

**SUPPORTING STATEMENT FOR
U.S. IMPORT AND EXPORT PRICE INDEXES**

OMB CONTROL NO. 1220-0025

This ICR seeks a 3 year extension of the U.S import and Export Price Indexes (MXP) information collection. There are no substantive changes to the collection forms or methodology of this collection.

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.**

The U.S. Import and Export Price Indexes (MXP), together with the Consumer Price Index (CPI) and the Producer Price Index (PPI), constitute the major outputs of the price programs of the Bureau of Labor Statistics (BLS). Although the International Price Program (IPP), which produces the U.S. Import and Export Price Indexes, is the Bureau of Labor Statistics' newest price program, it can trace its origins to the late 19th Century. In 1886, the Aldrich Committee of the U.S. Senate recommended the establishment of a Bureau of Labor to provide statistics on the condition of U.S. workers and the prices of imported goods in the U.S. and other countries. The committee sent staff members to other countries, principally in Western Europe, to collect prices and in 1889, published a report comparing prices in the U.S. with those of Western Europe. This report, which focused on prices for goods imported into the U.S., was the precursor of the Wholesale Price Index. Following World War II, the BLS again began a program to develop import and export price indexes. The program advanced to the point where hundreds of prices had been collected from importers and exporters and test indexes had been calculated. Because of a Bureau-wide 50 percent budget reduction, however, the program was terminated in 1948.

In 1961, a report on federal price statistics prepared by the National Bureau of Economic Research (NBER) for Congress' Joint Economic Committee suggested that responsibility for compilation of import and export price indexes be assigned to a federal statistical agency "to obtain the attention and resources for these indexes that we believe are essential." A further study undertaken for the NBER by Irving Kravis and Robert Lipsey gave greater impetus to the project. In their study, eventually published as *Price Competitiveness in World Trade* (<https://www.nber.org/books-and-chapters/price-competitiveness-world-trade>), Kravis and Lipsey outlined both the need for such measures and the feasibility of producing them. In the meantime the BLS, largely because of its expertise in the development of other price measures, had also begun research on the feasibility of producing import and export price indexes. In 1970, Congress provided funds for the construction of import and export price indexes. The legal

authority for the collection of import and export data is contained in Title 29, Section 2 of the United States Code (Attachment 1).

The first export price indexes, published in 1971, showed annual price changes for selected categories of goods, primarily machinery and transportation equipment for the period 1964-71. The first annual import price indexes were produced in 1973. Largely as a response to changing international economic conditions and the need on the part of both the government and the private sector to obtain these data on a more timely basis, collection and publication of the international price indexes were begun on a quarterly basis in 1974. A general index for all-import goods was published for the first time in the fourth quarter of 1982 and an index for all-exports was first available at the end of 1983.

The expansion of international trade and improvements in the design of the IPP survey led the Office of Management and Budget (OMB) in 1982 to place the IPP indexes on its list of Principal Federal Economic Indicators (PFEI), alongside the CPI and the PPI. Economic indicators placed on this list must be released on schedule and are recommended for use in public and private sector economic analysis.

The increasing importance and value of the IPP's indexes led to requests for monthly indexes in 1988 from OMB and several other policy-making government agencies. To fill this need, the IPP initiated an effort in late 1988 to provide these agencies with monthly indexes for all-imports, all-exports, and certain highly-aggregated import and export product groupings. Using a subset of data from the regular quarterly sample, the Program began publishing these indexes in February 1989. Because of continuing interest from OMB and other government agencies and because of the need to deflate monthly Gross Domestic Product (GDP) figures using IPP indexes, the IPP now collects all of its data for goods on a monthly basis.

In 1992, the IPP began publishing import price indexes delineated by locality of origin (LOO), including two country breakouts (Canada and Japan), three regional breakouts (European Union, Latin America, and Asian Newly Industrialized Countries), and breakouts for Developed and Developing Countries (later changed to Industrialized Countries and Other, the latter of which has since been discontinued.) Ongoing customer interest has prompted the IPP to significantly expand this set of data over the years, adding LOO price indexes for France, Germany, the United Kingdom, Mexico, the Pacific Rim, China, the Association of Southeast Asian Nations, and Asia Near East countries in 2005, and breakouts for select industry areas in subsequent years. In 2019, the Program began publishing a LOO price index for Taiwan. To date, the IPP publishes 197 LOO price indexes across the various localities, including 27 price indexes for imports from China and 22 price indexes for imports from the European Union.

