

Supporting Statement
Foreign Trade Zones Annual Reconciliation and Recordkeeping Requirement
1651-0051

Justification

- 1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection. Attach a copy of the appropriate section of each statute and regulation mandating or authorizing the collection of information.**

In accordance with 19 CFR 146.25 and 146.4, foreign trade zone (FTZ) operators are required to account for zone merchandise admitted, stored, manipulated and removed from FTZs. FTZ operators must prepare a reconciliation report within 90 days after the end of the zone year for a spot check or audit by CBP. In addition, within 10 working days after the annual reconciliation, FTZ operators must submit to the CBP port director a letter signed by the operator certifying that the annual reconciliation has been prepared and is available for CBP review and is accurate. These requirements are authorized by Foreign Trade Zones Act, as amended (Title 19 U.S.C. 81a).

- 2. Indicate how, by whom, and for what purpose the information is to be used. Except for a new collection, indicate the actual use the agency has made of the information received from the current collection.**

CBP uses the information to determine compliance with FTZ laws and regulations. CBP published a foreign trade zone manual which was a joint effort with the Foreign Trade Zones Board, The Bureau of Census and National Association of Foreign Trade Zones. The manual is for the use of existing and prospective foreign trade zone grantees, operators, and users in addition to CBP personnel responsible for supervising zone operators. The manual is a comprehensive document of which the information on annual reconciliation report preparation and certification is provided for on pages 85 and 86 and is available on CBP.gov. A copy of this manual will be included in this ICR.

- 3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g. permitting electronic submission of responses, and the basis for the decision for adopting this means of collection. Also describe any consideration of using information technology to reduce burden.**

This is a recordkeeping requirement so zone operators are allowed to maintain their inventory and recordkeeping systems in any format that they select. The letter

certifying that the reconciliation has been prepared may be scanned and emailed or faxed to the port director. Guidance for requirements can be found in the Foreign-Trade Zones Manual.

- 4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purposes described in Item 2 above.**

This information is not duplicated in any other place or any other form.

- 5. If the collection of information impacts small businesses or other small entities , describe any methods used to minimize burden.**

This information collection does not have an impact on small businesses or other small entities.

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

If this information were collected less frequently, CBP would not be able to determine compliance with FTZ laws.

- 7. Explain any special circumstances that would cause an information collection to be conducted in a manner:**

This information is collected in a manner consistent with the guidelines of 5 CFR 1320.6.

- 8. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice, required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to that notice and describe actions taken by the agency in response to these comments. Specifically address comments received on cost and hour burden.**

Public comments were solicited through two Federal Register notices published on September 2, 2011 (Volume 76, Page 54780) on which one comment was received, and on November 8, 2011 (Volume 76, Page 69278) on which no comments have been received.

A letter was received from Scott Neal of Southern California Foreign Trade Zone, Inc. (SCFTZ). The comment is as follows:

The SCFTZ would like to propose that the certification letter be submitted to CBP electronically either by a) e-mail; b) the Automated Broker Interface; or c) uploaded

through the Internet to the Automated Commercial Environment. Also, further automation could include sending the data elements from the annual reconciliation report to CBP as well once again by either one of the above aforementioned electronic methods.

Finally, the SCFTZ believes that complete automation could occur in the future with the inclusion of FTZs as participants in the Automated Manifest System. The manifested quantity data element is consistent in FTZs with other AMS participants such as air and ocean carriers. Although there are technically no bills of lading within FTZs, the Zone Admission Numbers and/or Unique Identifier Numbers currently replace the bill of ladings within the FTZ environment upon Admission to the Zone and therefore could be used as the bill of lading data element in AMS. The only other data element that would be needed to add to AMS is the Zone status; for instance, Non-Privileged Foreign (NPF), Privileged Foreign (PF), Domestic (D), and Zone Restricted (ZR). Ostensibly, CBP could create queries to ascertain quantity balances against manifested quantities and FTZ quantities, accordingly.

CBP agrees with Mr. Neal's point regarding emailing the letter to the port and it is CBP's policy that the letter can be submitted via email. With regard to the other points in the letter, the FTZ regulations are being rewritten by CBP in conjunction with the private sector and Mr. Neal's suggestions will be submitted to members of that working group.

9. Explain any decision to provide any payment or gift to respondents, other than remuneration of contractors or grantees.

There is no offer of a monetary or material value for this information collection.

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

There is no assurance of confidentiality provided to the respondents. There is no PII associated with this information collection.

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. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.

There are no questions of a sensitive nature.

12. Provide estimates of the hour burden of the collection of information.

INFORMATION COLLECTION	TOTAL ANNUAL BURDEN HOURS	NO. OF RESPONDENTS	NO. OF RESPONSES PER RESPONDENT	TOTAL RESPONSES	TIME PER RESPONSE
FTZ Recordkeeping	195	260	1	260	45 minutes (.75 hours)

Public Cost

The estimated cost to the respondents is \$3,900. This is based on the estimated burden hours (195) multiplied (x) hourly rate (\$20.00).

13. Provide an estimate of the total annual cost burden to respondents or recordkeepers resulting from the collection of information.

There are no capital or start-up costs associated with this information collection.

14. Provide estimates of annualized cost to the Federal Government. Also provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information.

The estimated annual cost to the Federal Government associated with this collection is \$43,680. This is based on the estimated number of responses (260) multiplied by the number of hours expended by CBP Field Auditors per response (4) = 1,040 multiplied by the average hourly rate (\$42.00) = \$43,680.

15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of this Statement.

There has been no increase or decrease in the estimated burden hours previously reported for this information collection. There are no changes to the information collected.

16. For collection of information whose results will be published, outline plans for tabulation, and publication.

This information collection will not be published.

17. If seeking approval to not display the expiration date, explain the reasons that displaying the expiration date would be inappropriate

This is a recordkeeping requirement, so there is no form on which to display the

expiration date.

18. “Certification for Paperwork Reduction Act Submissions.”

CBP does not request an exception to the certification of this information collection.

B. Collection of Information Employing Statistical Methods

No statistical methods were employed.