

# SUPPORTING STATEMENT FOR PAPERWORK REDUCTION ACT SUBMISSIONS

## Statement of Registration OMB No. 1405-0002 DS-2032

### A. Justification

1. The Directorate of Defense Trade Controls (DDTC), Bureau of Political-Military Affairs, U.S. Department of State, in accordance with the Arms Export Control Act (AECA) (22 U.S.C. 2751 et seq.) 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 other requests for defense trade transactions via commercial channels, ensuring compliance with the statute and regulations, and collecting various types of reports. By statute, Executive Order, regulation, and delegation of authority, DDTC is charged with controlling the export and temporary import of defense articles, the provision of defense services and the brokering thereof which are covered by the U.S. Munitions List (USML).

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

- Whether the transactions are consistent with 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 appropriate offers or payment of political contributions, gifts, commissions, and fees, have 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 13637. 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.

Pursuant to Part 122 of the ITAR, any person who engages in the United States in the business of manufacturing or exporting or temporarily importing defense articles or furnishing defense services is required to register with DDTC. Pursuant to Part 129 of the ITAR, any U.S. person wherever located, and any foreign person located in the United States or otherwise subject to the jurisdiction of the United States, who engages in the business of brokering activities, is required to register with DDTC.

2. DDTC uses the information provided by registrants to meet the mandate described in item 1 above. As appropriate, such information may be shared with other U.S. Government entities. This information is currently used in the review and action on registration requests and to ensure compliance with defense trade laws and regulations. The DS-2032 has been used as evidence in legal cases involving violations of the AECA.
3. Submissions are made via a completed DS-2032 and accompanying support documentation and payment. The DS-2032 may be accessed from DDTC's Web site ([www.pmdtdc.state.gov](http://www.pmdtdc.state.gov)) and submitted electronically.
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.
6. The AECA specifically requires registration of defense firms. The ITAR establishes the frequency of information collection. It would be difficult to know the business backgrounds and connections of those engaged in defense trade without the required information. Thus, it would be extremely difficult for DDTC to meet its legally mandated responsibilities that include registering persons engaged in the business of manufacturing or exporting defense articles or defense services or the brokering thereof.

7. The ITAR requires registrants to maintain records for a minimum period of five years from the expiration of a license or written approval.
8. The Department published a notice in the Federal Register in accordance with 5 CFR 1320.8(d) on June 2, 2015 (80 FR 31446). No comments were received.
9. No payment or gift has been or will be provided to any respondent.
10. Respondents are engaged in the business of exporting or temporarily importing defense articles/services or brokering thereof, have registered with DDTTC pursuant to the ITAR (22 CFR Subchapter M), and correspondingly use the ITAR in the regular course of business. Thus, respondents would be familiar with §126.10 of the ITAR, which describes protection of confidentiality given to respondents' information. Other than provisions for confidentiality or nondisclosure included in the Freedom of Information Act, the ITAR, or other Federal regulations, no promises of confidentiality have been made to the respondent.
11. The Department of State is not soliciting 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 registration process is already available to U.S. industry. Consequently, it can be reasonably assumed that cost to industry in terms of time, money, and other resources is minimal. The Department estimates that the total number of registrants is 12,500 with an estimated 12,500 of them responding each year. Frequency of use is once a year. Also, the Department estimates that a registrant would need two hours to complete this submission. The Department estimates that the annual hour burden is 25,000 hours. According to the U.S. Department of Labor Bureau of Labor Statistics website ([www.bls.gov](http://www.bls.gov)), the weighted wage rate category for a "Compliance Officer" is estimated to be \$44.94 per hour (\$32.10 average wage x 1.4 multiplier). Therefore, the estimated annual burden hour cost to respondents "all occupations" is \$1,123,500 (25,000 annual burden hours x \$44.94).
13. The cost burden to respondents for CY 2014 was \$36,361,166.

14. The 12,500 responses received by DDTC during CY 2014 accounted for approximately 10.2% of its budget of \$36 million. The estimated annualized cost to the Federal Government was \$3,672,000 for reviewing these Statements of Registration. This estimated figure was determined by identifying the increase in registrants and associated responses since the previous reauthorization of this collection.

