

**SUPPORTING STATEMENT
U.S. Department of Commerce
Bureau of Industry and Security
Special Comprehensive License
OMB Control No. 0694-0089**

A. JUSTIFICATION

This is a request for extension of a currently approved information collection.

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

Section 15(b) of the Export Administration Act (EAA) of 1979, as amended, authorizes the President and the Secretary of Commerce to issue regulations to implement the EAA including those provisions authorizing the control of exports of U.S. goods and technology to all foreign destinations, as necessary for the purpose of national security, foreign policy and short supply, and the provision prohibiting U.S. persons from participating in certain foreign boycotts. Export control authority has been assigned directly to the Secretary of Commerce by the EAA and delegated by the President to the Secretary of Commerce. This authority is administered by the Bureau of Industry and Security (BIS) through the Export Administration Regulations (EAR). The EAA is not permanent legislation, and when it has lapsed due to the failure to enact a timely extension, Presidential executive orders under the International Emergency Economic Powers Act (IEEPA) have directed and authorized the continuation in force of the EAR.

Section 752 of the EAR outlines a special procedure, the Special Comprehensive License (SCL) Procedure, whereby exporters with a proven record of conformance with the EAR can replace numerous individual licenses (ILs) with a SCL.

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 SCL Procedure authorizes multiple shipments of items from the U.S. or from approved consignees abroad who are approved in advance by BIS to conduct the following activities: servicing, support services, stocking spare parts, maintenance, capital expansion, manufacturing, support scientific data acquisition, reselling and reexporting in the form received, and other activities as approved on a case-by-case basis. These consignees are located in all destinations except the countries designated as providing support for acts of international terrorism, Country Group E in Supplement 1 to Part 740, and other countries that BIS may declare on a case-by-case basis as ineligible to receive items under the SCL. The SCL procedure also authorizes approved consignees to reexport among themselves and to certain approved countries. SCL holders

include distributors or resellers, manufacturers, and system integrators. The SCL is designed to be a flexible, global license that authorizes international marketing operations under customized internal control programs.

BIS advises exporters on using the most efficient and effective licensing mechanism for their needs, whether it is the use of License Exceptions, ILs or SCLs. BIS also frequently recommends modifications to their licensing arrangement where consolidation of consignees, expansions of reexport territories or special authorizations for more sophisticated equipment are warranted.

The SCL procedure is recommended for exporters who would apply for numerous individual licenses to ship many items to multiple destinations and consignees that meet the conditions outlined in Section 752 of the EAR. A new SCL is valid for four years and may be extended once for an additional four years. Thereafter, a new application must be submitted.

The eight-year renewal cycle is essential to effectively administer the SCL program. Numerous changes occur over this time frame in industry personnel administering the license, technology of products to be exported, international trade practices and in U.S. national security and foreign policy controls. The renewal process enables BIS to examine and update documentation from the SCL participants, particularly with regard to the domestic and foreign signatories. These individuals are "screened" through a database of names of persons whose reliability is in question, thus maintaining the integrity of the SCL procedure.

With the rapid technological innovation that has occurred over the last several years, previous generations of products are rapidly made obsolete and become decontrolled; generations of products can, and do, raise entirely different sets of concerns for BIS. The renewal process facilitates BIS's ability to reevaluate technology levels authorized under the license. The resulting authorization thereby more accurately reflects current U.S. national security and foreign policy concerns by decontrolling outdated equipment and maintaining rigorous controls on "leading edge" technology.

During the validity period of a SCL, the license holder shares export control responsibilities with the consignees approved on the SCL. These control responsibilities include all of the screening for reliability of customer and eligibility of product that the U.S. Government performs when issuing individual licenses. Therefore, the regulations also require that the exporter have in place an Internal Control Program (ICP) that guards against unauthorized, indirect diversions of sensitive products to proscribed destinations and other countries of concern. The ICP must also guard against unauthorized sales to chemical and biological activities and missile technology activities, and nuclear facilities contrary to the enhanced proliferation control initiative (EPCI) nonproliferation laws and policies of the U.S.

BIS assists firms in the development of the ICP, while the SCL holders are free to implement the ICPs based on their internal corporate structures. The regulations state the elements which are generally required in a program in broad terms. BIS has published guidelines to assist companies in evaluating and establishing an ICP. The guidelines describe certain elements which companies should take into consideration when establishing a program suitable to the

characteristics of their firm and SCL activities. A control program should be tailored to the individual firm. Without the Special Comprehensive License, the individual license would be required and would result in an enormous increase in the paperwork burden imposed on exporters and consignees.

