

SUPPORTING STATEMENT
U.S. Department of Commerce
International Trade Administration
(Annual Report from Foreign-Trade Zones)
OMB Control No. 0625-0109

Abstract

This is a request for a renewal of a currently approved information collection.

The Foreign-Trade Zones Act (enacted in 1934) established the Foreign-Trade Zones Board (comprised of the Secretaries of Commerce and Treasury) to license and regulate foreign-trade zones (FTZ's) in the United States. The purposes of the program are to help encourage exports and to assist firms engaged in domestic operations (ranging from warehousing to manufacturing) to compete with facilities located abroad. State and local officials use FTZ's as part of their economic development efforts to maintain and increase employment by attracting international trade-related activity. There are now more than 261 U.S. communities with zones, serving over 2,900 firms.

FTZ's are licensed by the FTZ Board and supervised by Customs and Border Protection (CBP). Zone facilities are located in port of entry areas for warehousing, processing and manufacturing operations involving foreign goods prior to their formal customs entry. Managed by public and private corporations (referred to as FTZ "grantees") under public utility principles (published and non-discriminatory rates), zones provide procedures that allow firms to bring in foreign goods and materials for duty and quota-free export operations; and, while a customs entry must be made on goods entering the domestic market, savings can result from flexibility as to when and how duties are charged. Specific FTZ Board approval is required for all manufacturing conducted under zone procedures within FTZs.

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

The Foreign-Trade Zones Act (Section 81p) requires that each FTZ grantee submit an annual report on zone operations to the FTZ Board. The FTZ Board, in turn, provides an annual report on zone operations to Congress, interested parties, and the public. Attached as an appendix is a copy of Section 81p of the Foreign-Trade Zones Act.

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 annual reports are submitted electronically by FTZ grantees on an annual basis and contain information which relates to all international trade activity within FTZ's. This information is used by Congress and the FTZ Board to determine the economic effects of the FTZ program. The public uses the information regarding activities carried on in zones to evaluate the effects on their industry sectors. Information from the reports is also used by the FTZ Board and other

trade policy officials to determine whether zone activity is consistent with U.S. international trade policy, and whether it is in the public interest. Commerce officials use the information on various product groups in their responses to Congressional and industry concerns on the economic impact of individual zone operations. The information submitted in grantees' annual reports constitutes the only complete source of compiled information on FTZ's.

As noted above, the information submitted in grantees' annual reports helps domestic industry groups monitor zone activity in their evaluation of the effects on their industry sectors. Zone procedures allow customs cost savings and, as a result, certain domestic industry groups (e.g., titanium, textiles) have expressed concern that these procedures can encourage imports under some circumstances. These groups insist that the information contained in the reports is necessary to monitor and analyze the ongoing operations and their impact on domestic industry. These groups have indicated they would oppose any reduction in the current reporting requirements for FTZ grantees. In fact, the FTZ Board periodically has been asked to increase monitoring of FTZ activity. The annual report information also helps FTZ's (the respondents) in their marketing efforts.

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, 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.

The FTZ staff has developed an online submission system which allows zones, and the companies that are using them, to transmit their reports electronically through a web portal. The organizations submitting the reports have indicated that the new system has decreased the reporting burden by automating certain processes and checks that had been done manually in the past. The reports may only be submitted electronically.

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 question 2.

The information submitted is not duplicative of any other effort. Each grantee submits information regarding its own locally- operated project and reports only on its project. Therefore, there is no overlap between reports or with other collections.

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

FTZ grantees vary significantly in size. Due to the nature of their operations, the smaller of these organizations generally have less record keeping to conduct and a smaller volume of data to aggregate. Therefore, smaller entities would have fewer burden hours than larger entities.

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

The Foreign-Trade Zones Act requires the annual collection of this information from FTZ grantees. Apart from this legal requirement, annual submission of this information is necessary for practical reasons. If the information were submitted less frequently, there would be too great a lag between occurrence of activity and the reporting of that activity. Such a lag would mean that Congress, the Department, and the public would be unable to evaluate zone operations in a timely or meaningful manner. Less frequent reporting would also have a substantial negative impact on trade policy officials' and domestic industries' ability to monitor and evaluate zone activities from a public interest perspective.

