

Department of Transportation

SUPPORTING STATEMENT

Ocean Shipments Moving under Ex-Im Bank Financing

This is to request the Office of Management and Budget's (OMB) three-year approval clearance for the information collection entitled, Ocean Shipments Moving under Ex-Im Bank Financing, (OMB Control No. 2133-0013, which is currently due to expire on March 31, 2019.

A. Justification

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

Under 46 U.S.C. Section 55304, the codification of Public Resolution 17 of the 73rd Congress (PR 17), the Maritime Administration (MARAD) is responsible for certifying vessel availability related to loans and/or guarantees extended by the Export-Import Bank (Ex-Im Bank) to exporters. PR 17 provides that it is the "sense of Congress" that all shipments financed by Ex-Im Bank and that move by sea, should be transported exclusively on U.S.-flag registered vessels unless MARAD certifies that such vessels are unavailable. Ex-Im Bank, as a condition of its financing for certain programs and transactions, requires that U.S.-flag vessels be used where ocean transport of cargoes is necessary, unless Ex-Im Bank receives a determination from MARAD that U.S.-flag vessels are not available.

In accordance with 46 U.S.C. § 55305(d)(2), MARAD has a legislative requirement to conduct an annual review of the shipments generated under all Federally-sponsored programs. The monthly reporting form (see enclosed Form MA-518, MONTHLY REPORT OF OCEAN SHIPMENTS MOVING UNDER EXPORT-IMPORT FINANCING, aka Form F) with bills of lading attached, provides evidence of the shipments made during the entire shipping program for the life of the loan agreement. Based on the monthly report, MARAD can determine the ocean freight revenues/tonnage of U.S.-flag shipments related to Ex-Im Bank financings. MARAD annually reviews the total shipping activities during each calendar year of the Ex-Im Bank-financed cargoes in terms of total ocean freight revenues/tonnage of the U.S. - and non-U.S.-flag shipments, the U.S.-flag revenues/tonnage and the percentage of the U.S.-flag participation.

The prescribed monthly reporting form is necessary for MARAD to fulfill its legislative requirement to monitor the percentage of ocean freight revenues/tonnage. The monthly reporting form serves as a uniform benchmark for MARAD, the borrower, the shipper and/or ocean transportation intermediary (OTI) determine the status of the distribution of the shipments and the freight revenues/tonnage monthly. Since some Ex-Im Bank credit agreements entail only a few shipments made during a compressed timeframe, such as up to a two to three-month period, the Form F permits MARAD to maintain an accurate and timely account of the shipments. For other Ex-Im Bank credit agreements, the shipments may take place over several years, entail a change in OTIs and/or the introduction of

subcontractors responsible for making their own shipping arrangements for equipment to be financed under the same loan agreement. In those instances, the Form F allows MARAD to trace all shipping activities related to a credit in support of its program review requirements, described above.

MARAD and Ex-Im Bank have undertaken an effort to discuss the use of U.S.-flag vessels (Transparency Initiative). As part of this Transparency Initiative, MARAD has collaborated with Ex-Im Bank to collect information with respect to the use of U.S.-flag vessels by shippers as required by the Ex-Im Bank. In addition to the Transparency Initiative, MARAD seeks to use the information gathered to assist Ex-Im Bank shippers with finding suitable U.S.-flag vessels for their cargo, and to assist MARAD in making availability determinations as required by PR 17.

In addition to the legislative requirements, the collection and use of this data helps achieve the Department of Transportation's National Security and Economic Growth strategic goals. It also helps achieve MARAD's strategic National Security and International Trade goals.

Excerpt of Applicable Laws and Regulations:

46 USC § 55304 – “It is the sense of Congress that any loans made by an instrumentality of the United States Government to foster the exporting of agricultural or other products shall provide that the products may be transported only on vessels of the United States unless, as to any or all of those products, the Secretary of Transportation, after investigation, certifies to the instrumentality that vessels of the United States are not available in sufficient number, in sufficient tonnage capacity, on necessary schedules, or at reasonable rates.”

46 USC § 55305(d)(2)(A) – “[The Secretary] shall conduct an annual review of the administration of programs . . . subject to the requirements of this section”

46 CFR § 381.2(c) – “*Department or agency having responsibility under the Cargo Preference Act of 1954* means any department or agency of the Federal Government, administering a program that involves the transportation on ocean vessels of cargo subject to the Cargo Preference Act of 1954. At present, these agencies include . . . (6) Export-Import Bank of the United States.”