In addition to the expansion of the LOO price indexes, the Program has developed new measures to further address interest in the competitiveness of the U.S. in the global marketplace. In 2018, the IPP added two more competitive measures to its published data set: locality of destination (LOD) indexes and terms of trade (TOT) indexes. The locality of destination indexes are the counterpart to the existing locality of origin import price indexes, measuring U.S. export prices of goods based on the country, region, or grouping to which items are exported. IPP currently publishes LOD price indexes for the following countries, regions, and groupings: Industrialized

Countries, Canada, European Union, Germany, Latin America, Mexico, the Pacific Rim, China, and Japan; price indexes for manufacturing and nonmanufacturing industries are published for these localities where sufficient data are available. Terms of trade indexes are calculated by dividing the LOD index for a given locality by the corresponding LOO index, measuring the change in the purchasing power of exports relative to imports (for a given locality). These indexes broadly describe the relative trade competitiveness over time between the United States and its trading partners. Currently, the Program publishes TOT indexes for all top-level groupings for which LOD indexes are published. Previously, the only measures of U.S. terms of trade were the all-world terms of trade indexes produced by the U.S. Bureau of Economic Analysis (BEA) and published in BEA table 1.8.6 (<https://apps.bea.gov/iTable/iTable.cfm?reqid=19&step=3&isuri=1&1921=survey&1903=46#reqid=19&step=3&isuri=1&1921=survey&1903=46>). More information about the Program's TOT indexes is available on IPP's Terms of Trade Indexes page (<https://www.bls.gov/mxp/publications/factsheets/terms-of-trade.htm>). Also in 2018, the IPP collaborated with the PPI to publish a [NAICS-based PPI Industry Net Output Data and IPP Import Data table](https://www.bls.gov/mxp/publications/additional-publications/import-export-price-indexes-producer-price-indexes-comparability-table.htm) and report (<https://www.bls.gov/mxp/publications/additional-publications/import-export-price-indexes-producer-price-indexes-comparability-table.htm>) for determining comparability between the NAICS indexes published by both programs. This table can assist with comparing price trends in domestically produced and imported products.

In 2019, the Program once again collaborated with the PPI to produce an experimental set of satellite inputs to industry indexes (<https://www.bls.gov/ppi/input-indexes/bls-satellite-input-to-industry-indexes.xlsx>), available for most 3-digit NAICS industry groups. To calculate an index at the 3-digit NAICS level, PPI commodity indexes are used to construct the domestic portion of the index and IPP import price indexes are used to construct the imported portion of the index; the PPI and IPP indexes are then aggregated to an overall price index that measures price change for inputs to the industry sector, regardless of their country of origin. Data for these (unofficial) indexes are available beginning in December 2018 and are published monthly. In 2020, the Program expanded its list of published NAICS indexes to include data for select 6-digit groupings, for both import and export price indexes, and began publishing price indexes for Advanced Technology Products. On the import side, IPP publishes price indexes for biotechnology products, life science products, information & communications products, electronics, and aerospace products; export price indexes are published for life science products, information & communications products, electronics, flexible manufacturing products, and aerospace products. Most recently, the Program began publishing a new table which includes the date since when there was an equal or larger (1-month and 12-month) percent change for select End-Use import and export price indexes: Percent Changes and Historical References for Select Import and Export Price Indexes (<https://www.bls.gov/web/ximpim/largest.htm>).

In 2020, IPP expanded the annual publication of variance estimates to cover the majority of published goods indexes; data for 2019 onward are published by classification system to the 5-digit level of detail for the Bureau of Economic Analysis (BEA) End-Use Classification System, the 5-digit level of detail for the North American Industrial Classification System (NAICS), and to the 4-digit level of detail for the Harmonized Classification System. (Variance data were previously only available for two series, all-imports and all-exports.) These estimates help users assess the precision of the Import and Export Price Indexes and are available at <https://www.bls.gov/mxp/data/variance-statistics.htm>.

In the realm of services, the IPP publishes indexes on import and export air passenger fares and air freight rates as well as indexes for inbound and outbound air freight rates. The tremendous growth of the international services sector over the last 30 years has created the need for more comprehensive, reliable, and timely information on price trends of international prices. (In 2020, services comprised approximately 16 percent of cross-border imports and approximately 32 percent of cross-border exports.¹) In an effort to further fulfill this need, the Program began publishing two new indexes covering Export Travel and Tourism and Export Education in 2007. However, these new series, along with the Inbound Crude Oil Tanker Freight, Inbound Ocean Liner Freight, and Inbound/Outbound Air Passenger Fares indexes were no longer supported due to budget constraints and were discontinued effective January 2008.