7. Explain any special circumstances that require the 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 of receipt of it;**
- **Requiring respondents to submit more than one original and two copies of any one 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 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 of 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.**

The information collection is never required more frequently than annually and is due at the same time every year. The response to the information collection is due three months from the

end of the calendar year, never sooner. The information collection only needs to be submitted once annually, electronically. There is no requirement that the respondent retain the response longer than three years. The information collection is not related to any statistical surveys, nor does it require the use of any statistical data classification. No pledge of confidentiality is required. No proprietary trade secret or confidential information is collected from respondents for which the agency cannot demonstrate that it has instituted procedures to protect the information's confidentiality by law.

8. If applicable, provide a copy and identify the date and page number of publications 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.

The Federal Register notice soliciting public comments on the information collection was published on August 31, 2020 (Volume 85, Number 169, page 53795). No public comments were received.

The Foreign-Trade Zones Board staff is in contact with zone grantees on a continuous basis throughout the year and welcomes feedback regarding the information collection. Several grantee outreach sessions are conducted every year in order to consult with grantees regarding the reporting requirements, accuracy of instructions and reporting requirements.

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

There are no payments or gifts to respondents¹.

10. Describe any assurance of confidentiality provided to respondents and the basis for assurance in statute, regulation, or agency policy. If the collection requires a systems of records notice (SORN) or privacy impact assessment (PIA), those should be cited and described here.

Under this collection request, respondents will be able to indicate if the report contains confidential data. If so, 15 CFR §400.54 enables the FTZ Board to assure the confidentiality of the data.

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 the persons from whom the information is requested, and any steps to be taken to obtain their consent.

¹Information of a sensitive nature is not requested from grantees.

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. 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 hour 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.**
- **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 under ‘Annual Cost to Federal Government’.**

BURDEN HOURS

The estimated burden hours for the collection of information for FTZ annual reports from zone grantees is detailed below. Because of the wide variance in burden hours, zone grantees are broken out into four separate groups based on whether the zone is active, and if so, the number of FTZ operators importing and/or exporting merchandise in and out of each zone:

- Inactive Zones -- no FTZ activity to report;
- Small Zones – one to five FTZ operators to report;
- Medium Zones – six to ten FTZ operators to report;
- Large Zones I – eleven to twenty FTZ operators to report;
- Large Zones II – twenty one or more operators to report.

All four of the different zone categories report activity using the same form. The average burden hour per zone type was calculated using data compiled from a sample group of zone grantees per the zone type described in the above chart. In previous IC renewals, zone grantee burden hours were reflective of the total value of merchandise being imported and exported out of zones. Our current methodology now bases burden hours based on a zone’s total number of FTZ operators using each zone, which provides for a more accurate gauge of burden hours involved per zone type.

ZONE TYPE	ANNUAL RESPONSES		AVERAGE BURDEN HRS.	=	TOTAL BURDEN HRS.
Large Zones II	13	x	76 hrs.		988 hrs.

Large Zones I	15	x	48 hrs.	=	720 hrs.
Med. Zones	35	x	27 hrs.	=	945 hrs.
Small Zones	136	x	24 hrs.	=	3,264 hrs.
Inactive Zones	62	x	1 hr.	=	62 hrs.
Total Responses	261	x	23.0 (avg.)	=	5,979 total hrs.

