

SUPPORTING STATEMENT
U.S. Department of Commerce Bureau of Industry and Security

U.S. Automobiles and Automotive Parts
OMB Control No. 0694-0120

A. Justification

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

On May 23, 2018, in response to a request by the President of the United States, the Secretary of Commerce initiated an investigation to determine the effects on the national security of imports of automobiles, including cars, SUVs, vans and light trucks, and automotive parts. This investigation has been initiated under section 232 of the Trade Expansion Act of 1962, as amended. As part of this investigation, the Bureau of Industry and Security (BIS), Office of Technology Evaluation (OTE), is conducting a survey and assessment of the automobile and/or automotive parts industries. The survey, requested by the Office of the Secretary of the U.S. Department of Commerce, will be used to gather critical industry data necessary for the national security analysis required for this investigation.

The principal goal of this survey is to assist the Commerce Department in determining whether automobiles are being imported into the United States in such quantities or under such circumstances as to threaten to impair the national security. Information collected will include facilities and production data, trade flows, supply chain data, sales and demand data, employment information, joint ventures, conditions of competition, research and development information, and government and defense activities. The resulting aggregate data will give the Commerce Department detailed industry information that is otherwise not available and is needed to effectively conduct its analysis.

During the design and development of the survey instrument, OTE gathered input from other U.S. agencies and government experts.

OTE has authority under Section 705 of the Defense Production Act of 1950, as amended (DPA), and Section 232 of the Trade Expansion Act of 1962, as amended, to conduct assessments and collect information on the capabilities and capacity of the U.S. industrial base and domestic industries to support the national defense. These assessments are normally undertaken in partnership with the U.S. Department of Defense or with other U.S. federal agencies and typically focus on manufacturing capability, workforce, financial performance, and economic issues affecting key industrial sectors or critical technologies.

The enclosed survey questionnaire, which primarily covers a five-year period, is the source of information needed for a national security analysis of this type.

By virtue of the above mentioned statutes, OTE is the focal point for national security analyses among civilian federal agencies, which includes mandatory data collection authority to carry out these responsibilities.

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.

OTE intends to survey the thirteen major automobile manufacturers with current assembly facilities in the United States.

The survey is a one-time only request. Quantitative data obtained from the survey responses will be compiled into a database for analysis, with publication consisting only of aggregate, nonproprietary results with no business confidential information. This data is needed to assess the status of the automobile and automotive parts industries and how U.S. national security may be impacted by imports of these products. Qualitative questions are used in some limited cases to complement the statistical data. Through analysis of the aggregated survey results, the overall goal is to enable the Commerce Department to determine whether further actions and steps should be taken to adjust automobile and/or automotive parts imports so that they will not threaten to impair the national security.

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.

To lessen the burden on respondents, OTE is asking firms to provide electronic submissions. Each respondent will receive a personalized letter and overview fact sheet which outline the requirements of the study and scope of information required. The letter will contain directions to the dedicated U.S. Department of Commerce portal where the respondent can gain access to the Excel survey instrument and corresponding PDF materials. This approach was used successfully for the 2015 Critical Facilities, 2015 Printed Circuit Board, and 2016 Textiles, Apparel, and Footwear surveys. All three survey instruments were reviewed and approved by OMB.

The statistical information requested in the survey tracks closely with categories adopted in the industry. Almost all responding companies will have the necessary information stored electronically and will be able to retrieve it in the form requested. Other limited questions will require thought and perhaps discussion among several individuals for proper responses. These particular questions do not lend themselves to computer automation. However, such questions only require brief responses in the text boxes provided.

4. Describe efforts to identify duplication.

The information sought in the survey is unique and not available from any other source, either public or private. Only basic corporate data requested by OTE is submitted by companies to the U.S. Census Bureau. However, by law, the Census Bureau may only use such data for Census purposes and may not disclose the data for any other purpose.

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

Target companies for this survey are automakers which tend to be large multinational companies. The survey instrument was designed to minimize the burden on all respondents. If

for any reason the respondent cannot complete the survey in Excel format, OTE will work closely with the respondent to facilitate an alternate form of survey submission. Based on previous survey instruments, OTE expect almost all companies to respond electronically.