In producing monthly price indexes on goods and services traded between the U.S. and the rest of the world, the International Price Program remains the primary source of data on price changes in the foreign sector.

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 most critical uses of the IPP indexes are found in the public sector. Major public-sector uses of the IPP indexes include deflating monthly import and export trade statistics, deflating the foreign trade component of the GDP, formulating monetary and fiscal policy, determining trade and commercial policy, negotiating trade agreements, and escalating government contracts. The prices provided by respondents form the foundation of information necessary to ensure that the IPP indexes accurately reflect conditions in the international marketplace. U.S. policy makers must have reliable and accurate statistics to insure that appropriate actions are taken, especially during periods of economic difficulty. When public policy makers have reliable statistics on international trade, they are in a better position to make sound decisions on the regulation and promotion of international trade. These decisions can benefit all internationally active companies.

The IPP produces monthly indexes in order to provide information with which to deflate the monthly merchandise trade data issued by the Department of Commerce. (Attachments 3 and 4 are examples of trade balances issued monthly in "United States Department of Commerce: U.S. International Trade in Goods and Services," available online at <https://www.bea.gov/data/intl-trade-investment/international-trade-goods-and-services>.) The resulting real trade flows, obtained by using monthly international price indexes as deflators, enable measurement of real output and provide a more comprehensive understanding of the underlying dynamics of international trade.

The Commerce Department also uses international price indexes to adjust for inflation in the foreign trade sector of its quarterly National Income and Product Account (NIPA). (Attachments 5 and 6 show the constant dollar tabulation of imports and exports from the U.S. Department of Commerce, Survey of Current Business, available online at <https://apps.bea.gov/scb/>).

¹ Excludes "Government goods and services n.i.e."(Attachment 2)

In addition to serving as a tool for the public sector, the Import and Export Price Indexes have a variety of other private sector uses by the media, bankers, financial analysts, academic researchers, and corporate managers. These uses include market analysis, forecasting future price trends, estimating for contract escalation and replacement cost accounting, measuring import price and income elasticity, and estimating exchange rate pass-through values and the effect of currency fluctuations on prices by specific countries or regions.

The Import and Export Price Indexes can also be used in various ways to measure a country's international competitiveness. One method for indicating international competitiveness is through the use of terms of trade indexes. A terms of trade index is defined as an export price index divided by the respective import price index. Because demand for imports and exports is tied to import and export prices, a change in the terms of trade will lead to a change in the trade balance. A second method to measure a country's international competitiveness is to create export price comparison indexes that compare one country's export prices against another country's export prices. A third way is by expressing Import and Export Price Indexes in foreign currency terms. Foreign currency import price indexes measure fluctuations in the revenue for foreign sellers in the U.S., and foreign currency export price indexes illustrate how U.S. export prices vary from the perspective of buyers of U.S. goods.

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, 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.

Prior to the onset of the coronavirus pandemic, initiation of respondents into the IPP survey was primarily conducted in person by BLS data collectors. However, because of the coronavirus pandemic, data collectors temporarily ceased all personal interviews and began conducting initiation interviews by telephone and video. IPP plans to continue the use of video collection beyond the pandemic to reduce respondent burden and data collection costs associated with travel.

For repricing, the primary interaction between the Bureau and the respondents was historically through the hard copy of the repricing form; a return envelope was included with all repricing forms mailed by BLS and respondents returned their completed forms via mail or fax. However, effective January 2018, the IPP discontinued mail out/fax back repricing in order to contain program costs and shifted towards web repricing, the secure direct update of data online via the internet. The web application was introduced by IPP in 2003 and web repricing quickly became the primary method used to collect data from respondents. As of September 2021, 93 percent of IPP respondents were providing prices via the web application or had agreed to start using this method and 96 percent were reporting electronically (web or email repricing) or had agreed to start reporting electronically. (Attachments 7A-7E contain instructions and temporary account/password e-mails for providing prices via the web. Attachments 7E and 7G are the 'time to reprice' e-mail for newly-initiated and existing web respondents, respectively. Attachments 7F and 7H are the reminder e-mails for newly-initiated web respondents who have

not yet provided data and for existing web respondents who have not yet provided data, respectively. Attachments 7I and 7J show screen shots of the web application.)