46 CFR § 381.3(a) – “Reports of cargo preference shipments. Each department or agency subject to the Cargo Preference Act of 1954 . . . shall furnish to the Office of National Cargo and Compliance . . . within 20 working days of the date of loading for shipments originating in the United States or within 30 working days for shipments originating outside the United States, the following information concerning each shipment of preference cargo:

- (1) Identification of the sponsoring U.S. Government agency or department;
- (2) Name of vessel;
- (3) Vessel flag of registry;

- (4) Date of loading;
- (5) Port of loading;
- (6) Port of final discharge;
- (7) Commodity description;
- (8) Gross weight in pounds;
- (9) Total ocean freight revenue in U.S. dollars.”

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 collection is used by MARAD to monitor compliance with the cargo preference laws by parties covered under 55304 and 46 CFR Part 381. In addition, MARAD uses the information to compile annual information on Ex-Im Bank-financed shipments, and when applicable, to provide for an informal grievance procedure, in the event there is a question or complaint pertaining to cargo preference matters.

The monthly shipping reports, with substantiating documents, provide the only basis for MARAD to exercise its legislative responsibility to monitor Ex-Im Bank-financed cargoes that are transported on U.S.-flag vessels, recipient flag vessels and on third-flag vessels according to the determinations and certifications of vessel non-availability that have been granted. The compilation of the statistics from the Form F forms the basis for determining compliance with 55304 for each loan participant, which information is provided to Ex-Im Bank, and is the nucleus for conducting annual reviews of the shipping activities of the Ex-Im Bank programs.

To get a rate for shipping cargo and to employ the services of an ocean carrier, a shipper or their OTI, must provide certain information about the cargo: what it is, how big and heavy it is, when it will be ready for loading, and its origin and destination. Experienced shippers usually contact ocean carriers directly and give carriers the above information in order to get a rate.

Inexperienced shippers may contact MARAD for assistance. MARAD will get that same information from the shipper and forward it to the U.S.-flag ocean carriers. The only burden to the shipper is sending MARAD a copy of the above information or copying MARAD on electronic correspondence between the shipper and potential ocean carriers.

For the purpose of the Transparency Initiative all Ex-Im Bank shippers required to use U.S.-flag vessels, not just those who ask for assistance, will be asked to provide the above information.

MARAD intends to use the information collected as part of the Transparency Initiative to share with the Ex-Im Bank. MARAD also intends to use the information to assist Ex-Im Bank shippers with finding suitable U.S.-flag vessels and in support of the determinations MARAD makes with respect to requests from Ex-Im Bank shippers for certifications of non-availability.

- 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 information technology. Also, describe any consideration of using information technology to reduce burden.**

The EXCEL version of the Form F significantly reduces the amount of time it takes to enter the data into the form as opposed to typing the information onto the old form. The information may then be emailed, instead of being mailed or delivered by courier. In addition, MARAD employees need only copy and paste the bill of lading data into the Cargo Preference Overview System (CAPOS) database as opposed to entering the data from each individual bill of lading submitted. The information collected as part of the Transparency Initiative will not be collected from Ex-Im Bank shippers using a form; instead it may be collected from electronic or telephonic communications.

- 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.**

Duplication of this effort is unlikely since it is of interest only to the individual parties concerned. There are no national or international publications collecting or publishing this material.

The monthly shipping report consists of the Form F with copies of bills of lading attached as evidence of the shipments that have been made. Bills of lading are commercial shipping documents, issued by the ocean carrier that must be prepared for all shipments overseas and as such, are used in conjunction with the prescribed reporting form.

The information gathered with respect to the Transparency Initiative relates only to the specific transactions involved, and is not available from any public source.

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

The information collected generally does not involve small businesses. The burden to the respondent is not significant, since it consists of providing a copy of their shipping plan or copies of shipping documents issued to them by the ocean carrier.

- 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 related to the Transparency Initiative will be collected from each Ex-Im Bank loan recipient required to use U.S.-flag vessels. If the information is not received, MARAD will be unable to assist customers with finding suitable U.S.-flag service. The Transparency Initiative, agreed to by the Secretary of Transportation and the Chairman of the Ex-Im Bank, will not be able to be effectively conducted.

