

**SUPPORTING STATEMENT  
U.S. Department of Commerce  
Bureau of Industry and Security**

**Reporting and Recordkeeping Requirements  
under the Wassenaar Arrangement  
EAR Section 743.1  
OMB Control No. 0694-0106**

**A. Justification**

**1. Explain the circumstances that make the collection of information necessary.**

Section 15(b) of the Export Administration Act (EAA) of 1979, as amended, authorizes the President and the Secretary of Commerce to issue regulations to implement the EAA including those provisions authorizing the control of exports of U.S. goods and technology to all foreign destinations, as necessary for the purpose of national security, foreign policy and short supply, and the provision prohibiting U.S. persons from participating in certain foreign boycotts. Export control authority has been assigned directly to the Secretary of Commerce by the EAA and delegated by the President to the Secretary of Commerce. This authority is administered by the Bureau of Industry and Security through the Export Administration Regulations (EAR). The EAA is not permanent legislation, and when it has lapsed due to the failure to enact a timely extension, Presidential executive orders under the International Emergency Economic Powers Act (IEEPA) have directed and authorized the continuation in force of the EAR.

**2. Explain how, by whom, how frequently, and for what purpose the information will be used. If the information collected will be disseminated to the public or used to support information that will be disseminated to the public, then explain how the collection complies with all applicable Information Quality Guidelines.**

The Wassenaar Arrangement contributes to regional and international security and stability by promoting transparency and greater responsibility in transfers of conventional arms and dual-use goods and technologies, thus preventing destabilizing accumulations of such items. Participating States have committed to exchange information on dual-use goods and technologies, which will enhance transparency and assist in developing common understandings of the risks associated with the transfers of these items.

To fulfill U.S. commitments to the Wassenaar Arrangement with regard to dual-use items, Section 743.1 of the EAR imposes reporting and recordkeeping requirements for license exception exports of certain items controlled under the Wassenaar Arrangement. The reports are not required for reexports. Information from exporters will be consolidated by BIS for an aggregate data submission to the participating States.

Some items appear in Annex 1 (the Sensitive List) of the Wassenaar Arrangement's Dual-Use List which can be exported to some destinations under a license exception in accordance with current U.S. regulations. To comply with our international reporting obligations, BIS requires exporters to submit reports semiannually for items shipped to all destinations (except Wassenaar member countries identified in Supplement No. 1 to part 743 of the EAR) using License Exceptions shipments of limited value (LVS); shipments to Country Group B countries (GBS); civil end-users (CIV); computers (CTP), technology and software under restriction (TSR) and governments, international organizations, and international inspections under the Chemical Weapons Convention (GOV). BIS must receive such reports no later than August 1 for exports during the reporting period January 1 through June 30, and no later than February 1 for exports during the reporting period July 1 through December 31. The Export Control Classification Number and paragraph reference as identified on the Commerce Control List, number of units in each shipment, and the country of ultimate destination must be included in each report for each export during the reporting period. Although the exporter must be identified on all reports to BIS, names of exporters will not be released to participating States.

The Section 515 Information Quality Guidelines apply to this information collection and comply with all applicable information quality guidelines, i.e., OMB, Department of Commerce, and specific operating unit guidelines.

**3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological techniques or other forms of information technology.**

BIS does not provide a form or specify the exact format for each report. BIS will accept reports received via fax or via the U.S. Postal Service. In all cases, manner of submission will be the choice of the exporter. BIS is not aware of any technology which will further reduce the burden of this collection.

**4. Describe efforts to identify duplication.**

There is no duplication of collection of this information.

**5. If the collection of information involves small businesses or other small entities, describe the methods used to minimize burden.**

This collection does not have a significant impact on small businesses.

**6. Describe the consequences to the Federal program or policy activities if the collection is not conducted or is conducted less frequently.**

The burden cannot be minimized for small businesses or other small entities without violating

U.S. obligations under the Wassenaar Arrangement. The only other alternative would be to require exporters to submit individual validated export licenses, which is more burdensome than the reporting requirement covered by this collection.