The respondents who provide pricing information using non-web options provide data via non-automated phone, special arrangements between the analysts and the respondents, or e-mail. The e-mail option was broadened in 2008 with the introduction of an e-mail repricing application which generates the repricing form in an Excel spreadsheet as an attachment in a corresponding e-mail prompting the respondent to provide prices. (Attachment 8A is the ‘notification to reprice’ e-mail sent to respondents using this repricing method and Attachment 8B is a sample Excel spreadsheet containing repricing data.) Respondents using this repricing method include their price information in the Excel document and return it via e-mail. This collection method is not offered to respondents by Field Economists during initiation but is used by Industry Analysts at the National Office as a last resort for securing respondent cooperation. (Attachment 9 is the phaseout letter e-mailed to all web/non-web respondents who have provided IPP with an e-mail address.)

Over time, these various electronic data collection methods for repricing have permitted the Program to collect and publish monthly information more rapidly.

Respondent Burden

IPP’s most notable reduction in respondent burden occurred with the introduction of web repricing in 2003, an overall less time-consuming and more efficient repricing method than the mail out/fax back method. The shift to web-based repricing as the primary repricing method has resulted in less follow-up by the Program as the web-based application allows for verification/revisions of data previously provided to IPP, immediately prompts for explanations for large price changes, and provides the option to replace discontinued items with new ones. In order to further reduce burden, the Program has implemented several system changes to the web-based application over the years, including the development of an easier login, notifications of system downtimes, and self-registration for respondents who have agreed to provide data to both the IPP and the PPI. Other enhancements have allowed for respondents to specify an additional e-mail address to be copied on all e-mails sent by IPP and to provide more info via the web application, therefore requiring even less follow-up by analysts at the National Office.

More recently, IPP adopted the use of a new web survey format/layout, deployed to production in late November 2019. The new, user-friendly design is now suitable for both desktop and mobile devices. Further, the web survey formerly used separate pages for each part of the repricing process; now, the web survey utilizes modal windows in combination with separate pages. For example, when respondents update price factors, a modal window pops up in front of the parent screen. This makes navigation more user-friendly since previously, respondents would be taken to a different page to update the price factors and then returned to the parent page.

In addition, IPP has implemented “Contact Restriction” functionality which allows the program to suspend reminder emails to respondents upon request. This feature accommodates respondents during times of difficulty (natural disaster, etc.) and has been especially useful managing burden during the pandemic when respondents may be overwhelmed or not trading certain products. The

program also proactively monitors certain situations (hurricanes, wildfires etc.) by state to determine if contact restriction may be proactively called for.

Further, to accommodate those respondents who do not wish to login to the web survey, the program is actively developing a secure method for respondents to upload files without using a login and password.

In 2019, the IPP hired a part-time contractor devoted exclusively to assisting respondents in signing up for the Web Repricing tool, resolving undeliverable respondent email notifications, and contacting delinquent respondents to improve response.

Lastly and most notably, the Program has been conducting research into whether administrative trade data can be used in place of directly collected price data for more homogenous product areas. The calculation of indexes using transaction trade data presents the challenge of unit value bias, the measurement of price trends reflecting changes in product mix within a unit instead of price changes for the products in that unit. However, IPP has applied new methods to mitigate this bias and identify homogenous product areas where unit value bias is less of a concern. As part of this effort, IPP published research export unit value price indexes calculated using Census' trade data and will soon begin researching the use of administrative trade data on the import side. Should IPP's research efforts result in the replacement of directly collected (import or export) data with trade data collected by other government agencies, the Program would achieve a milestone in burden reduction. More details are available on the MXP Research page (<https://www.bls.gov/mxp/data/research.htm>).

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 A.2 above.

The U.S. Census Bureau collects data on the value of all U.S. imported and exported goods. Until 1989, the Department of Commerce used these data to construct unit value indexes. These indexes have been shown to be inadequate and were discontinued in October 1989. Since then, the IPP Indexes are the sole comprehensive price indexes for imports and exports.

In order to reduce costs and duplication, the Program uses secondary source data. For example, the IPP survey does incorporate Department of Agriculture, Department of Energy, and certain other published market data in selected areas of goods and services. Generally, similar data which exist in the field of international prices cannot be used in lieu of the data collected by the IPP survey because the only "similar" data (trade journal prices and the former Department of Commerce unit value indexes) are the same ones whose deficiencies prompted the creation of the IPP survey.

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

The sampling procedures used by the IPP tend to select firms that are high-volume, regular traders in a product or service area. This technique minimizes the chances of small organizations being selected to report data for more than one or two items.