With respect to the information on the Form F, once shipments commence, the bulk of the shipping activity may take place during a compressed timeframe of two to six months, with limited time or cargo remaining to correct any imbalance in U.S.-flag participation. Accordingly, any reduction in the frequency of the shipping reports would severely restrict MARAD's ability to monitor U.S.-flag participation. In such cases, MARAD would be unable to advise Ex-Im Bank of the U.S.-flag imbalance in its shipping program.

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;**
- **requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;**
- **requiring respondents to submit more than an original and two copies of any document;**
- **requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three 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;**
- **requiring the use of a statistical data classification that has not been reviewed and approved by OMB;**
- **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 data with other agencies for compatible confidential use; or**
- **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.**

With the exception of the monthly reporting requirement there are no special circumstances that require the collection of information to be conducted in a manner described above.

8. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the agency's notice required by 5 CFR 1320.8(d), soliciting comments on the information collection prior to submission to OMB. 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 record-keeping, 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 three 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.

The Maritime Administration published a 60-day notice and request for comments on this information collection in the Federal Register, on October 25, 2018 (53953, Vol. 83, No. 207), indicating comments should be submitted on or before December 24, 2018. No comments were received. In addition, MARAD published a 30-day notice on March 1, 2019, (7166, Vol. 84, No. 41). No comments were received.

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

No payments or gifts are provided to respondents.

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 generally not of a confidential nature and, consequently, no assurance of confidentiality need be given.

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 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.

Not applicable. There are no questions of a sensitive nature.

12. Provide estimates of the hour burden of the collection of information. The statement should:

- **Indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated. Unless directed to do so, agencies should not conduct special surveys to obtain**

information on which to base hour burden estimates. Consultation with a sample (fewer than 10) of potential respondents is desirable. If the hour burden on respondents is expected to vary widely because of differences in activity, size, or complexity, show the range of estimated burden and explain the reasons for the variance. Generally, estimates should not include burden hours for customary and usual business practices.

- **If this request for approval covers more than one form, provide separate hour burden estimates for each form and aggregate the hour burdens 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 cost of contracting out or paying outside parties for information collection activities should not be included here. Instead, this cost should be included in item 13.**

The potential respondent universe consists of all Ex-Im Bank loan and loan guarantee recipients as well as designated representatives charged with the responsibility of monthly reporting. These can be a contractor, OTI, supplier, etc. Currently there are approximately 28 respondents who will submit information on a monthly basis. The information collection procedure requires that the designated reporting party include data on all voyages (U.S.-flag and foreign-flag) taking place during the month in the form of a properly notated and legible copy of the rated on-board ocean carrier bill-of-lading. Frequency of reporting is monthly. It is estimated that the required time for providing the requested information is approximately 30 minutes per response. Data is usually prepared by a logistician (Mean Hourly Wage: \$37.86 (Bureau of Labor Statistics Occupation Code: 13-1081; https://www.bls.gov/oes/current/oes_nat.htm#00-0000))

It is estimated that the total annual hours of burden are as follows:

Monthly Reporting Form

Number of Respondents <u>Annually</u>	Responses Per <u>Respondent</u>	Total Responses <u>Annually</u>	Hours Per <u>Response</u>	Total <u>Hours</u>				
28	x	12	=	336	x	0.5	=	168
<u>Annual Burden Hour Costs:</u>		168 Hours x \$37.86/hr.		=	\$6,360			
Annual Burden Costs times 1.4 for Benefits		(\$6,360 x 1.4)		=	\$8,904			

The potential respondent universe consists of Ex-Im Bank loan and loan guarantee recipients or their shippers. MARAD currently projects that there will be approximately 28 respondents per year. The information collection requests

that the loan recipient/shipper provide MARAD the same data required by a generic ocean carrier (U.S.-flag or foreign flag) to make an offer on the cargo being shipped.

Frequency of reporting is once. It is estimated that the required time for providing the requested information is approximately 1 hour per response. Data is usually prepared by a logistician (average salary: \$37.86 per hr. (Bureau of Labor Statistics)).

