

SUPPORTING STATEMENT FOR PAPERWORK REDUCTION ACT SUBMISSION

Statement of Registration OMB Number 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.), the International Traffic in Arms Regulations (ITAR) (22 CFR parts 120-130), and associated delegations of authority, has the principal missions of promulgating regulations for the import and export of defense articles and defense services; 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 information for reports that are submitted to Congress. 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 of such items.

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, as amended. These regulations are primarily administered by the Deputy Assistant Secretary of State for DDTC.

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

2. DDTC uses the information provided by registrants to meet the mandate described in question one. DDTC uses the information to evaluate registration requests and further ensure compliance with defense trade laws and regulations. Form DS-2032 may also be used in administrative or judicial proceedings, or related investigations, involving violations of the AECA, or shared with other U.S. Government entities as necessary.
3. Respondents may access and submit Form DS-2032 electronically via DDTC's website (www.pmdtdc.state.gov). Upon implementation of DDTC's new case management system,

the DS-2032 may be submitted electronically via the Defense Export Control and Compliance System (DECCS) also accessible from DDTC's website.

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. This information collection applies to all persons engaged in manufacturing, brokering, exporting, and temporarily importing defense articles and defense services; therefore, this reporting requirement applies to large and small businesses equally.
6. Absent this information collection, it would be difficult for DDTC to know the business backgrounds and connections of those engaged in defense trade. It would be extremely difficult for DDTC to meet its legally mandated responsibility of registering persons engaged in the business of manufacturing, exporting, temporarily importing, and brokering of defense articles or defense services.
7. Registrants must maintain records for at least five years as set forth in ITAR § 122.5 (OMB Control No. 1405-0111). In addition, to comply with the requirements of ITAR §§ 122.4 and 129.8, companies and individuals may be required to submit proprietary or business-sensitive materials for DDTC to understand the foreign policy and national security implications of a proposed transaction or change in registration.
8. The Department published a notice in the Federal Register on September 25, 2018 (83 FR 48496) soliciting public comments. DDTC received a single response recommending changes. The commenting party requested removal of home address and Social Security Number (SSN) for members of the applicant's board of directors, senior officers, partners and owners from the information collection. DDTC notes that the provision of an SSN has not been a requirement, but has been considered optional, as disclosed in the instructions section of the form, under "Privacy Act Statement." Given that SSN has been considered optional, DDTC has reevaluated the need to collect home address and SSN for the individuals listed above and determined that the benefits of collecting the information no longer outweigh the risk. The home address and SSN fields will be removed from the information collection (Block 6 of the DS-2032). The same commenting party recommended updating or removing payment information from the information collection. DDTC notes that the payment information was previously removed from the information collection under a previous OMB review and approval.
9. No payment or gift has been or will be provided to any respondent.
10. A privacy impact assessment (PIA) was conducted in 2016 and can be viewed at <https://www.state.gov/privacy>. This collection of information is covered under STATE-42, Munitions Control Records, which is also published on <https://www.state.gov/privacy>. Respondents to this collection may review ITAR § 126.10, which describes DDTC's policy regarding the disclosure of information.

11. The Department of State is not soliciting any information regarding questions of a sensitive nature or matters commonly considered private.
12. The Department estimates that 14,800 respondents will spend one hour per year completing Form DS-2032, totaling 14,800 hours. Additionally, the Department estimates that five percent of respondents (740 respondents) will spend an additional five minutes per year amending form DS-2032 outside of the renewal period. The Department estimates this will take 62 hours per year. The Department estimates the total annual hour burden to be 14,862 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 \$48.15 per hour (\$34.39 average wage x 1.4 multiplier). Therefore, the estimated annual burden hour cost to respondents is \$715,605 (14,862 annual burden hours x \$48.15).
13. Respondents must pay an annual fee to register with DDTC. The total cost to respondents in FY 2017 was \$29,341,562.
14. DDTC estimates that the work associated with Form DS-2032 accounts for approximately 10.2% of its budget of \$29 million. The estimated annual cost to the Federal Government is \$2,958,000 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 increased from 12,500 to 14,800, and the number of total annual responses increased from 12,500 to 15,540. The total annual hours requested increased from 12,500 to 14,862. The annual cost to respondents was adjusted to \$29,341,562 from \$36,361,166 to reflect the registration fees collected in Fiscal Year 2017. The increase in respondents is the result of relocating a portion of Form DS-7789 from its existing collection, 1405-0227, to Form DS-2032. Registrants reporting changes that **are not** related to a merger, acquisition or divestiture will report such changes to DDTC using Form DS-2032 instead of Form DS-7789. The burden associated with these questions will be deducted from 1405-0227.