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 International Price Program indexes are closely followed statistics which are viewed as a sensitive indicator of the economic environment. Federal policy-makers in the Department of Treasury, the Council of Economic Advisors, the Bureau of the Census, the Bureau of Economic Analysis, and the Federal Reserve Board utilize these statistics to form and evaluate monetary and fiscal policy and the general business environment. These agencies use the monthly index information to deflate trade statistics to produce real, as opposed to the nominal, trade flows. These real figures help to improve the agencies' formulation and evaluation of monetary and fiscal policy and the general business environment. Failure to provide current data would tend to delay recognition and adaptation time to economic events.

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 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.**

All IPP data for goods and services are collected and published on a monthly basis. This monthly collection and publication of price data enables the Department of Commerce to produce monthly merchandise trade flow figures adjusted for inflation.

In order to meet our publication deadlines, the IPP requests that its respondents provide the monthly price information within a week of the original request. Currently, the IPP Press

Release is published during the second or third week of the month following the reference period.

The International Price Program does not request duplicates of any document.

The IPP does not require respondents to retain records of any kind, for a period of any duration.

The IPP is designed to produce valid and reliable results that can be generalized to the universe of study.

The IPP indexes are based on established classification systems.

The IPP collects confidential price data. These data are for internal BLS use only, to construct price indexes.

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.

One comment was received as a result of the Federal Register Notice published in 86 FR 60293 on November 1, 2021.

The Bureau of Economic Analysis (BEA) commented that it supports the continuation of the International Price Program since it is the only data source for several key components of BEA's economic statistics. BEA uses information from the IPP indexes in preparing "real" estimates of most components of exports and imports of goods, imports of equipment and software, and imports in inventories in the national income and product accounts. The indexes available for services are used to prepare estimates of real exports and imports of services while the end-use import price indexes are used to prepare annual estimates of real gross domestic product by industry. BEA requested that they be kept informed of any changes which would substantially affect their use of IPP's data.

The IPP survey reflects inputs that have been provided by a wide range of organizations and individuals over the years. The original recommendations for the IPP survey grew out of the 1961 report sponsored by the Joint Economic Committee of the Congress. This information has been updated and maintained via regular contact with federal statistical users' conferences, numerous international conferences, and ongoing meetings with the various federal agencies which use the IPP data for analysis. Users include offices of the Departments of Labor, Commerce, Treasury, and Energy, as well as the Congressional Budget Office and the Federal Reserve Board.

Since the Program involves a continuing rotation of industries and sampling units, contacts are conducted in person with trade groups and a number of individual businessmen. The IPP survey is voluntary and may be susceptible to nonresponse. It therefore requires that the ideas on survey design, survey operations and data presentation offered by these sources be studied carefully and instituted when possible.

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

The IPP does not provide any payment or gift to its respondents.

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

The Confidential Information Protection and Statistical Efficiency Act (CIPSEA) safeguards the confidentiality of individually identifiable information acquired under a pledge of confidentiality for exclusively statistical purposes by controlling access to, and uses made of, such information. CIPSEA includes fines and penalties for any knowing and willful disclosure of individually identifiable information by an officer, employee, or agent of the BLS.

Based on this law, the BLS provides respondents with the following confidentiality pledge/informed consent statement:

The Bureau of Labor Statistics, its employees, agents, and partner statistical agencies, will use the information you provide for statistical purposes only and will hold the information in confidence to the full extent permitted by law. In accordance with the Confidential Information Protection and Statistical Efficiency Act (44 U.S.C. 3572) and other applicable Federal laws, your responses will not be disclosed in identifiable form without your informed consent. Per the Federal Cybersecurity Enhancement Act of 2015, Federal information systems are protected from malicious activities through cybersecurity screening of transmitted data.

BLS policy on the confidential nature of respondent identifiable information (RII) states that “RII acquired or maintained by the BLS for exclusively statistical purposes and under a pledge of confidentiality shall be treated in a manner that ensures the information will be used only for statistical purposes and will be accessible only to authorized individuals with a need-to-know.”

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.

As part of the disaggregation process (conducted during initiation), Field Economists request company trade data (required to assign measures of size for disaggregation) which some respondents consider sensitive information. To alleviate their concerns, Field Economists explain that the purpose of the disaggregation process is to identify a single (or very few) specific goods or services for pricing and inform them of BLS’ policies concerning confidentiality. In IPP’s experience, the BLS policies and discussions with the Field Economists alleviate any serious concerns.

