

**SUPPORTING STATEMENT
U. S. DEPARTMENT OF COMMERCE
INTERNATIONAL TRADE ADMINISTRATION
FOREIGN-TRADE ZONES APPLICATIONS
OMB CONTROL NO. 0625-0139**

A. JUSTIFICATION

This is a request for approval of a revised information collection based on revisions to Foreign-Trade Zones Board regulations (RIN 0625-AA81).

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

The Foreign-Trade Zones Act (enacted in 1934) established the Foreign-Trade Zones Board (comprised of the Secretaries of Commerce and Treasury) to issue grants of authority for and regulate foreign-trade zones (FTZs) in the United States (19 U.S.C. 81a-81u). The purposes of the program are to help encourage exports and to assist firms engaged in domestic operations (ranging from warehousing to manufacturing) to compete internationally. State and local officials use FTZs as part of their economic development efforts to maintain and increase employment by attracting international trade-related activity. There are now 258 U.S. communities with zones, serving over 3,500 firms.

FTZs are granted by the FTZ Board and supervised by U. S. Customs and Border Protection (CBP). Foreign-trade zone facilities are located in port of entry areas for warehousing, processing and manufacturing operations involving foreign goods prior to their formal customs entry. Each FTZ is operated by a public or private corporation as a “public utility” – this requires “uniform treatment under like conditions” for all potential users of a FTZ and that “rates and charges” be “fair and reasonable.”

Foreign-trade zones provide procedures that allow firms to bring in foreign goods and materials for duty and quota-free export operations; and, while a customs entry must be made on goods entering the domestic market, savings can result from flexibility as to when and how duties and quotas are charged.

Most operations within approved FTZ sites do not require specific approval from the FTZ Board. However, companies seeking to conduct manufacturing activities either in established FTZ space or in subzone sites must submit a request to the FTZ Board for authorization before the activity can be conducted under zone procedures.

In February 2012, the FTZ Board published revised regulations, including an overhaul of application formats and processes. The application formats covered by this information collection include:

1. Application for a New General-Purpose Foreign-Trade Zone under Alternative Site Framework (ASF)
2. Application for a New General-Purpose Foreign-Trade Zone under Traditional Site Framework (TSF)
3. Application to Reorganize/Expand an Existing Foreign-Trade Zone under Alternative Site Framework (ASF)
4. Application to Reorganize/Expand an Existing Foreign-Trade Zone under Traditional Site Framework (TSF)
5. Application for a Subzone
6. Notification Requesting Production Authority
7. Application for Production Authority
8. Application for Minor Boundary Modification under Alternative Site Framework (ASF)
9. Application for Minor Boundary Modification under Traditional Site Framework (TSF)
10. Application for Waiver under 15 CFR 400.43(f) – Instruction Sheet

Overall, the revised regulations simplify and shorten application procedures. Although this information collection is not new, existing application formats have been changed to reflect the revised regulations and new types of application formats are now included. With respect to the application for a waiver, the effective date of the section of the FTZ Board’s regulations for this type of activity is February 28, 2014, although waiver requests can be submitted prior to the effective date. For a detailed breakdown of the application formats covered by this information collection, please see the response to Question 15 below.

Before a grant of authority can be issued or a zone can be expanded, the FTZ Act and Regulations require that an application with a description of the proposed project be made to the FTZ Board (19 U.S.C. 81b and 81f; 15 CFR §400.21-26). An application is also required if a party providing services to the “grantee of a zone” seeks authority to be exempted from a specific regulatory bar on key conflicts of interest. Depending on the type of authority being requested, applicants are required to complete one of the documents listed above. The Act and the Regulations also require that applications contain varying degrees of information (depending on the type of application) on facilities, financing, operational plans, proposed manufacturing operations, need, and economic impact.

FTZ manufacturing can involve issues related to domestic industry impact. Thus, applications for manufacturing authority must include specific information on the customs tariff-related savings that result from zone procedures and the economic consequences of permitting such savings. These proposals often involve the possibility of applying a lower finished product duty

rate to foreign-sourced components, and domestic industries sometimes oppose applications on the grounds that zone procedures would encourage imports of the components and thus would not be in the public interest. In these cases, the FTZ Board needs complete and accurate information on the proposed operation and its economic effects in order to weigh the potential positive and negative effects and, ultimately, to restrict any operation that would have a net negative economic effect. (The Act and Regulations authorize the Board to restrict or prohibit operations that are detrimental to the public interest.)