See Appendix A for a summary of changes to Form DS-2032.

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. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

This collection does not employ statistical methods.

APPENDIX A

DS-2032 Summary of Changes

#	Block #	Block Title	Change
1	1	General Information	<ul style="list-style-type: none"> Swapped the contents of blocks 1 and 2
2	2	Registration Information	<ul style="list-style-type: none"> Added fields to allow a foreign government to designate FMS Freight Forwarders (Exporters) Changed the order of the fields within the block Removed <u>Number of months during lapse in which ITAR business was conducted</u> field Added <u>Lapsed Registration ITAR Activity Date</u> fields Added <u>Does the amendment involve a material change to the registration</u> radio buttons Added <u>Material Change Type</u> check boxes Added <u>Notification Triggering Event Date</u> field Added <u>Summarize the essentials of the transaction...</u> field
3	3	Foreign Ownership/Control Information	<ul style="list-style-type: none"> Added <u>A foreign person owns, or foreign persons own, more than 50%...</u> field Changed “own 5% or more” to “own more than 5%” in <u>Foreign persons (including foreign governments from countries specified in 22 CFR 126.1...</u> field label
4	4	Organization Type Information	<ul style="list-style-type: none"> Added “or Business Commencement” to the <u>Place of Incorporation (if applicable)</u> field label
5	5	Identifying Information	<ul style="list-style-type: none"> Added <u>Applicant Type</u> radio button Added <u>First Name</u>, <u>Middle Name</u>, and <u>Last Name</u> fields Added <u>Address Line 3</u> fields for applicant’s primary address and mailing address Removed <u>Authorized 3rd party point of contact for this registration</u> check box Added <u>Point of Contact Type</u> radio buttons Removed <u>Point of Contact</u> name fields for both applicant and 3rd party points of contact Added <u>First Name</u> and <u>Last Name</u> fields for point of contact Combined <u>Title</u>, <u>Telephone</u>, and <u>Email</u> fields for applicant and 3rd party points of contact Removed <u>Secondary POC E-mail</u> field Allow multiple points of contact to be entered
6	6	Members of the Board of Directors, Senior Officers, Partners and Owners	<ul style="list-style-type: none"> Changed the order of fields within the block Removed <u>Social Security Number or Equivalent</u> field

			<ul style="list-style-type: none"> • Removed <u>Birth City</u> and <u>Birth State/Province</u> fields • Removed home address fields • Added <u>Company/Organization Name</u> field • Added <u>Doing Business As Name</u> field • Added address fields for entities • Added point of contact fields for entities
7	8	Affiliate/Subsidiary Information	<ul style="list-style-type: none"> • Added <u>Address Line 3</u> for affiliate/subsidiary address • Changed “own 5% or more” to “own more than 5%” in <u>A foreign person from a country specified in 22 CFR 126.1...</u> field label • Added <u>Separate Point of Contact for Affiliate/Subsidiary</u> check box • Removed <u>Point of Contact</u> name field • Added <u>First Name</u> and <u>Last Name</u> fields for point of contact • Renamed <u>Remove Subsidiary/Affiliate to Select reason for Adding or Removing Affiliate/Subsidiary</u> • Added <u>If reason selected is Merger, Acquisition, or Divestiture, did you submit as appropriate, 60 day pre-notification/5 day MAD material change notification letters</u>
8	9	Parent Information	<ul style="list-style-type: none"> • Added <u>Address Line 3</u> for parent address • Added <u>Separate Point of Contact for Parent</u> field • Removed <u>Point of Contact</u> name field • Added <u>First Name</u>, <u>Last Name</u> and <u>Title</u> fields for point of contact • Removed <u>Explanation of Parent Removal</u> field
9	10	Statement of Registration	<ul style="list-style-type: none"> • Removed “Alternative SSN or Equivalent” option from <u>Document Type</u> field • Changed “Subsidiary/Affiliate Removal Type ‘Other’ Explanation” option to “Subsidiary/Affiliate Add/Remove Type ‘Other’ Explanation” in <u>Document Type</u> field
10	N/A	Designate a Corporate Administrator	<ul style="list-style-type: none"> • Added Corporate Administrator fields to allow industry to designate a Corporate Administrator during the initial registration process
11	N/A	Privacy Act Statement	<ul style="list-style-type: none"> • Updated the Privacy Act Statement to remove references to SSN