ANNUALIZED COST TO RESPONDENTS FOR BURDEN HOURS

The total annualized cost in burden hours to respondents for submitting the information collection was calculated using the median hourly wage of “Other Management Occupations, 11-9000”, \$45.90 per hour, as found on the Bureau of Labor Statistics website. ¹

ZONE TYPE	ANNUAL RESPONSES		TOTAL BURDEN HRS.		TOTAL ANNUALIZED COST
Large Zones II	13	x	988 hrs.	x \$45.90	= \$45,349
Large Zones I	15	x	720 hrs.	x \$45.90	= \$33,048
Med. Zones	35	x	945 hrs.	x \$45.90	= \$43,375
Small Zones	136	x	3,264 hrs.	x \$45.90	= \$149,818
Inactive Zones	62	x	62 hrs.	x \$45.90	= \$2,846
Total Responses	261		Total hrs. 5,983		= \$274,436

13. Provide an estimate of the total annual cost burden to the respondents or record-keepers resulting from the collection (Do not include the cost of the burden hours already reflected on the burden worksheet).

There are no capital/start-up or ongoing operation/maintenance costs associated with this information collection.

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

EMPLOYEE	COST PER HOUR	AVG. TIME		HOURS	COST
Executive	\$77	261 x 10 mins.	=	43.5 hrs.	\$3,349
Professional	\$66	261 x 5.00 hrs.	=	1,305 hrs.	\$86,130

¹ <https://www.bls.gov/oes/current/999301.htm#11-0000>

Clerical	\$32	261 x 0.5 hrs.	=	130.5 hrs.	\$4,176
TOTAL					\$93,655

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

The reduction in total burden hours, despite the slight increase in respondents, more accurately reflects the actual time spent by zone grantees on the annual report. The 2017 renewal of the information collection authority measured burden hours by total value of merchandise entering and exiting zones. This renewal of information collection authority includes an adjustment in burden hour calculations, which is now calculated using total number of zone operators per zone. The current methodology is a better reflection of the actual time and burden of reporting using the electronic submission system. The automatic receipt, tabulation and checks in the electronic submission system has reduced both the burden on reporting zones as well as the cost and time required for the Federal Government to review and publish its report on zone activity. The information collection instrument was revised slightly since the last OMB approval regarding to verbiage in one question.

16. For collections whose results will be published, outline the plans for tabulation and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of the report, publication dates and other actions.

The information collected from the zone grantees is tabulated by the Foreign-Trade Zones Board staff and published in an annual report to Congress as required by the Foreign-Trade Zones Act (Section 81p). The deadline for grantees to submit their zone information is March 31. The data is reviewed for accuracy and The Annual Report is made available every year to zone grantees and the public through the FTZ Staff’s web site, typically by late Summer or early Fall. Paper copies of the report are delivered to Congress as well.

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.

The OMB number and expiration date will be displayed on the form.

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

The agency certifies compliance with [5 CFR 1320.9](#) and the related provisions of [5 CFR 1320.8\(b\)\(3\)](#).

B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS

This collection does not employ statistical methods.

Appendix A

19 U.S.C. 81p - Foreign-Trade Zones

- (a) Manner of keeping accounts

The form and manner of keeping the accounts of each zone shall be prescribed by the Board.

•(b) Annual report by grantee

Each grantee shall make to the Board annually, and at such other times as it may prescribe, reports on zone operations.

•(c) Report to Congress

The Board shall make a report to Congress annually containing a summary of zone operations.

(June 18, 1934, ch. 590, Sec. 16, 48 Stat. 1002; Dec. 28, 1980, Pub. L. 96-609, title II, Sec. 204, 94 Stat. 3561; Aug. 22, 1986, Pub. L. 99-386, title II, Sec. 203(b), 100 Stat. 823.)

AMENDMENTS

1986 - Subsec. (b). Pub. L. 99-386, Sec. 203(b)(1), substituted "reports on zone operations" for "reports containing a full statement of all the operations, receipts, and expenditures, and such other information as the Board may require". Subsec. (c). Pub. L. 99-386, Sec. 203(b)(2), added subsec. (c) and struck out former subsec. (c) which required the Board to make an annual report to Congress containing a summary of the operation and fiscal condition of each zone, and transmit copies of the annual report of each grantee. 1980 - Subsec. (c). Pub. L. 96-609 substituted "by April 1 of each year" for "on the first day of each regular session".