**7. Explain any special circumstances that require the collection to be conducted in a manner inconsistent with OMB guidelines.**

There are no special circumstances associated with this collection of information.

**8. Provide a copy of the PRA Federal Register notice that solicited public comments on the information collection prior to this submission. Summarize the public comments received in response to that notice and describe the actions taken by the agency in response to those comments. Describe the efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.**

The notice requesting public comment was published in the Federal Register on March 5, 2007, pp. 9728-9729. No comments were received.

**9. Explain any decisions to provide payments or gifts to respondents, other than remuneration of contractors or grantees.**

There will be no payment or gift to respondents.

**10. Describe any assurance of confidentiality provided to respondents and the basis for assurance in statute, regulation, or agency policy.**

Section 12(c) of the Export Administration Act of 1979, as amended, provides for the confidentiality of export license information submitted to the Department of Commerce.

**11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private.**

This collection does not require information of a sensitive nature.

**12. Provide an estimate in hours of the burden of the collection of information.**

There are 20 public burden hours associated with this collection of information: Under the Wassenaar Arrangement, the U.S. Government must report twice a year to the other members on aggregate usage of 73 export control entries. The aggregate numbers are readily available from BIS's Export Control Automated Support System (ECASS), except when a license exception is used. It is very difficult for BIS to determine usage of license exceptions because the exporter determines if the license exception applies to a certain item and then exports that item if the license exception applies. BIS receives limited records of license exception uses.

Because one or more of six license exceptions could be used with the 73 export control entries subject to Wassenaar Arrangement reporting, BIS must require exporters to keep a record of each time they use a license exception for one of the 73 export control entries (except for Wassenaar member countries identified in Supplement No. 1 to part 743 of the EAR) and submit this report to BIS biannually in time for the U.S. Government to make its report to the Wassenaar members.

There are approximately 140 uses of the six license exception annually (or 70 uses biannually). It would take an employee no more than five minutes to record the information listed in #2 of this Statement and one minute to file the response. Then, twice a year exporters must transmit their response to BIS. This should take no more than five minutes. There are approximately 35 exporters.

140 responses x 5 minutes for recording =	700 minutes.
140 responses x 1 minute for filing =	140 minutes.
35 exporters x 5 min. for mailing x 2 =	<u>350</u> minutes.
<b>Total</b>	<b>1,190 minutes, or 19.8 hours (20 hrs)</b>

Because the number of license exceptions used annually is unknown, BIS reiterates that the above figures are estimates.

The estimated cost to the public is \$500 annually. This is based on 20 hours at \$25 per hour.

**13. Provide an estimate of the total annual cost burden to the respondents or record-keepers resulting from the collection (excluding the value of the burden hours in #12 above).**

The cost for mailing is estimated to be \$28.70. This is based on seventy 41 cent postage stamps.

Since no special equipment is required, nor maintenance costs incurred, there are no new capitalized costs to the public associated with this collection of information.

**14. Provide estimates of annualized cost to the Federal government.**

The estimated cost to the Federal Government is approximately \$292. This is based on BIS staff spending 5 minutes to receive, record and aggregate 140 license exception reports per year at \$25 per hour.

**15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB 83-I.**

The total hours has been reduced from 24 hours to 20 hours based on a revised estimate of the time required to file each report which was miscalculated on the previous submission. The increase of responses is due a new estimate of license exceptions experienced during the previous approval period.

**16. For collections whose results will be published, outline the plans for tabulation and publication.**

This collection of information will not be published for statistical purposes.

**17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons why display would be inappropriate.**

Not applicable.

**18. Explain each exception to the certification statement identified in Item 19 of the OMB 83-I.**

There are no requests for exceptions to the reporting and recordkeeping requirement.

**B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS**

Not applicable.