It is estimated that the total annual hours of burden are as follows:

Transparency Initiative

<u>Number of Respondents Annually</u>	<u>Responses Per Respondent</u>	<u>Total Responses Annually</u>	<u>Hours Per Response</u>	<u>Total Hours</u>
28	x	1	=	28
		x		1
			=	28

Annual Burden Hour Costs: 28 Hours x \$37.86/hr. = \$1,060
 Annual Burden Cost times 1.4 for Benefits = \$1,484

Total Annual Hours: 168 + 28 = 196 Annual Burden Hours.

Total Annual Burden Cost: \$8,904 + \$1,484 = \$10,388.00

13. **Provide an estimate 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 estimate 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. The estimates should take into account costs associated with generating, maintaining and disclosing or providing the information. Include descriptions of methods used to estimate major cost factors including system and technology acquisition, expected useful life of capital equipment, the discount rate(s), and the time period over which costs will be incurred. Capital and start-up costs include, among other items, preparations for collecting information such as purchasing computers and software; monitoring, sampling, drilling and testing equipment; and record storage facilities.**
- **If cost estimates are expected to vary widely, agencies should present ranges of cost burdens and explain the reasons for the variance. The cost of purchasing or contracting out information collection services should be a**

part of this cost burden estimate. In developing cost burden estimates, agencies may consult with a sample of respondents (fewer than 10), utilize the 60-day pre-OMB submission public comment process and use existing economic or regulatory impact analysis associated with the rulemaking containing the information collection, as appropriate.

- Generally, estimates should not include purchases of equipment or services, or portions thereof, made: (1) prior to October 1, 1995, (2) to achieve regulatory compliance with requirements not associated with the information collection, (3) for reasons other than to provide information or keep records for the government, or (4) as part of customary and usual business or private practices.

(a) Total Capital and Start-Up Costs Estimate: There are no capital or start-up costs associated with this information collection.

(b) Total Operation and Maintenance and Purchase of Services Estimate: There are no operational and maintenance or purchase of service costs associated with this information collection.

14. Provide estimates of annualized cost to the Federal Government. Also, provide a description of the method used to estimate cost, which should include quantification of hours, operational expenses (such as equipment, overhead, printing, and support staff), and any other expense that would not have been incurred without this collection of information. Agencies also may aggregate cost estimates from items 12, 13, and 14 in a single table.

a) The total annual cost to the Federal Government for processing the monthly reporting form is estimated as follows:

It is estimated that one employee (GS-12/10) receives the monthly reports, reviews the reports and accompanying bills-of-lading and performs calculations to arrive at control percentages. Time required for these tasks is an estimated 30 minutes and the hourly rate is \$50.80.

Number of Employees	Hourly	Project Time	Cost per Application
1	x \$50.80	x .5 hour	= \$ 25.40
	Benefits (\$25.50 x 1.4)		= \$ 35.56
	Subtotal		= \$ 35.56
	Cost (\$35.56 times 336 responses/year)		= \$11,948.16

Monthly Reporting Annual Cost: \$ 11,948.16

b) The total annual cost to the Federal Government for processing the Transparency Initiative collection is estimated as follows:

It is estimated that one employee (GS-12/10) receives the email cargo data, reviews the data for completeness and re-transmits the cargo data to the U.S.-flag carriers. The data will also be entered into the database being set up for the Transparency Initiative. Time required for these tasks is an estimated 60 minutes and the hourly rate is \$50.80.

<u>Number of Employees</u>		<u>Hourly</u>		<u>Project Time</u>		<u>Cost per Application</u>	
1	x	\$50.80	x	1 hour	=	\$ 50.80	
						Benefits (Annual rate times 1.4)	= \$ 71.12
						Cost (\$71.12 times 28 responses/year)	= \$1,991.36
<u>Annual Reporting Cost: \$1,991.36</u>							

Total Annual Cost to the Government: \$11,948.16 + \$1,991.36 = \$13,939.52

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

There were no program changes or adjustments reported in items 13 or 14 of OMB Form 83-I.

- 16. For collections of information whose results are planned to be published for statistical use, outline plans for tabulation, statistical analysis, and publication. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates and other actions.**

Not applicable. Results of this collection will not be published for statistical use.

- 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.**

MARAD is not seeking such approval.

- 18. Explain each exception to the certification statement identified in Item 19. "Certification for Paperwork Reduction Act Submissions," of OMB Form 83-I.**

Not applicable. There are no exceptions to the certification statement.