

SUPPORTING STATEMENT
DAIRY TARIFF-RATE IMPORT QUOTA LICENSING REGULATION

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

The collection of information supports the Dairy Tariff-Rate Import Quota regulation (the Regulation) (7 CFR 6.20-6.37) which governs the administration of the import licensing system applicable to most dairy products subject to tariff-rate quotas (TRQs). The importation of most cheese made from cow's milk and certain noncheese dairy articles (butter, dried milks, and butter substitutes) are subject to TRQs and must be accompanied by an import license issued by the Department to enter at the lower tariff. Importers without licenses may enter these dairy articles, but are required to pay the higher tariff.

Specific information on the application for the license and associated information collection is in 7 CFR 6.24 and is copied below.

Application for a license.

(a) Application for license shall be made on electronic forms designated for the purpose by the Licensing Authority. All parts of the application shall be completed. The application shall be transmitted no earlier than September 1 and no later than midnight October 15 of the year preceding that for which license application is made. The Licensing Authority will not accept incomplete applications.

(b)(1) Where the applicant seeks to establish eligibility on the basis of imports, applications shall include identification of entries sufficient to establish the applicant as the importer of record of entries required under § 6.23, during the 12-month period ending August 31 prior to the quota year for which license is being sought. For qualifying licensed entries, verification will be only processed through DAIRIES and cross checked with entries in the CBP system. For qualifying unlicensed entries, the applicant will submit an electronic copy (e.g. scanned PDF) of CBP Form 7501 to the Licensing Authority.

(2) Where the applicant seeks to establish eligibility on the basis of exports, applications shall include:

(i) Census Form 7525 or a copy of the electronic submission of such form, and

(ii) The commercial invoice or bill of sale for the quantities and number of export shipments required under § 6.23, during the 12-month period ending August 31 prior to the quota year for which license is being sought.

(c) An applicant requesting more than one nonhistorical license must rank order these requests by the applicable Additional U.S. Note number. Cheese and cheese products must be ranked

separately from dairy articles other than cheese or cheese products.

- 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.**

The information received will be used by the Foreign Agricultural Service, Dairy Import Licensing Group, in the administration of the tariff-rate import quota licensing system for certain dairy products and the issuance of licenses in accordance with the Regulation. The Regulation requires records pertaining to an applicant's eligibility to be retained for 5 years after the end of a quota year.

Description of the Information Collection:

All information is collected electronically through the USDA/FAS computer system named DAIRIES. Forms are filled out on-line and do not exist in paper copies.

The department issues three types of import license: Historical, Nonhistorical, and Designated Importer Licenses --

FAS-923: Certification Required to Apply for Dairy Import Licenses.

All applicants for all import licenses must submit FAS-923 to the Department during the application period set forth in 7 CFR Sections 6.20 through 6.37. The Department issues three types of licenses: historical licenses (renewable); nonhistorical licenses (non-renewable); and preferred cheese licenses issued to importers designated by the government of a foreign country.

The information collection requires applicants to certify that they meet the eligibility criteria of the Regulation, are submitting the required supporting documentation, and maintain records on file for audit and inspection purposes.

Applicants for Nonhistorical Licenses --

FAS-923A: Application for Nonhistorical Cheese Licenses

Nonhistorical licenses are issued annually through a rank-order lottery system. Applicants applying to participate in the license lottery must submit this form. Licenses received are nonrenewable. A new application is required each year. The purpose of applicant rank-ordering requests for licenses is to provide a better alignment between importers' requirements and licenses obtained. Applicants are required to request cheese licenses for specific countries by using a rank order method.

- (1) In the first table, applicants rank-order requests for a maximum of six cheese licenses
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by selecting country/commodity combinations under the heading numbers 1 - 6.

(2) Optional: In the next three tables, applicants may also request additional cheese selections not included in the first table. Applicants may request up to eight different cheese licenses in each table labeled high, medium, and low. Licenses for cheese requested will not be issued until all requests in the first table are allocated.

FAS-923B: Application for Nonhistorical Noncheese Licenses.

Applicants are required to fill out this form requesting up to 8 non-cheese articles by rank order commodity/country selections.

All holders of importer licenses --

FAS-924A: License Surrender Form

After licenses are issued, Section 6.26 of the Regulation requires licensees to surrender by October 1 any license amount that a licensee does not intend to import that year. Licensees are required to use at least 85 percent of each net license amount. Using FAS-924A, licensees complete a table electronically, listing the license numbers and amount of each license being surrendered.

FAS-924B: Application for Requesting Additional TRQ Amounts

The Department will consolidate license amounts surrendered, revoked, and canceled during the quota year. Using FAS-924B, applicants who are requesting to increase the amount of a license that they currently hold are required to fill out the electronic form to identify the licenses for which they are requesting an additional TRQ amount. These selections then must be rank ordered.

Also on FAS-924B, applicants who are requesting a TRQ amount for which they do not have a license are also required to fill the electronic form to identify the new TRQ amount being requested. In both cases, license type, article, country of origin, license number, and amount requested are filled in.