Additionally, price information and whether prices are representative of intracompany transfers (both requested during initiation and on the Repricing form) are also considered sensitive information by some respondents. Again, Field Economists (during initiation) and Industry Analysts (during repricing) inform them of BLS’ policies on confidentiality to alleviate any concerns. (Note also that the IPP conducted a study which found no significant difference in the

trends for non-market based transfer prices and those at arm's length. This conclusion prompted the IPP to begin including all transfer prices in index calculation beginning with the February 1998 indexes.)

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 hour burden, and explain the reasons for the variance. General, 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**
- **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 14.**

Average person-hours per response is estimated separately for initiation and for repricing.

Prior to initiation, the Field mails an intro letter to the companies sampled for inclusion in the Import and Export Price Indexes survey; the letter explains the importance of participating in the survey and includes BLS' confidentiality pledge (Attachment 10). (Note that there may be special circumstances when an intro letter is not sent, such as when a cooperative current reporter immediately agrees to participate.)

For initiation, which requires an interview with a Field Economist, information is entered directly into a laptop computer; Attachment 11 contains screen shots from this application. The disaggregation worksheet (form 3008, Attachment 12), the B form (form 230, Attachment 13), and checklists (form 231, Attachments 15 & 16) based on the Harmonized manual are all used by BLS data collectors during initiation. Note that both versions of the checklists will be in use for the foreseeable future as one sample currently in collection was fielded with the older version of the checklist (Attachment 15). In about a year, all checklists in use will be the Attachment 16 version. (IPP has checklists covering all Harmonized and Schedule B product areas excluding chapters² 86, 97, 98, and 99. For import chapters and descriptions, go to <https://hts.usitc.gov/current>. For export chapters and descriptions, go to <https://www.census.gov/foreign-trade/schedules/b/2021/index.html>.) The Survey Unit

² The Harmonized Tariff Schedule and Schedule B are organized into sections and chapters. A chapter is a collection of similar products, aggregated at the two-digit level. For example, chapter 26 is reserved for 'Ores, slag and ash,' and chapters 25-27 make up section V ("Mineral Products").

Information (SUI) Listing (form 228, Attachment 14), is a new material which data collectors are planning to use as part of the initiation process no earlier than FY23. The SUI Listing provides information to the Field Economists and is not filled out by respondents, nor is it required that Field Economists fill them out.

The initiation response burden estimate is based on field collection experience. Response burden varies depending on the size of the company, the number and variety of goods or services traded in the establishment, and the types of records kept. Thus far in the survey, which has been carried out at small, medium, and large size establishments, the respondent burden for initiation averages approximately one hour.

For repricing, which is an update to price data previously provided by the respondent (using the online data collection application), the burden estimate is based on internal testing and BLS experience in earlier samples. (Attachments 7I and 7J show screenshots from the web repricing application.) The burden varies from one minute for routine updates of prices for unaltered goods or services, to thirty minutes for reporting changes in product or service specifications or substitution of models within a product or service line. The IPP estimates that it takes approximately 5 minutes, on average, to reprice one item.

Companies and establishments of all employment sizes, including those with fewer than 100 employees, are covered in the samples. This comprehensive coverage is necessary to avoid bias and assure that the sample is representative of the universe of exporters/importers. Small companies, collectively, have substantial weight in the price-forming universe, and the evidence suggests that the pricing behavior of small companies is different from that of large companies. Therefore, the smaller units need to be directly surveyed.

The sample sizes and estimated annual respondent burden for FY 2022, FY 2023, and FY 2024 are shown on the following pages. Data on exports and imports are calculated separately for analysis purposes.

EXPORTS

	<u>Total Annual Responses</u>					<u>Estimated Total Hrs of Annual Burden</u>				
	Number of Respondents (end of FY) ³		Frequency of Response Per Year	=	Total Annual Responses	Total Annual Responses		Estimated Avg # of Hrs Per Response	=	Estimated Total Hrs of Annual Burden
Fiscal Year 2022										
Initiation ⁴	900	x	1	=	900	900	x	1	=	900
Repricing ⁵	1500	x	9.1 ⁶	=	13650	13650	x	0.4277 ⁷	=	5838
Total Burden	2400				14550	14550				6738 ⁸
Fiscal Year 2023										
Initiation	900	x	1	=	900	900	x	1	=	900
Repricing	1500	x	9.1	=	13650	13650	x	0.4277	=	5838
Total Burden	2400				14550	14550				6738
Fiscal Year 2024										
Initiation	900	x	1	=	900	900	x	1	=	900

³ These numbers are estimates subject to change due to differing relative values of U.S. imports and exports and to variations in response rates.