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.

Information submitted in FTZ applications is used by Board members (the Secretary of Commerce and Treasury officials) and their staffs; by a local CBP official (Port Director); by CBP headquarters, as an advisor to the Board; and, by the FTZ Staff in its review of the request. The information is essential for determining compliance with the Act and Regulations and formulating a recommendation or making a decision. Determining whether a proposal is in the public interest (positive net economic effect) often requires specific detailed information that only an applicant can provide.

While the information submitted in FTZ applications is used primarily by the FTZ Board members, CBP and FTZ staff in reviewing the request for FTZ benefits, the applications can also be reviewed during the public comment period by firms – or associations representing firms – that compete with products to be produced in zones or compete with foreign parts to be used in zone manufacturing. These firms and associations need the information in zone applications so they can analyze the proposal and determine whether it might adversely affect them. If they believe that there would be such adverse effects, these firms or groups would formulate comments to the Board (indicating why the proposal should not be approved) using the information presented in the application.

The information collection complies with ITA's Information Quality Guidelines, which seek to maximize the quality, objectivity, utility and integrity of information collections disseminated by ITA to the public. The information collection is useful to its intended users and is also easily accessible. The usefulness and accessibility of the collected information is demonstrated by the applications being used by firms, industries and associations for the purpose of compiling relevant data used in the submission of subsequent applications to the Board.

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.

The information collection does not involve the use of any automated or electronic forms of information technology at this time.

4. Describe efforts to identify duplication.

The information is not being collected elsewhere. The information that applicants must provide as part of the information collection is unique to the application process as required by the FTZ Board and is therefore not collected by another Federal Agency. The FTZ Board, an Inter-Agency board comprised of the Departments of Commerce and of the Treasury, has sole jurisdiction pertaining to the designation of sites for foreign-trade zone use and of companies to receive foreign-trade zone benefits, so no other agency would be collecting the information.

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

The size of the FTZ project usually determines the size of and, therefore, the effort which goes into, an application. In this way, small businesses inherently have a lesser burden than larger businesses applying for FTZ status. In addition, the FTZ Board's revised regulations implement a dramatically simplified and expedited application process for manufacturing authority, which should be particularly beneficial to small- and medium-sized manufacturers.

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

The information which is submitted in FTZ applications is not already available to the government -- it involves material and information that can only be furnished by the applicant. If the FTZ Board did not receive this information from applicants, it could not conduct properly its obligatory analysis under the FTZ Act and Regulations.

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

Our collection of information must diverge from the PRA guidelines in one way:

Although the PRA guidelines indicate a three year record-keeping period, FTZ applicants must retain a copy of their application for as long as they maintain FTZ status. This is because it is the responsibility of the FTZ grantee to ensure that their facility and the activity conducted therein complies with the authority they have been granted, the specific parameters of which are

established in their application. These parameters (the zone's scope of authority) vary substantially from zone to zone.

(Note: Prior OMB-approved collection of information for FTZ applications also diverged from the PRA guidelines by requiring FTZ applicants to submit a larger number of copies than indicated in the guidelines. However, the revised regulations have slashed the required number of copies that must accompany the original application document from eight copies to just one copy.)

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.

The Final Rule was published on Tuesday, February 28, 2012 [Volume 77 Number 39 12112-12155]. No comments from the public were generated from this publication.

The FTZ Board consults regularly with companies and organizations submitting applications to obtain feedback on the clarity of application instructions and formats and on ways to further clarify and simplify processes.

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

There is no remuneration linked to FTZ applications.

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

Respondents' submissions generally do not contain confidential data. If it were necessary for grantees to submit proprietary data, the revised regulations (15 CFR §400.54(c)) would enable the FTZ Board to assure the confidentiality of the data. (In such cases, the FTZ staff would first attempt to find a non-confidential alternative that would be acceptable to the respondent.)

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.

Information of a sensitive nature is not requested from applicants.

