burden on individual respondents may vary widely, because the questionnaires are constructed so that meaningful data can be obtained from firms with complex business operations. Some sections of the questionnaires may not apply to respondents with comparatively simple operations.

The Commission included a notice of the above response burden averages in the questionnaires, along with a request that respondents send comments to the Commission and to OMB. The Commission used the standard format recommended by OMB.

The combined annualized cost to all respondents for the estimated hour burdens identified above is as follows:

Cost =(332+90) hours x $53.43* per hour = $22,547

*This is the same hourly cost used in item 14 below. The Commission projects that this is an accurate cost estimate of personnel who will likely complete the questionnaires.

**13. Annual public response burden**

The total annual cost burden is zero, as explained below.

a. Total capital and start-up cost component: the Commission does not expect any capital and start-up costs because all information already exists in records storage facilities in office and resides with the firms= personnel.

b. Total operation and maintenance and purchase of service component: the Commission does not expect respondents will need to purchase any services in completing the questionnaires.

**14. Federal change in burden**

The estimated total cost to the Federal Government is $226,869 as detailed below. No new equipment will be purchased because existing equipment will be used to process the questionnaires.

The estimated number of work hours includes designing the questionnaires, soliciting field test comments, editing results (i.e., contacting respondents after completion of the questionnaires to clarify responses), and compiling and tabulating questionnaire responses.

| | | |
|---|---|---|
| Personnel cost* | = | $222,269 |
| Operational costs** | = | $4,600 |
| Total cost | = | $226,869 |

*The hourly figure was approximated by dividing the Commission=s average salary level ($111,135) by the number of work hours per year (2,080). Commission estimates that 4,160 personnel hours will be used at an average cost of $53.43 per hour.
**Operational costs include travel, training, printing, reports, contract editing, and contract programming.

**15. Program change justification**
Not applicable. This is a new information collection.

**16. Project plan and schedule**
The questionnaires are scheduled to be mailed on or before February 20, 2008. After receiving the completed questionnaires, Commission staff will edit and review each response for accuracy, resolve any questions with the respondent, and tabulate the data. Data will be analyzed, compiled in a form that will not reveal the individual operations of any respondent, and prepared for publication. The respondents are requested to return the completed questionnaires by March 20, 2008.

**17. Non-display of expiration date**
Not applicable.

**18. Exceptions to certification statement to form OMB 83-I**
Not applicable.

**B. Collections of Information Employing Statistical Methods**
Not applicable. This proposed information collection does not employ statistical methods because the use of statistical methods would not reduce burden or improve the accuracy of results.