⁴⁴ Initiation refers to the initial collection of data to be used in repricing. Totals include the Field Economist's visit to the company as well as the time spent to select items for repricing using the disaggregation sheet (form 3008, Attachment 12).

⁵⁵ Repricing refers to the update of price information previously provided by the respondent. The web application (Attachments 7I and 7J) is the primary means of repricing but all collection types are included in these totals.

⁶⁶ During initiation, the respondent determines how many months data will need to be supplied in a given year based upon how often prices change. On average, export and import companies are requested to supply information 9.1 months/year and 8.9 months/year, respectively.

⁷⁷ The average burden to reprice is currently estimated at 5 minutes per item, based upon internal testing. On average, an export respondent submits price data on 5.132 items. Thus, the average response time is 5 minutes x 5.132 items = 25.660 minutes = 0.4277 hours.

⁸⁸ Rounded to the nearest hour.

n										
Repricing	1500	x	9.1	=	13650	13650	x	0.4277	=	5838
Total Burden	2400				14550	14550				6738

IMPORTS

Total Annual Responses

Estimated Total Hrs of Annual Burden

Number of Respondents (end of FY)

Frequency of Response Per Year

Total Annual Responses

Total Annual Responses

Estimated Avg # of Hrs Per Response

Estimated Total Hrs of Annual Burden

Fiscal Year 2022

Initiation

1300

x

1

15

=
1300

1300
x
1
=
1300

Repricing

2350

x
8.9
=
20915

x

20915

x
0.4683⁹
=
9794

Total Burden

3650

22215

22215

11094¹⁰

⁹

The average burden to reprice is currently estimated at 5 minutes per item, based upon internal testing. On average, an import respondent submits price data on 5.620 items. Thus, the average response time is 5 minutes x 5.620 items = 28.100 minutes = 0.4683 hours.

¹⁰ Rounded to the nearest hour.

Fiscal Year 2023

Initiation

1300

x

1

=

1300

1300

x

17

1
=
1300

Repricing

2350
x
8.9
=
20915

20915
x
0.4683
=
9794

Total Burden

3650

22215

22215

11094

Fiscal Year 2024

Initiation

1300

x

1

=

1300

1300

x

1

=

1300

Repricing

2350

x

8.9

=

19

20915

20915

x

0.4683

=

9794

Total Burden

3650

22215

22215

11094

Number of Respondents (Summary)			
	Initiation	Repricing	Initiation + Repricing
Exports	900	1500	2400
Imports	1300	2350	3650
Total	2200	3850	6050

	Burden Hours (Summary)		
	Initiation	Repricing	Initiation + Repricing
Exports	900	5838	6738
Imports	1300	9794	11094
Total	2200	15632	17832

Respondent burden costs for monthly data collection for the periods covered by this clearance package are as follows:

Annualized Cost of Burden			
	Total Hours of Burden	Average Hourly Pay*	Annualized Cost of Burden
Exports	6738	\$61.59	\$414,993
Imports	11094	\$61.59	\$683,279
Total	17832	\$61.59	\$1,098,272

* calculated from the average hourly pay rates for fiscal years 2022, 2023, and 2024.

Estimated Annualized Respondent Cost and Hour Burden

Activity	No. of Respondents	No. of Responses per Respondent	Total Responses	Average Burden (Hours)	Total Burden (Hours)	Hourly Wage Rate	Total Burden Cost
<u>Initiation</u>							
Exports	900	1	900	1	900	\$61.59	\$55,431
Imports	1300	1	1300	1	1300	\$61.59	\$80,067
<u>Repricing</u>							
Exports	1500	9.1	13650	0.4277	5838	\$61.59	\$359,562
Imports	2350	8.9	20915	0.4683	9794	\$61.59	\$603,212
Total	6,050	6.0769	36765	.4850	17832	\$61.59	\$1,098,272

In the fourth quarter of 2020, the average hourly total compensation for management, professional, and related employees in private industry was \$61.72. The average hourly total compensation for sales and office employees was \$27.56. Thus, a weighted average hourly total compensation rate of \$58.99 was derived¹¹. This weighted average was then updated for the first quarter of 2021 using the quarterly percent change in the Employee Cost Index (ECI) of the BLS¹². Estimates for 2022, 2023, and 2024 were derived by calculating the weighted average annual percent change in ECI for both categories and applying it to subsequent years¹³. These numbers would make the hourly total \$60.28 for 2022, \$61.58 for 2023, and \$62.90 for 2024, creating an average hourly rate of \$61.59 for the three years.

