

**SUPPORTING STATEMENT FOR
PAPERWORK REDUCTION ACT SUBMISSIONS**

**Annual Brokering Report
OMB No. 1405-0141**

A. Justification

1. The Directorate of Defense Trade Controls (DDTC), Bureau of Political-Military Affairs, U.S. Department of State, in accordance with the Arms Export Control Act (AECA) (22 U.S.C. 2751 et seq.) and the International Traffic in Arms Regulations (ITAR) (22 CFR Parts 120-130), has the principal missions of taking final action on license applications and other requests for defense trade transactions via commercial channels, ensuring compliance with the statute and regulations, and collecting various types of reports. By statute, Executive Order, regulation, and delegation of authority, DDTC is charged with controlling the export and temporary import of defense articles, the provision of defense services and the brokering thereof which are covered by the U.S. Munitions List (USML).

Under the AECA, the President is charged with the review of munitions license applications and technical assistance and manufacturing license agreement requests to determine, *inter alia*:

- Whether the transactions are consistent with U.S. foreign policy objectives, national security interests, and world peace;
- Eligibility of parties (*e.g.*, applicants, consignees, end-users) to participate in U.S. defense trade;
- Appropriate end-use of commodities subject to U. S. Government approval of munitions exports and transfers;
- Whether law enforcement concerns have been adequately addressed; and
- Whether the appropriateness of offers or payment of political contributions, gifts, commissions, and fees, have been adequately addressed.

The statutory authority of the President to promulgate regulations with respect to the export and the temporary import of defense articles and the provision of defense services was delegated to the Secretary of State by Executive Order 13637. These regulations are primarily administered by the Deputy Assistant

Secretary of State for Defense Trade and the Directorate of Defense Trade Controls, Bureau of Political-Military Affairs.

In accordance with part 129 of the ITAR, U.S. and foreign persons required to register as a broker shall provide annually a report to DDTC enumerating and describing brokering activities by quantity, type, U.S. dollar value, purchaser/recipient, and license number for approved activities and any exemptions utilized for other covered activities.

2. DDTC uses the information provided by respondents to meet the mandate described in item 1 above. As appropriate, such information may be shared with other U.S. Government entities. This information is currently used in the review of munitions export and brokering license applications and to ensure compliance with defense trade statutes and regulations.

3. The report is submitted annually at the time the broker renews his or her broker registration with DDTC.

4. The Department of State is unaware of any other U.S. Government requirements that would cause U.S. industry to duplicate this reporting requirement.

5. Export control law and regulations are designed to safeguard U.S. Government foreign policy and national security interests and to further world peace. The law and regulations are applicable equally to large and small businesses or entities.

6. Absent this reporting requirement, or if reports were submitted less frequently than annually, the Department of State would find it difficult to provide policy and enforcement oversight for the brokering of regulated defense transactions. Thus, it would be extremely difficult for DDTC to meet its legally mandated responsibilities to ensure defense trade is consistent with foreign policy objectives, national security interests, and world peace.

7. The ITAR (22 CFR §122.5(a); 22 CFR §129.4(c)) requires maintenance of records for a minimum period of five years from the expiration of the brokering written approval.

8. The Department published a notice in the *Federal Register* in accordance with 5 CFR §1320.8(d) on June 2, 2015 (80 FR 31446). No comments were received.

9. No payment or gift has been or will be provided to any respondent.
10. Respondents are engaged in the business of exporting or temporarily importing defense articles/services or brokering thereof, have registered with DDTC pursuant to the ITAR (22 CFR Subchapter M), and correspondingly use the ITAR in the regular course of business. Thus, respondents would be familiar with §126.10 of the ITAR, which describes protection of confidentiality given to respondents' information. Other than provisions for confidentiality or nondisclosure included in the Freedom of Information Act, the ITAR, or other Federal regulations, no promises of confidentiality have been made to respondents.
11. This collection does not solicit any information regarding questions of a sensitive nature or matters commonly considered private.
12. The Department has reason to believe that the information that is required for a brokering report is already collected by and available to respondents due to other needs and requirements (*i.e.*, business transactional records, tax records, quality assurance and productivity, and legal requirements imposed by other federal laws). Consequently, it can be reasonably assumed that the cost to industry in terms of money, time, and other resources is minimal. An estimated 1,057 annual responses are expected from 1,057 respondents. Frequency of response is annually. The estimated time that the respondent devotes to each submission is approximately 2 hours. The estimated annual hour burden is 2,114 hours. According to the U.S. Department of Labor Bureau of Labor Statistics website (www.bls.gov), the weighted wage rate category for a "Compliance Officer" is estimated to be \$44.94 per hour (\$32.10 average wage x 1.4 multiplier). Therefore, the estimated annual burden hour cost to respondents "all occupations" is \$95,003 (2,114 annual burden hours x \$44.94).
13. There are no anticipated additional costs to respondents.
14. The 1,057 responses received by DDTC during CY 2014 accounted for approximately 0.2% of its budget of \$36 million. The estimated annualized cost to the Federal Government was \$43,200 for reviewing these applications. This estimated figure was determined by identifying the decrease in submissions since the last reauthorization of this collection, and comparing the resulting figure to the overall budget.
15. The number of respondents has been adjusted from 1,515 to 1,057, the most recent estimate. Total annual responses have been adjusted from 1,515 to 1,057.

Consequently, total annual hours requested have been adjusted to 2,114. The revised respondent number is the most current figure taken directly from the DDTC database. The decrease is likely due to certain intervening regulatory changes to the broker registration requirement since the last reauthorization of this collection.

16. The Department will not publish the information collected.

17. DDTC will display the expiration date for OMB approval of the information collection.

18. The Department of State does not seek any exception to the certification statement.

B. Collections of Information Employing Statistical Methods

This collection of information does not employ statistical methods.