15. The number of respondents has been adjusted from 11,500 to 12,500, and the number of total annual responses has been adjusted from 11,500 to 12,500. The total annual hours requested have been adjusted from 23,000 to 25,000. Annualized costs to respondents have also been adjusted to \$36,361,166 from \$51,000,000 reflecting the registration fees collected in CY 2014.

Additionally, the form has been significantly altered as a result of an internal review process conducted with the intent of: (1) making the form easier to use; (2) to better utilize the information being collected by PM/DDTC; (3) to conform to data requirements and naming conventions associated with an IT modernization project currently underway in PM/DDTC, with the ultimate goal of automating the commodity jurisdiction determination process entirely. A record of changes has been added to the end of this document for ease of comparison.

16. The Department will not publish the information collected.

17. DDTC will display the expiration date for OMB approval of the information collection.

18. The Department of State does not seek any exception to the certification statement.

## **B. Collections of Information Employing Statistical Methods**

This collection of information does not employ statistical methods.

**APPENDIX: RECORD OF CHANGES TO FORM DS-2032**

<b>RECORD OF CHANGES, DS-2032 (STATEMENT OF REGISTRATION)</b>			
<b>NEW BLOCK NUMBER</b>	<b>OLD BLOCK NUMBER/PAGE NUMBER</b>	<b>CHANGE</b>	<b>REASON</b>
1	Blocks 1,2,3	Combined information in old blocks	Easier use of form and more logical placement
	n/a	Added option to claim ITAR business conducted during lapse in registration	Not included on old form; easier analysis for DTCC
	Page 5	Added option to report brokering activity	More logical placement on form
	n/a	Added certification of cessation of ITAR-controlled activities if canceling registration	Not available on old form; ease of use for both user and DTCC
2	Block 1	Separated "U.S. Person" designation to its own question	More logical for use of the form
3	Pages 4,5	Combined information in old sections and created new block number	More logical placement
4	Blocks 4,6	Combined questions from old blocks	More logical to have questions together on form
	n/a	Added "Educational Institution," "Nonprofit," and "Sole Proprietorship" options under Organizational Type heading	Greater flexibility for end users and clarity for DTCC
5	Block 4	Renumbered old section	Logical placement
	n/a	Added "POC" section	Ease of use and

			identification of one individual to whom to address correspondence
	Page 5	Added "Third party POC" section	Old placement was illogical
6	Block 7	Renumbered old section	Logical placement
	n/a	Added "US Person" designation for each individual named in the section	Ease of use for DTCC
		Added "Preferred Contact Information" section for each individual	Ease of use for end user
		Added attestation of indictment/conviction for each individual	Useful for DTCC when considering applications
7	Block 8	Renumbered old section	Logical placement
8	Blocks 9,10	Combined blocks and renumbered	Logical placement
	n/a	Added "US Person" and "Relationship" radio buttons	DTCC needs information to make informed decisions about registrants
		Added "For Affiliate: Controlled by applicant?," "For Affiliate: Countries Specified by ITAR § 126.1," "POC," and "If broker renewal" sections	Helps DTCC to make informed decisions when reviewing application
9	Block 11	Renumbered "Parent entities" list and address information	Logical placement
	n/a	Added "POC," "Parent	Needed to

		Status," "US Person," "Foreign owned or controlled," "Government owned or controlled," and "Explanation of parent removal" sections	establish a single person for DTCC to contact as well as provide information on parental company for review with application
10	n/a	Added "Does applicant have written policies and procedures for ITAR compliance" section	Useful for DTCC analysts when considering applicants
11	Block 12	Renumbered legal attestation	Logical placement
	n/a	Added "Indicted/Charged/Convicted status" radio buttons	Helps DTCC to make informed decisions when reviewing application
		Added "Contract and license eligibility" radio buttons	Helps DTCC to make informed decisions when reviewing application
	Page 5	Renumbered "Supporting Documentation" section	Logical placement
n/a	Added "Explanation of applicant control/ownership," "Documentation of US Person status," "Alternative SSN or Equivalent," "Contract and license eligibility," "Proof applicant is currently authorized to do business," "Subsidiary/affiliate removal	Reflects the options most likely to be used by applicants	

		type: Other," and OMB Control Number reference for Brokering activity report	
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