

SUPPORTING STATEMENT
U.S. Department of Commerce
International Trade Administration
Implementation of Tariff Rate Quota Established Under Title V of the Trade and
Development Act of 2000 as Amended by the Trade Act of 2002, Amended by the
Miscellaneous Trade Act of 2004, and Amended by the Pension Protection Act of 2006
for Imports of Certain Worsted Wool Fabric
OMB Control No. 0625-0240

Section A. Justification

1. Necessity of Information Collection

Title V of the Trade and Development Act of 2000 (the Act) created two tariff rate quotas (TRQs), providing for temporary reductions for three years in the import duties on limited quantities of two categories of worsted wool fabrics suitable for use in making suits, suit-type jackets, or trousers: (1) for worsted wool fabric with average fiber diameters greater than 18.5 microns (Harmonized Tariff Schedule of the United States (HTS) heading 9902.51.11); and (2) for worsted wool fabric with average fiber diameters of 18.5 microns or less (HTS heading 9902.51.12).

On August 6, 2002, President Bush signed into law the Trade Act of 2002, which includes several amendments to Title V of the Act. On December 3, 2004, the Act was further amended pursuant to the Miscellaneous Trade Act of 2004, Public Law 108-429, by increasing the TRQ for worsted wool fabric with average fiber diameters greater than 18.5 microns, HTS 9902.51.11, to an annual total level of 5.5 million square meters, and extending it through 2007, and increasing the TRQ for average fiber diameters of 18.5 microns or less, HTS 9902.51.15 (previously 9902.51.12), to an annual total level of 5 million square meters and extending it through 2006. On August 17, 2006 the Act was further amended pursuant to the Pension Protection Act of 2006, Public Law 109-280, which extended both TRQs, 9902.51.11 and 9902.51.15, through 2009.

The Act requires the President to fairly allocate the TRQ to persons who cut and sew men's and boys' worsted wool suits and suit like jackets and trousers in the United States, and who apply for an allocation.

The reduction of import duties provided by the TRQ is of considerable benefit to firms that receive TRQ allocations. It lowers these firms' cost of production, enabling them to better compete with foreign imports.

On December 1, 2000, the President issued Proclamation 7383 that, among other things, delegates authority to the Secretary of Commerce to allocate the TRQ, and to issue regulations to implement these provisions. On January 22, 2001, the Department of Commerce published regulations establishing procedures for allocation of the tariff rate quotas. (Interim final rule 66 FR 6459, 15 C.F.R. 335). On October 24, 2005, the Department of Commerce published final rule 70 FR 61363, to adopt without changes the interim final rule 66 FR 6459.

The Department must collect certain information in order to fairly allocate the TRQ to eligible persons and to carry out its responsibilities under Public Law 109-280. Two separate information collections are required.

1. Application for TRQ License Section 501(e) of the Act restricts allocation of imports subject to the TRQ to persons “who cut and sew men’s and boys’ worsted wool suits and suit-like jackets and trousers in the United States and who apply for an allocation based on the amount of such suits cut and sewn during the prior calendar year.” Information must be collected each year of the program from applicants to ensure they meet this requirement and to determine their fair share of the TRQ. The Department of Commerce will process this information and issue a license to each eligible person. The license will specify the amount of TRQ granted to each licensee. The Department has developed application forms ITA-4139P and ITA-4140P for this purpose, which are included in this package.

2. Request for Reallocation of Tariff Rate Quota The TRQ allocations to individual recipients in any given year may be greater or less than the worsted wool fabric import requirements of such recipients. In order to ensure that the TRQ is fully utilized, a surrender and reallocation process is to be conducted in the latter part of each quota year. Information must be collected to determine the eligibility of applicants for additional quota and the amount of additional quota they shall receive. This information collection requirement is specified in Part 335 of the final rule. No form is contemplated for this requirement.

2. Description and Practical Utility of the Information Collection Activity

The Department information requests are for application for TRQ license and for request for reallocation of tariff rate quota.

a) Application for TRQ License

The information collected on the application for TRQ license is utilized to determine the eligibility of the respondent to participate in the program, and to determine the amount of tariff rate quota to be allocated to the applicant. The information includes:

1) Identification. Applicant's name, address, telephone number, fax number, and federal tax identification number; name of person submitting the application, and title, or capacity in which the person is acting for the applicant.

