

SUPPORTING STATEMENT FOR PAPERWORK REDUCTION ACT SUBMISSION

Request to Change End-User, End-Use and/or Destination of Hardware OMB No. 1405-0173

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 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 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 the export and the temporary import of defense articles and the provision of defense services was delegated to the Secretary of State by Executive Order

13637. These regulations are primarily administered by the Deputy Assistant Secretary of State for Defense Trade and the Directorate of Defense Trade Controls, Bureau of Political-Military Affairs.

The “Request to Change End-User, End-Use and/or Destination of Hardware” information collection is used to request DDTC approval prior to any sale, transfer, transshipment, or disposal, whether permanent or temporary, of classified or unclassified defense articles to any end-user, end-use or destination other than as stated on a license or other approval.

2. DDTC reviews the request to change end-user, end-use and/or destination of hardware to determine whether to approve the request in accordance with foreign policy and national security interests.

3. Currently, there is no option of electronic submission of this information. Submissions are made via hardcopy documentation. Applicants are referred to ITAR §123.9 for guidance on information to submit regarding the request to change end-user, end-use and/or destination of hardware. DDTC plans to provide an electronic form that applicants may use for the purposes of obtaining an advisory opinion. Eventually, the applicant will be able to access this form from the DDTC website, complete it online, and submit it via the Internet.

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 and the ITAR established the frequency of information collection. The information required for the proper assessment of a proposal to change end-user, end-use and/or destination of hardware is reviewed on a case-by-case basis and is specific to the transaction under consideration. Absent this procedure for the collection of this information, the Department would not have a process for reviewing and responding to such requests.

7. The ITAR requires maintenance of records for a minimum period of five years.

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 DDTC 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 required is already available to U.S. industry 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). Consequently, it can be reasonably assumed that the cost to industry in terms of money, time, and other resources is minimal. An estimated 3,000 annual responses are expected from 3,000 respondents. Frequency of response is on occasion. The estimated time that each respondent devotes to each submission is approximately one hour. The estimated annual hour burden is 3,000 hours. According to the U.S. Department of Labor Bureau of Labor Statistics website (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 \$134,820 (3,000 annual burden hours x \$44.94).

13. There are no anticipated additional costs to respondents.

14. The 3,000 responses received by DDTC during CY 2014 accounted for approximately 3% of its budget of \$36 million. The estimated annualized cost to the Federal Government was \$1,080,000 for reviewing these applications. This

estimated figure was determined by identifying the increase in submissions since the last reauthorization of this collection, and comparing the resulting figure to the overall budget.

15. The number of respondents has been adjusted from 2,700 to 3,000 in the most recent estimate. Total annual responses have been adjusted from 2,700 to 3,000. Consequently, total annual hours requested have been adjusted to 3,000. The revised respondent number is based on the submissions identified in review of the DDTC database.

16. The information collected will not be published.

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.