BIS has determined that the reporting and record keeping requirements associated with this procedure are necessary to ensure that goods and technology exported from the U.S. will not be diverted to destinations, or to consignees within those destinations, where a significant potential for diversion exists. The Special Comprehensive License (SCL) is a streamlined licensing procedure designed to minimize the paperwork burden on U.S. exporters and approved consignees. The information gathered is used to request, evaluate and authorize exports and reexports under the procedure.

To apply for a Special Comprehensive License, the applicant must apply through SNAPR:

- a) Form BIS-748P, Multipurpose Application
- b) Form BIS-748P-B, End-User Appendix, if the applicant is requesting approval to export or reexport items controlled for nuclear nonproliferation or chemical and biological control reasons
- c) Form BIS-748P-A, Item Appendix

The following documents must be submitted through SNAPR in PDF

- d) Form BIS-752P, Statement by Consignee in Support of Special Comprehensive License (this form replaces Form BIS-6052P, Statement by Foreign Consignee in Support of Special License Application)
- e) Form BIS-752-A, Reexport Territories
- f) Consignee Certifications
- g) Additional Certifications, if applicable
- h) Comprehensive Narrative Statement
- i) Internal Control Program

The Comprehensive Narrative Statement is needed by BIS's licensing officials to provide a detailed description of the following:

- a) An overview of the total business activity the applicant and other parties will perform under the SCL.
- b) An explanation of the relationship between the parties to the application, such as affiliate, subsidiary, or parent.

- c) Information on whether proposed consignees are end-users or will reexport the items received under the SCL. They must describe the proposed consignee's activities completely to determine the appropriate ICP elements that the SCL holder and consignees must implement.
- d) A certification that there is in place, or will establish, upon approval of the application by BIS, an Internal Control Program.
- e) A description of the nature and anticipated volume of regular and repetitive transactions proposed by consignees under the license.

The applicant must complete BIS-752P, Statement by Consignee in Support of Special Comprehensive License, from each consignee. Each consignee must describe the scope of activities under the license in sufficient detail for BIS to determine whether the commodities imported under the license are intended for use or consumption by the consignee or resold.

The BIS-748P, BIS-478P-A and BIS-478P-B are approved under OMB Control No. 0694-0088.

The information gathered under this procedure and the additional requirements placed on the exporter by this procedure are used by BIS to ensure that the requirements and the restrictions of this procedure are strictly observed.

The Section 515 Information Quality Guidelines apply to this information collection and comply with all applicable information quality guidelines, i.e., OMB, Department of Commerce, and specific operating unit guidelines.

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 submitted via SNAPR** (BIS-748P, BIS-748P-A, BIS-748P-B, BIS-752P, BIS-752-A) will be entered into BIS's Export Control Automated Support System (ECASS). The names of foreign consignees and end-users will be checked against automated enforcement screens.

4. Describe efforts to identify duplication.

The information submitted by the respondents is not duplicated anywhere else in Government. Under the SCL Procedure, BIS is not asking for shipment information from the exporter; therefore, there is no duplication of Automated Export System data. Similar information is not available from any other source. The required information is unique to the SCL Procedure.

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

The information required by this reporting request must be submitted by exporters, regardless of size, if they wish to participate in the SCL Procedure. This procedure, as part of the EAR, is governed by national security requirements. Participation is voluntary and considered extremely beneficial on the part of exporters (exporters have the choice to continue to submit Individual licenses). BIS considers the SCL a privilege reserved only for firms with knowledge of the EAR and with proven commitment to the procedures that are established for the primary purpose of safeguarding the national security and foreign policy of the U.S.

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

If this information were submitted less frequently, it could result in exports to unapproved consignees with the possibility that illegal shipments would be made to proscribed destinations. Success in the overall export control aspects of this procedure is directly dependent upon the receipt of timely records and reports for compliance and audit purposes. Again, each required submission of documents for the SCL represents a reduction of paperwork over the only option, the individual license.

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

Not applicable.

8. Provide information 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 notice requesting public comment was published in the Federal Register on July 9, 2013 page 41032. No comments were received.

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

Not applicable.

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

The information required by this reporting request is treated as "business confidential" under section 12(c) of the Export Administration Act of 1979.

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.

There are no questions of a sensitive nature.

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

There are 542 burden hours annually associated with this collection of information. The assumptions and calculations are as follows:

11 active SCLs Fiscal Year

- 11 SCLs (all have extension options)
- 4 Consignees on each SCL

Reporting Hour Estimate

BIS began processing the first Special Comprehensive License (SCL) applications in January 1997. Currently, there are 11 SCLs.