(2) Production. Name and address of each plant or location where Worsted Wool Suits, Worsted Wool Suit-Type Jackets, and Worsted Wool Trousers were cut and sewn by the applicant and the name and address of all plants or locations that cut and sewed such products on behalf of the applicant. Production data, including the following: the quantity and value of the Worsted Wool Suits, Worsted Wool Suit-Type Jackets, and Worsted Wool Trousers cut and sewn in the United States by applicant, or on behalf of applicant, from fabric owned by applicant. This data must indicate actual production (not estimates) of Worsted Wool Suits, Worsted Wool Suit-Type Jackets and Worsted Wool Trousers containing at least 85 percent worsted wool fabric by weight with an average diameter of 18.5 microns or less. This data must also indicate actual production (not estimates) of Worsted Wool Suits, Worsted Wool Suit-Type Jackets and Worsted Wool Trousers containing at least 85 percent worsted wool fabric by weight with average diameter greater than 18.5 microns. Production data must be provided for the first six months of the year of the application. This data will be annualized for the purpose of making Tariff Rate Quota allocations.

(3) Worsted Wool Fabric. Data indicating the quantity and value of the worsted wool fabric used in reported production. This data will specify the amount of fabric imported and the amount of fabric purchased from domestic sources. In order to fairly allocate the tariff rate quotas, manufacturers that utilize imported worsted wool fabric in production will be provided a greater allocation than manufacturers that utilize domestic worsted wool fabric. This will allow the manufacturers that will actually use the imported fabric that is subject to the TRQ to obtain a relatively greater share of the fabric, as compared to manufacturers that use only domestic fabric.

(4) Certification. A statement by the applicant (if a natural person), or on behalf of applicant, by an employee, officer or agent, with personal knowledge of the matters set out in the application, certifying that the information contained therein is complete and accurate, signed and sworn before a Notary Public, and acknowledging that false representations to a federal agency may result in criminal penalties under federal law.

(b) Request for Reallocation of Tariff Rate Quota

(1) Not later than September 30 of each Tariff Rate Quota Year, a Licensee that will not import the full quantity granted in a license during the Tariff Rate Quota Year shall surrender the allocation that will not be used to the Department for purposes of reallocation through a written or electronic notice to the Department, including the license control number and the amount being surrendered. The surrender shall be final, and shall apply only to that Tariff Rate Quota Year.

(2) The Department will notify Licensees of any amount surrendered and the application period for requests for reallocation. A Licensee that has imported, or intends to import, a quantity of Worsted Wool Fabric exceeding the quantity set forth in its

license may apply to receive additional allocation from the amount to be reallocated. The application shall state the maximum amount of additional allocation the applicant will be able to use.

3. Minimizing Burden

The Department will make available the license application forms electronically in its website (<http://web.ita.doc.gov/tacgi/wooltrq.nsf/TRQApp>) in order to minimize the reporting burden. However, the application for TRQ license and request for reallocation of tariff rate quota, could contain business confidential information and must be signed and sworn before a notary public and therefore do not lend themselves to be submitted electronically.

4. Non-Duplication

The information requested is not available from another source. The information is unique to each respondent and no other agency collects this information.

5. Minimizing the Burden for Small Business

The use of standardized forms, criteria, instructions, and certifications are utilized to help ensure that the burden on small businesses is minimized. In addition, the amount of information requested has been reduced to the minimum necessary to evaluate viable applications.

6. Consideration of Alternatives

We would be unable to determine an applicant's eligibility for license allocation or reallocation if the information is not submitted.

7. Paperwork Reduction Act Guidelines

The information will be collected consistent with Paperwork Reduction Act guidelines.

8. Consultations

The Department consulted with representatives of the wool apparel industry to determine areas where improvements to the application process could be made. Since the inception of the program in 2001, program participants have expressed no problem with the format or process,

and have, in many instances, expressed appreciation for the easy to understand and straightforward instructions. There are no unresolved substantive or material issues stemming from these consultation efforts.

A 60-day request for comments from the public was published in the Federal Register March 15, 2007 (Volume 72, Number 50, page 12166). No comments were generated from this announcement.

9. Incentives to Respondents

None. ITA makes no payments or gifts to potential applicants.

10. Assurance of Confidentiality

None. Any business confidential information provided pursuant to this section that is marked business confidential will be kept confidential and protected from disclosure to the full extent permitted by law. To the extent business confidential information is provided, a non-confidential submission shall also be provided, in which business confidential information is summarized or, if necessary, deleted.

11. Justification for Sensitive Information

No questions of a sensitive nature are asked.

12. Estimation of Burden Hour Costs

The estimated burdens below are presented in summary form separately to account for the two information requests -- application for TRQ license and request for reallocation of tariff rate quota -- and the burden for record keeping.

(a) Application for TRQ License

The amount of time to complete the application forms ITA-4139P and ITA-4140P is estimated at an average annual total of 60 hours each (3 hours per response for an average of 20 responses per year). The estimated average private sector salary for persons responding is \$35.00 per hour.

