

**SUPPORTING STATEMENT FOR
PAPERWORK REDUCTION ACT SUBMISSIONS**

**Request for Approval of Manufacturing License Agreements, Technical
Assistance Agreements, and Other Agreements
OMB No. 1405-0093**

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.

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 124 of the ITAR, any person who intends to furnish defense services or technical data to a foreign person must submit a proposed technical assistance or manufacturing license agreement and obtain prior approval for such agreement. Amendments to existing agreements must also be submitted for approval.

2. DDTC uses the information provided by applicants to meet the mandate described in item 1 above. The request for approval of an agreement is used initially by DDTC to analyze the proposed agreement for foreign policy and national security considerations. Depending upon its complexity, it is sometimes necessary to coordinate further evaluation of the proposed agreement with other Federal Government agencies. The information is also used to monitor and control transfer of sensitive U.S. technology. Without such information, effective control of the proliferation of sensitive military technology would not be possible.

3. Currently, applicants submit agreements in paper form, using guidelines available on DDTC's Web site (www.pmdtdtc.state.gov). DDTC is working on enabling applicants to submit agreements electronically via the electronic licensing subsystem (D-Trade) of the Defense Trade Application System.

4. Each technical assistance agreement request is assigned a unique number and entered into the DDTC database. The method of preparation and submission by private industry generally precludes duplicate submissions. The Department of State is unaware of any other U.S. Government requirements for the submission of this information.

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 submit proposed agreements for approval when intending to furnish defense services or technical data to a foreign person.

6. The AECA and the ITAR established the frequency of information collection. The information required for the proper assessment of an agreement 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 exports 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 furnish defense services or technical data to a foreign person. Also, registrants are required to maintain records for longer than three years. 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 exporting defense articles/services and use the ITAR regularly in the course of their work. Thus, respondents would be familiar with §126.10 of the ITAR, which 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. The agreement guidelines do 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 agreement assessment process is already available to respondents 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 9,600 annual responses are expected from 680 respondents. Frequency of response is on occasion. The estimated time that the respondent devotes to each submission is approximately two hours. 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 19,200 hours.

13. There are no anticipated additional costs to respondents.

14. The 9,600 responses received by DDTC during FY 2007 accounted for approximately 10.8% of its budget of \$13 million. The estimated annualized cost to the Federal Government was \$1,410,000 for reviewing these export applications.

15. Item 13(a) of OMB Form 83-I, "Number of Respondents," has been adjusted from 5,000 to 680. Rather than report the total number of registrants, many of whom manufacture defense articles but do not export defense services and/or technical data, the estimated number of actual exporters who prepare agreement proposals is reported. Item 13(b), "Total Annual Responses," has been adjusted from 6,700 to 9,600, reflecting an increase in this type of defense export activity. Consequently, "Total Annual Hours Requested" (Item 13(c)) has been adjusted from 13,400 to 19,200. There are no changes to Item 14.

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

17. The Department of State proposes that an expiration date for OMB approval of the agreement information collection not be displayed, as there is currently no form associated with this information collection. DDTC intends to display the expiration date for OMB approval of the information collection when an agreements form is available to respondents.

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.