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

For the assessment of the U.S. automobile and automotive parts industries, a mandatory survey is the only method available for OTE to carry out its responsibilities under the Defense Production Act. Without the survey instrument, OTE could not obtain company specific information on: facilities and production data, trade flows, supply chain, sales and demand data, employment data, joint ventures, conditions of competition, research and development data, and government and defense activities. The resulting database will allow OTE to benchmark industry performance, identify impacts of foreign imports on the automotive supply chain, as well as determine the resulting impact on the national security. If not studied in such detail, the Section 232 investigation would not be thorough enough to answer whether imports of automobiles and automotive parts jeopardize U.S. national security.

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

N/A

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 Federal Register notice requirement is not applicable to this collection because this collection falls within the scope of the BIS generic authority entitled, "Request for Investigation Under Section 232 of the Trade Expansion Act," as approved under OMB Control No. 0694-0120. This authority is renewed by OMB every three years (and is currently with OMB for renewal) to support ongoing BIS industrial base assessment needs.

OTE personnel developed the survey in consultation with government experts over a period of over a month. OTE consulted closely with the International Trade Administration's Industry and Analysis unit, specifically automobile and automotive parts subject matter experts. The Department of Defense's Office of the Under Secretary of Defense for Acquisition and Sustainment was also consulted.

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

This survey will not involve any payment or gifts to respondents.

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

The survey, cover letter, and fact sheet provide assurance to the respondents that the information collected through the survey will be deemed business confidential and will be treated in accordance with Section 705 of the Defense Production Act of 1950, as amended (50 U.S.C Sec. 4555). This section prohibits the publication or disclosure of such information unless the President determines that withholding it is contrary to the interest of the national defense. The survey will be administered and the data collected via a secure U.S. Department of Commerce portal. Information submitted will not be shared with any non-government entity, other than in aggregate form. The U.S. Department of Commerce will protect the confidentiality of such information pursuant to the appropriate exemptions from disclosure under the Freedom of Information Act (FOIA), should it be the subject of a FOIA request. OTE has a long and successful track record of protecting business confidential information collected under the above statute.

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.

This survey will not collect information that could be construed as being of a sensitive nature, such as information concerning sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered sensitive or private.

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

OTE estimates that the total burden placed on respondents by this survey on U.S. automakers and automotive parts suppliers will be approximately 260 hours. This estimate is based on distributing surveys to thirteen respondents with an average time of 20 hours needed to complete each survey.

This burden estimate is subject to variations among respondents due to discrepancies in level of participation in the automobile industry, record keeping, company size, and other variables. The estimate is based on OTE's overall past experience, as well as specific feedback from industry participants in information collections such as bare printed circuit boards, cartridge and propellant actuated devices, underwater acoustic transducers, strategic materials, microelectronics, the U.S. space sector, healthcare products, and others.

The estimated total cost to respondents of this information collection is calculated as \$9,100. This estimate was made by assuming an average hourly respondent work rate of \$35 multiplied by 260 total burden hours.

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).

Not applicable.

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

The estimated cost to the Federal Government for the survey is \$1,132,172 over a one-year period. A major portion of this cost is related to the survey questionnaire, which includes preparing, collecting, verifying and tabulating the information, and analyzing the data. Other costs will be incurred by summarizing the analysis and findings. The direct employee costs were estimated by assuming the hours spent on the project, about one-year equivalent, or 52 weeks and taking the one-year annual pay of one GS-15 step 10, one GS-14 step 10, and five GS-13 step 10. The direct employee costs are \$943,477.

Indirect or overhead costs associated with the project are calculated as 20 percent of the direct employee costs, or \$188,695. A review of OTE budgets from previous years indicates costs for building maintenance, telephone, computers, and space rental charges generally run about 20 percent of total employee costs.

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

Because the nature of this collection of information falls within BIS's generic authority entitled, "Request for Investigation Under Section 232 of the Trade Expansion Act," (OMB Control No. 0694-0120), there is no increase in burden hours. This is the first time BIS has used this authority in FY2018 (a total of 3,000 hours authorized in 2015). An unused balance of 2,740 annual burden hours (3,000 less 260 hours) will remain if the survey instrument is approved under this authority.

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

All data collected will be aggregated before publishing to protect company confidentiality. The surveys will be provided electronically to the companies in June 2018. The analysis will be started in July 2018 and a draft report will be prepared by the beginning of August 2018. The final report is planned for publication in early 2019.

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.

Not applicable. BIS will display the expiration date of this collection authority on all survey and instructional instruments the public receives.

18. Explain each exception to the certification statement.

Not applicable.

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

Not applicable.