Form #	Time to Complete	# of Respondents	# of Responses	Total Hours	Hourly Cost	Total Cost
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Respondent's Burden Hours and Cost

ITA-4139P	3 hrs.	20	20	60	\$35	\$2,100
ITA-4140P	3 hrs.	20	20	60	\$35	\$2,100

Total average cost per year to Respondents: \$4,200

Average Annual Respondent's Burden Hours: 120

(b) Request for Reallocation of Tariff Rate Quota

It is estimated that 20 reallocation petitions will be submitted per year. The average amount of time to complete the petition is estimated at one hour. The estimated average private sector salary for persons responding is \$35.00 per hour.

Time to Complete	# of Respondents	# of Responses	Total Hours	Hourly Cost	Total Cost
Respondent's Burden Hours and Cost					
1 hr.	10	20	20	\$35	\$700

Total average cost per year to Respondents: \$700

Average Annual Respondent's Burden Hours: 20

(c) Record Keeping

The applicant shall retain records substantiating the information provided in the application for TRQ license for a period of 3 years and the records must be made available upon request by an appropriate government official. The average amount of time keep records substantiating the information provided in the applications for TRQ is estimated at 1 hour. The estimated average public sector salary for persons keeping the records is \$25.00 per hour.

Time to Complete	# of Respondents	Total Hours	Hourly Cost	Total Cost
Respondent's Burden Hours and Cost				
1 hr.	20	20	\$25	\$500

Total estimated Cost to Respondents: \$500

Total Respondent's Burden Hours: 20

Total Estimated Annual Respondents Burden Hours and Costs:

Total Hours	Total Costs
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<u>Item</u>		
a. Application for TRQ License	120	\$4,200
b. Request for Reallocation of Tariff Rate Quota	20	700
c. Record Keeping	<u>20</u>	<u>500</u>
Total:	160	\$5,400

13. Estimation of Respondent's Costs

No costs beyond hour burden described above. Telephone calls for assistance are anticipated.

14. Estimation of Government's Costs

The estimated burdens below are presented in summary form separately to account for the two information requests -- application for TRQ license and request for reallocation of tariff rate quota-- and the burden for reviewing records.

(a) Application for TRQ License

The amount of time to review and process application forms ITA-4139P and ITA-4140P is estimated at an average annual total of 800 hours (20 hours per response for an average of 40 responses per year). The estimated average public sector salary for persons processing the application is \$35.00 per hour.

ITA-4139P & ITA-4140P	Time to Review and Process	# of Respondents	# of Responses	Total Hours	Hourly Cost	Total Cost
Government's Burden hours and Cost						
Annual Average	20 hrs.	20	40	800	\$35	\$28,000

Total average cost per year to Government: \$28,000

Average Annual Government's Burden Hours: 800

(b) Request for Reallocation of Tariff Rate Quota

It is estimated that 20 reallocation petitions will be submitted per year. The average amount of time to review and process the petition is estimated at ten hours. The estimated average public sector salary for persons processing the application is \$35.00 per hour.

Time to Review and Process	# of Respondents	# of Responses	Total Hours	Hourly Cost	Total Cost
Government's Burden hours and Cost					
10 hrs.	10	20	200	\$35	\$7,000

Total average cost per year to Government: \$7,000

Average Annual Government's Burden Hours: 200

(c) Record Keeping

The applicant shall retain records substantiating the information provided in the application for TRQ license for a period of 3 years and the records must be made available upon request by an appropriate government official. The average amount of time to review the records is estimated at 10 hours. The estimated average public sector salary for persons reviewing the records is \$35.00 per hour.

Time to Complete	# of Respondents	Total Hours	Hourly Cost	Total Cost
Government's Burden hours and Cost				
10 Hours	20	200	\$35	\$7,000

Total estimated Cost to Government \$7,000

Total Government's Burden Hours: 200

Total Estimated Annual Government Burden Hours and Costs:

<u>Item</u>	Total Hours	Total Costs
a. Application for TRQ License	800	\$28,000
b. Request for Reallocation of Tariff Rate Quota	200	7,000
c. Record Keeping	<u>200</u>	<u>7,000</u>
Total:	1,200	\$42,000

15. Rationale for Program Change or Adjustments

On August 6, 2002, President Bush signed into law the Trade Act of 2002, which includes several amendments to Title V of the Act. On December 3, 2004, the Act was amended pursuant to the Miscellaneous Trade Act of 2004, Public Law 108-429, which repealed the Department's authorization to determine whether the limitations on the quantity of imports of worsted wool fabrics under the TRQs should be modified and to recommend to the President that appropriate modifications be made.

16. Uses of Analytical Methodology

This collection of information does not employ statistical methods

17. Reasons for not Displaying Expiration Data

None.

18. Rationale for Exceptions to Certification Statement

None.