

SUPPORTING STATEMENT
U.S. Department of Commerce
International Trade Administration
Application for Insular Watch and Jewelry Program Benefits
OMB CONTROL NO. 0625-0040

A. JUSTIFICATION

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

This supporting statement is to request renewal of OMB Control No. 0625-0040.

Public Law 97-446, as amended by Pub. L. 103-465, Pub. L. 106-36, and Pub. L. 108-429, requires the Department of Commerce and the Department of the Interior (Departments) to administer the distribution of duty exemptions to watch producers and duty refunds, involving several million dollars biannually, to watch and jewelry producers in the insular possessions (*i.e.*, the U.S. Virgin Islands, Guam, American Samoa) and the Northern Mariana Islands. The primary consideration in collecting information is to administer the laws, prevent abuse of the program, and permit a fair and equitable distribution of its benefits. Form ITA-334P is the principal program form used for recording the annual operational data on the basis of which program entitlements are distributed among the various producers (and the provision of which to the Departments constitutes their annual application for these entitlements). The form is also used by new firms making application for entitlements for the first time.

Due to multiple changes in the insular possessions watch and jewelry program, as outlined below, ITA request permission to modify Form ITA-334P. The modification would divide the form into four forms so that there is an annual and mid-year application for watch producers and an annual and mid-year application for jewelry producers. This would **not** involve an increase in the burden hours. We have received permission from OMB for all the changes in the collection of information that the program revisions have involved and have been using instructions, along with form ITA-334P, to collect the needed information. In an effort to minimize the burden to the program producers and most efficiently collect the data needed to administer the program, we believe that form ITA-334P should be divided and updated to reflect that the program now includes:

1. jewelry producers;
2. mid-year application for benefits as well as an annual application;
3. health insurance;
4. life insurance and pension benefits; and

5. compensation to insular watch producers, if tariffs on watches and watch movements are reduced.

In addition, less information is required to calculate the mid-year benefits.

BACKGROUND

Public Law 106-36 (113 Stat. 127) (1999) authorized the issuance of a duty-refund certificate to each territorial jewelry producer for any article of jewelry provided for in the import tariff category for jewelry under heading 7113 (“Articles of jewelry and parts thereof, of precious metal or metal clad with precious metal”) of the Harmonized Tariff Schedule of the United States (HTSUS) that is the product of any such territory. The law added jewelry producer benefits to the insular program and required a collection of information from jewelry program producers. Form ITA-334P has been used, with instructions, to gather the information needed to calculate the program benefits for jewelry producer.

A rulemaking (66 FR 34810, July 2, 2001) amended 15 CFR part 303 by allowing program producers to receive their duty refund benefit on a biannual basis rather than solely on an annual basis. This required program applicants to complete the form ITA-334P twice a year rather than once a year because the information contained on the completed form was needed to calculate the mid-year and annual program benefits for each producer.

Finally, Section 1562 of Pub. L. 108-429 (2004) amended Pub. L. 97-446, Pub. L. 103-465 and Pub. L. 106-36 by requiring technical changes to the program, including extending the duty refund benefits to include the value of usual and customary health insurance, life insurance and pension benefits and providing compensation to insular watch producers if tariffs on watches and watch movements are reduced. Therefore, we needed to incorporate additional questions so that we could calculate these new benefits.

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 information is stored in the records of the office of the Statutory Import Programs Staff (SIPS) of the Department of Commerce. Form ITA-334P is completed biannually by each watch and jewelry producer in accordance with section 303.5 and section 303.17 of the regulations. The data from the form is verified by the Departments and then used to calculate the amount of annual watch duty-free allocations and the value of the mid-year and annual watch production incentive duty-refund certificates, in accordance with sections 303.14(a) and 303.14(c)(1) and (c)(2), respectively. The verified data is also used to calculate the value of the mid-year and annual jewelry production incentive duty-refund certificate, in accordance with section 303.20(b)(1) and (b)(2), respectively. New firms wishing to make application for a watch duty exemption allocation must also fill out form ITA-334P, to the extent possible, including projected

production information to determine if the new firm, applying to enter the program, is likely to make an economic contribution to the economy. The completed applications are confidential and not available for inspection by the public nor is the company-specific information used to support information that will be disseminated to the public.

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.

We do not currently receive “paperless” electronic submissions due to the need to maintain the confidentiality of proprietary business information that is routinely submitted by the respondents. The form is sent to each watch and jewelry producer biannually. The form is also available at <http://ita-web.ita.doc.gov/doc/eFormsPub.nsf> and may be completed online and printed, and submitted via mail.

4. Describe efforts to identify duplication.

Because the number of respondents is small and the information is producer-specific, duplication is not a concern.

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

The form has been designed to contain only the essential quantitative information in order to minimize the burden while still having the data needed to calculate their benefits, regardless of the size of the firm.

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

If the information were not collected, the Departments would be deprived of the information needed to distribute the program entitlements required by the law and the regulations. The formula on which biannual benefits are based requires specific producer operational information, which can only be obtained through the use of form ITA-334P. The form is used biannually per respondent, less frequently use would not allow the program participants to obtain their benefits, mandated by law and regulations, in a timely manner.

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

The information collection is consistent with the guidelines in 5 CFR 1320.

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.

A Federal Register Notice soliciting public comments on the information collection was published on July 25, 2008 (Vol. 73, pg. 43407). No comments were received.

The SIPS director regularly consults and visits with the companies to determine areas where improvements to the information collection process can be made. The companies have not mentioned any problems with the format. There are no unresolved substantive or material issues stemming from these consultative efforts.

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

The decision to provide payments or gifts to respondents is mandated by Section 1562 of Pub. L. 108-429 and other relevant laws and regulations. In summary, the U.S. government is directed to provide duty refund benefits to qualifying watch and jewelry producers based on qualifying wages, health insurance, life insurance and pension payments paid to their watch and jewelry employees in the insular possessions.

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

Some material collected by the form is business confidential. The material is protected under U.S. Code, Title 18, Section 1001 and the user is so notified on the form.

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.

The form does not include information of a sensitive or private nature.

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

The estimated annual burden hours are 10 hours. This number is derived as follows:

Estimated number of respondents (5) multiplied by the estimated number of hours required per response (1) multiplied by the number of responses per company per year (2) = **10 hours**.

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 estimated cost per respondent of mailing an application by certified mail is \$100.

Estimated number of responses (10) x \$10 = **\$100**.

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

Most of costs of administering the watch and jewelry program are personnel salaries which would be paid even if the program could somehow be administered without the use of this and other program forms.

Total Annual Cost to Government: **\$25,000**.

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

The adjustment decreases are due to fewer participants in the program since the previous submission.

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

N/A.

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.

N/A.

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

N/A.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

The collection does not employ statistical methods.