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

The estimated burden hours for the collection of information for FTZ applications are as follows (because of the wide variance in burden hours, each of the four types of applications is treated separately):

	Executive Hours	Professional Hours	Clerical Hours	Hours	x # of applicants	TOTAL HOURS
APPL. FOR A NEW GEN-PURPOSE FTZ UNDER (ASF/TSF)	16	105	27	148	x3	444
APPL. TO REORG/EXPAND AN EXISTING FTZ UNDER (ASF/TSF)	4	88	7	99	x10	990
APPL. FOR A SUBZONE	0.5	3	1	4.5	x15	67.5
NOTIFICATION REQUESTING PRODUCTION AUTH.	0.5	4	1	5.5	x33	181.5
APPL. FOR PRODUCTION AUTH.	10	19	5	34	x5	170
APPL. FOR MINOR BOUNDARY UNDER (ASF/TSF)	0.5	2	1	3.5	x120	420
APPL. FOR WAIVER UNDER 15 CFR 400.3(f)	0.25	0.75	0	1	x25	25
GRAND TOTAL HRS.						2,298

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 Question 12 above).

FTZ applications must be submitted in hard-copy format to the FTZ Board via package delivery carriers. The average shipping cost to submit the original application and one copy is approximately \$31.00 x 211 applications received for a total of \$6,541.00 dollars.

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

The annualized cost to the Federal government in salaries to review and process 211 FTZ applications is estimated as follows:

EMPLOYEE		Executive	Professional	Clerical	Operational Expense	COST/APPL x # of applicants	TOTAL COST
COST PER HR.		\$59	\$43	\$23			
APPL. FOR A NEW GEN-PURPOSE FTZ UNDER (ASF/TSF)	HOURS	15	110	20	0		
	COST	\$885	\$4,730	\$460	\$500	\$6,575 x3	\$19,725
APPL. TO REORG/EXPAND AN EXISTING FTZ UNDER (ASF/TSF)	HOURS	8	90	20	0		
	COST	\$472	\$3,870	\$460	\$250	\$5,052 x10	\$50,052
APPL. FOR A SUBZONE	HOURS	1	5	1	0		
	COST	\$59	\$215	\$23	\$70	\$367 x15	\$5,505
NOTIFICATION REQUESTING PRODUCTION AUTH.	HOURS	2	10	1	0		
	COST	\$118	\$430	\$23	\$70	\$641 x33	\$21,153
APPL. FOR PRODUCTION AUTH.	HOURS	30	150	20	0		
	COST	\$1770	\$6450	\$460	\$500	\$9,180 x5	\$45,900
APPL. FOR MINOR BOUNDARY UNDER (ASF/TSF)	HOURS	1	5	1	0		
	COST	\$50	\$215	\$23	\$50	\$347 x120	\$41,640
APPL. FOR WAIVER UNDER 15 CFR 400.3(f)	HOURS	5	10	1	0		
	COST	\$295	\$430	\$23	\$70	\$818 x25	\$20,450
GRAND TOTAL HRS.							\$255,413

15. Explain the reasons for any program changes or adjustments reported.

The FTZ Board has completely revised its regulations, including simplifying the requirements for certain types of applications and creating some new categories of applications. The improved procedures contained in the revised regulations are expected to lead to a larger number of applications (i.e., more use of the FTZ program) but to dramatically reduce the burden for many of those types of applications. The overall impact is to significantly reduce the information-collection burden on the public and on the federal government.

Form Name	Revisions
Application for New General-Purpose FTZ under (ASF and TSF)	New format provides two options to allow users to only respond to questions relevant to their request. Also, prior format contained a list of topics for an applicant to address – the revised application is in

	Q/A format based on the criteria listed in the revised regulations.
Application to Reorganize/Expand an Existing FTZ under (ASF and TSF)	New format provides two options to allow users to only respond to questions relevant to their request. Revised format updates questions based on the standards in the revised regulations.
Application for a Subzone	Simplified – reduced number of questions (from 49 to 12) by removing detailed questions on company and industry background.
Notification Requesting Production Authority	New
Application for Production Authority	Changed the name of the form (formerly called “Manufacturing Application”) and removed an attachment at the end that is no longer relevant (secondary scope).
Application for Minor Boundary Modification under (ASF and TSF)	New form with two options.
Application for Waiver under 15 CFR 400.43(f) – Instruction Sheet	New (Provision effective 2/28/2014)

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

The collection is not published.

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.

The OMB number and expiration date will be displayed on the form.

18. Explain each exception to the certification statement.

No exceptions to the certification statement are claimed.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

This collection does not employ statistical methods.