A comprehensive narrative statement outlining the exporter's international marketing program and business activity must accompany the application forms (Form BIS-748P, Form BIS-748P-A, Form BIS-748P-B). The applicant must also certify that the firm has an internal export control program and submit for each foreign consignee a Form BIS-752P, Statement by Consignee in Support of Special Comprehensive License--also approved under Control No. 0694-0089. If the applicant is reexporting, the applicant must submit a Form BIS-752-A, Reexport Territories.

On average, BIS anticipates 1 new SCL applications annually. Based on an applicant submitting an application with an average of 4 consignees, BIS estimates that the average SCL application will take 40 hours to complete the forms, set up an internal control program, and prepare the comprehensive narrative statement and any other supporting documentation that may be specific to the commodity or country of destination.

1 New SCL applications x 40 hours = **40 hours**

BIS estimates 3 extensions annually on established SCLs. Each SCL extension request takes 30 minutes to complete since only the BIS-748P is required with a letter requesting extension.

3 SCL Extensions x .5 hours = **1hours and 30 minutes**

BIS estimates approximately 5 SCL amendment requests per license annually. The SCL Holder has to submit a BIS-748P and, if applicable, a BIS-748P-A. If the amendment action affects consignee information, the SCL Holder must submit the request on a BIS-752P and, if applicable, include a BIS-752-A and BIS-748P-B. The average time to complete both the form BIS-748P and BIS-748P-A is 45 minutes when used for an SCL; the average time to complete a set of forms BIS-752P, BIS-752-A and BIS-748P-B is 45 minutes (.75). Assuming 20% of all license amendments require the BIS-748P, and the remaining 80% require the BIS-752P, the annual hours associated with each SCL amendment is 4 hours (1 x .75 hours + 4 x .75 hours = 3.75 hours).

5 SCL amendments x 4 hours x 12 SCLs = 240 hours

Annual SCL Application Reporting hours:

1 New SCL applications x 40 hours	=	40
3 SCL Extensions x .5 hours	=	1.5
5 SCL amendments x 4 hours x 12 SCLs	=	240

Total Annual Reporting Hours: 281.5 (282)

Recordkeeping Hour Estimate

In addition, the SCL holder has recordkeeping responsibilities and must send a copy of the approved BIS-752P and BIS-752-A to each consignee with a transmittal letter explaining all the details listed in Section 752.10(a) of the EAR. The transmittal letter must also include notice to the consignees that they must send the SCL holder an acknowledgment of receipt of the transmittal letter, certification that they will comply with all requirements and certification of an established internal control program.

As part of the internal control program, the SCL holders are required to send all foreign consignees the Denied Persons List published by BIS in the Export Administration Bulletin (amendment to the EAR) and the Federal Register. This takes approximately 5 minutes.

Of the projected number of consignees (100) approximately 80% are resellers and 20% are end users. The recordkeeping activity for resellers is greater than that of end users.

Recordkeeping:

Resellers	=	38 @ 6 hours per year	=	228
End Users	=	20 @ 1 hour per year	=	20
SCL Holders	=	12 @ 1 hour per year	=	<u>12</u>

Total Annual Recordkeeping hours: 260

The total annual burden hours required for this collection are summarized below:

Total Annual Reporting hours:	282
Total Annual Recordkeeping hours:	260
TOTAL BURDEN HOURS	542

Cost Estimate

The cost to the public is estimated at \$16,370. This is based on a cost of \$9,870 for the 282 reporting hours at \$35 per hour, and \$6,500 for the 250 recordkeeping hours at \$25 per hour.

13. Provide an estimate of the total annual cost burden to the respondents or recordkeepers resulting from the collection (excluding the value of the burden hours in Question 12 above).

Not applicable.

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

It is estimated that the annual cost to the Federal Government is approximately \$382,800. This is based on approximately 8,320 staff hours annually at \$40 per hour = \$332,800, plus \$50,000 for travel and per diem for on-site reviews of internal control programs.

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

Not applicable.

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

It is not planned to publish this information for statistical purposes.

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 requirement to display the expiration date of the OMB authority for this collection is inappropriate because the collection is anticipated to be perpetual therefore BIS is requesting approval to not display the expiration date. All forms associated with this collection are considered useable until the nature of export controls change to a point that render their present format obsolete.

18. Explain each exception to the certification statement.

Not applicable.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

Not applicable.