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 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.**
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Dairy Accelerated Importer Retrieval and Information Exchange System (DAIRIES) is the web-based interface system used for this collection. The program partners with other government agencies which enable importers to utilize electronic Payment and eAuthentication technologies. Internal efficiency has been achieved by replacing manual processes such as ledger entry of certified checks and scanning of application forms. The electronic forms, submitted into DAIRIES, are used to enter data for selected applications and further processed by the Foreign Agricultural Service. The DAIRIES System allows importers to access, complete, and submit all required forms. Filers are required to use the electronic process and eAuthentication technologies.

Instructions are available and are displayed in both Microsoft WORD document format and in Adobe Acrobat PDF format.

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.

The request for information under the final rule does not duplicate any other Departmental requirements.

5. If the collection of information impacts small businesses or other small entities (Item 5 of OMB Form 83-1), describe any methods used to minimized burden.

The method used to obtain information has been minimized to ensure all respondents, including small businesses, will not be burdened. FAS estimates that 595 of the 700 respondents are small entities. The application forms are electronic, and the Foreign Agricultural Service has kept the amount of information collected to a minimal level that is necessary to decide upon the issuances of the licenses.

6. Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.

The information collection is necessary to determine eligibility to obtain benefits under the Regulation. Import licenses are issued annually under terms and conditions set forth in the Regulation and are valid until December 31 of each quota year. If such information were collected less frequently, the Department would not be able to issue licenses on an annual basis in compliance with the Regulation.

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

- **requiring respondents to report information to the agency more often than quarterly;**
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No reporting is required under this collection.

- **requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;**

Applicants are informed of the application process and provided sufficient time throughout the year to respond.

- **requiring respondents to submit more than an original and two copies of any document; No originals are required- all submissions are electronic**

No originals are required. All submissions are electronic.

- **requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years;**

The Regulation requires records pertaining to an applicant's eligibility to be retained for 5 years after the end of a quota year. Five years is standard for other Department regulations, which require audit and inspection of records of program participants whose business premises are widespread geographically and such geographic areas may not be able to be audited in less than every 5 years.

- **in connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study;**

No statistical surveys are used.

- **requiring the use of a statistical data classification that has not been reviewed and approved by OMB;**

No statistical data classification is used.

- **that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use;**

No pledge of confidentiality is required.

- **requiring respondents to submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.**

There are no other special circumstances.

8. **If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice. 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.**

Describe 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.

Consultation with representatives of those from whom information is to be obtained or those who must compile records should occur at least once every 3 years even if the collection of information activity is the same as in prior periods. There may be circumstances that may preclude consultation in a specific situation. These circumstances should be explained.

In a Federal Register notice dated August 3, 2016 (Vol 81 No. 149 pg. 51178), the Department published a "Request for extension of the currently approved information collection." No comments on the information collection were received.

The Agency also surveyed 17 importers to ask how much time it takes to fill out the forms. Seventeen companies responded. On average, their responses were in line with the estimates published in the Federal Register Notice in August, 2016.

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

No payments or gifts were offered.

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

The information requested is not of a confidential nature.

11. **Provide additional justification for any questions of a sensitive nature, such as sexual behavior or 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.**
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The information requested is not of a sensitive nature.

12. **Provide estimates of the hour burden of the collection of information. Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated.**

- **Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burden in Item 13 of OMB Form 83-I.**
- **Provide estimates of annualized cost to respondents for the hour burdens for collections of information, identifying and using appropriate wage rate categories.**

The aggregate total burden hours are 479 for the information collection and recordkeeping. The estimated total number of respondents is 700 for Forms 923, 923A, and 923B, with each response requiring an average of 0.75 hour. For Form 924A and 924B, the estimated number of applicants is 150, with each response requiring an average of 0.15 hour. The estimated total annual cost for the reporting burden of 479 hours is \$15,323 (based on an average business and financial operations standard rate of \$31.99 per hour as estimated from Bureau of Labor Statistics wage figures).

13. **Provide estimates of the total annual cost burden to respondents or record keepers resulting from the collection of information, (do not include the cost of any hour burden shown in items 12 and 14). The cost estimates should be split into two components: (a) a total capital and start-up cost component annualized over its expected useful life; and (b) a total operation and maintenance and purchase of services component.**

There are no capital and start-up costs or expenses with operations and maintenance.

14. **Provide estimates of annualized cost to the Federal government. Provide a description of the method used to estimate cost and any other expense that would not have been incurred without this collection of information.**

There is no net cost to the Government. The total cost of operating the licensing program is estimated annually and a license fee is charged for each license issued to cover the estimated cost. The license fee for a forthcoming year is published in the Federal Register in August 2016.

15. **Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-I**

The number of burden hours is unchanged at 479.

16. **For collections of information whose results are planned to be published, outline plans for tabulation and publication.**

The Foreign Agricultural Service does not plan to publish any information collected.

17. **If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.**

No exception is requested.

18. **Explain each exception to the certification statement identified in Item 19 “Certification for Paperwork Reduction Act.”**

There are no exceptions.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

The collection of data does not employ statistical methods.
