

**SUPPORTING STATEMENT FOR
PAPERWORK REDUCTION ACT SUBMISSIONS**

**Application/License for Temporary Export of Unclassified Defense Articles
OMB No. 1405-0023
DSP-73**

A. Justification

1. The Directorate of Defense Trade Controls (DDTC), Bureau of Political-Military Affairs, U.S. Department of State, in accordance with §§38-40 of the Arms Export Control Act (AECA) (22 U.S.C. 2778-2780) 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 agreement requests for defense trade exports and handling matters related to defense trade compliance, enforcement, and reporting. By statute, executive orders, regulation, and delegation of authority, DDTC is charged with controlling the export and temporary import of defense articles and defense services covered by the U.S. Munitions List (USML).

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

- Whether the transactions further 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, has been adequately addressed.

The statutory authority of the President to promulgate regulations with respect to exports of defense articles and defense services was delegated to the Secretary of State by Executive Order 11958, as amended. These regulations are

primarily administered by the Deputy Assistant Secretary for Defense Trade and Regional Security and the Directorate of Defense Trade Controls, Bureau of Political-Military Affairs.

In accordance with Part 123 of the ITAR, any person who intends to temporarily export unclassified defense articles must obtain a license from DDTC prior to export. “Application/License for Temporary Export of Unclassified Defense Articles” (Form DSP-73) is used to obtain permission for the temporary export of unclassified defense articles covered by the USML.

2. DDTC uses the information provided by applicants to meet the mandate described in item 1 above. Form DSP-73 is used initially by DDTC to analyze the proposed temporary export for foreign policy and national security considerations. Depending on the complexity of the proposed temporary export, the application is forwarded to other Federal Government agencies for further review and recommendations. Discontinuation of the DSP-73 would make it extremely difficult to meet statutory and regulatory requirements concerning the control of commercial defense trade.

At U.S. ports, U.S. Customs and Border Protection (CBP) officials utilize the Form DSP-73 to monitor outbound shipments. CBP may delay shipments if they are thought to be defense-related and the DSP-73 has not been presented or approved by the Department of State. DDTC is then consulted and if it is determined that the items in question are covered by the USML, the items are detained or seized. If the shipment is seized, the shipper is fined and/or charged with a crime if it is determined that a license was not obtained.

3. The DSP-73 must be submitted electronically via the electronic licensing subsystem (D-Trade) of the Defense Trade Application System, DDTC’s Web-based electronic form system. The electronic requirement (allowing for very few exceptions) was instituted in 2007. Before, all respondents had the option of using a paper DSP-73. Electronic licensing eliminates the inefficiencies of paper submissions (travel time, misplacement, etc.), and built-in features of the system inform the applicant of a range of possible application deficiencies, thereby reducing the possible necessity of re-submitting the application.

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. Only registered exporters are required to complete the “Application/License for Temporary Export of Unclassified Defense Articles” (Form DSP-73) when temporarily exporting an unclassified defense article.
6. The AECA and the ITAR established the frequency of information collection. The information required for the proper assessment of a proposed temporary import request is reviewed on a case-by-case basis and is specific to the transaction under consideration. Absent this reporting requirement, it would be extremely difficult for DDTC to meet its legally mandated responsibilities to ensure oversight of defense trade in furtherance of foreign policy objectives, national security interests, and world peace.
7. Respondents may have to report information to the Department more often than quarterly because they need approval on a case-by-case basis when seeking to temporarily import defense articles. The ITAR requires maintenance of records for a minimum period of five years from the expiration of the license or written approval.
8. The Department has published a notice in the *Federal Register* (73 FR 31731) in accordance with 5 CFR 1320.8(d) soliciting public comments on this collection and notifying the public that this collection has been submitted to OMB for review and approval. No public comments were received.
9. Not applicable. No payment or gift has been or will be provided to any respondent.
10. Respondents are engaged in the business of defense trade and use the ITAR regularly in the course of their work. Thus, respondents would be familiar with §126.10 of the ITAR that describes protection of confidentiality given to respondents’ information:
 - Subchapter R of 22 CFR contains regulations on the availability to the public of information and records of the Department of State. The provisions of subchapter R apply to such disclosures by DDTC.
 - Certain information of a proprietary nature required by the Department of State in connection with the licensing process may generally not be disclosed to the

public unless certain determinations relating to the national interest are made in accordance with §38(e) of the AECA (22 U.S.C. 2778) and, by reference, certain procedures in the Export Administration Act.

- Information required under Part 130 of the ITAR (i.e., political contributions, gifts, commissions, and fees) is protected from general public disclosure.
- Information may be disclosed to foreign governments for law enforcement purposes or in the context of multilateral export regimes.

11. Not applicable. Form DSP-73 does not solicit any information regarding questions of a sensitive nature or matters commonly considered private.

12. The Department of State has reason to believe that the information that is required for the proposed temporary export is already available to U.S. industry in some form due to other needs and requirements (e.g., business transactional records, tax records, quality assurance and productivity, and legal issues posed by other federal laws). An estimated 3,600 annual responses are expected from 420 respondents. Frequency of response is on occasion. The estimated time that the respondent devotes to each submission is approximately one hour. Consequently, it can be reasonably assumed that the cost to industry in terms of money, time, and other resources is minimal. The estimated annual hour burden is 3,600 hours.

13. There are no anticipated additional costs to respondents.

14. The 3,600 responses received by DDTC during FY 2007 accounted for approximately 4.1% of its budget of \$13 million. The estimated annualized cost to the Federal Government was \$528,600 for reviewing these applications.

15. Item 13(a) of OMB Form 83-I, "Number of Respondents," has been adjusted from 400 to 420. Item 13(b), "Total Annual Responses," has been adjusted from 2,700 to 3,600. The higher number accords with the trend of annual increase in defense trade activity. Item 13(b)(1) has been adjusted from 65% to 100%. As a result of the change in Item 13(b), "Total Annual Hours Requested" (Item 13(c)) has been adjusted to 3,600. There are no changes to Item 14.

16. Not applicable. Publication of the relevant information is not anticipated.

17. DDTC is planning to display the expiration date for OMB approval of the information collection on the form.

18. Not applicable. The Department of State does not seek any exception to the statement, "Certification for Paperwork Reduction Act Submissions," of OMB 83-I.

B. Collections of Information Employing Statistical Methods

Not applicable. This collection of information does not employ statistical methods.