¹¹ Approximately 92 percent of IPP respondents can be categorized as a management, professional or related employee in private industry while about 8 percent can be categorized as a sales or office employee.

¹³¹² The three-month ECI for management, professional, and related employees in private industry was 0.9 and for sales and office employees in private industry was 2.0 percent. See footnote 11 for additional info related to the following calculation: $(0.9 \times .92) + (2.0 \times .08) = 0.99$ percent change in ECI of the BLS.

¹³ The 12-month ECI for management, professional, and related employees in private industry in the last quarter of 2021 was 2.0 percent; the 12-month ECI for sales and office employees in private industry was 3.9 percent. See footnote 11 for additional info related to the following calculation: $(2.0 \times 0.92) + (3.9 \times 0.08) = 2.15$ (weighted avg percent change in ECI per year, for both categories).

13. Provide an estimate of the total annual cost burden to respondents or recordkeepers 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 service 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.

Nearly all respondents have access to the internet and/or use of email. Those respondents who don't have access to provide data electronically can provide data via telephone. Therefore, respondents need no additional equipment or technology for collection of IPP data other than the equipment already owned to conduct business; the company's methods for maintaining its records are incidental to the IPP survey. Respondents' total annual capital costs (both the total capital and start-up cost component and the total operation and maintenance and purchase of services component) due to the IPP survey are \$0.

14. Provide estimates of the 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), 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 into a single table.

For FY 2021, the collection and publication for data for the IPP Survey (both imports and exports) will cost approximately \$22 million. BLS spends approximately 65 percent of this amount on federal employee compensation and benefit costs.

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

The annual number of responses decreased for both exports and imports because of fewer respondents in Initiation and in Repricing. The lower number of responses in Initiation reflects a smaller sample size, the continued result of the reduction in data collection staff available for initiation of companies into the Import and Export Price Index survey as well as an increase in the estimated number of hours required for collection of an IPP schedule. The hours estimate for data collection rose because a successful initiation has become more difficult in recent years (partly due to the voluntary nature of the IPP survey) and because more travel time must be factored into collection as fewer staff cover a broader geographic area. Because the number of respondents in Repricing is impacted by the past number of companies in Initiation, the number of Repricing responses also declined after the sample size was reduced.

The frequency of responses per year decreased for both imports and exports whereas the number of items repriced per respondent decreased for exports and increased for imports. Although IPP survey methods prioritize monthly price collection for all sampled items (intended for initiation into the survey), participation in the IPP survey is voluntary. Respondents therefore, decide how many items they will reprice and set their own repricing schedules. Repricing schedules are set according to how frequently and when price changes occur for the items and/or how often respondents are willing to provide price information. Index calculation methods are in place to address changes in periodicity of pricing.

Despite the slight decreases in the frequency of responses and the number of items repriced per export respondent, the annual time burden dropped primarily because of the lower number of respondents in Initiation and Repricing.

Despite higher average hourly pay rates (calculated by BLS' Employment Cost Index) for both management, professional, and related employees and for sales/office employees, annual cost burden decreased because of the lower number of respondents in Initiation and Repricing.

16. For collections of information whose results will be published, outline plans for tabulations, 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 report, publication dates, and other actions.

The merchandise price indexes are published using three different classification systems: the Harmonized System (HS), the Bureau of Economic Analysis End Use System (End Use), and the Foreign Trade North American Industry Classification System (NAICS). Since services are not covered in the published classification systems used for merchandise trade, price indexes for internationally traded services are published using two other definitions: the Balance of Payments (BOP), which represents transactions between U.S. and foreign residents; and

international services indexes, which represent transactions “inbound to” and “outbound from” the U.S.

The HS classification system is used for sampling, weighting, and the collection of data. Each published product group is composed of classification groups, constructed from homogeneous or related product categories in the Harmonized TSUSA or Schedule B classifications. Index aggregation weights are now revised on a yearly basis and they reflect the constantly changing patterns of international trade more accurately. For the IPP’s goods indexes, the aggregation weights at the stratum¹⁴ and detailed classification group levels consist of the universe trade dollar value totals that are published by the Bureau of the Census. Changes affecting the weights of products in the basket of goods bought and sold in foreign markets are now made every January, beginning in 2004, and reflect shifts in trade patterns from two years earlier. All services indexes are now also reweighted each January and reflect shifts in trade patterns from two years earlier. The IPP began annual reweighting of Air Passenger Indexes in January 2007 and of Air Freight Indexes in January 2009.

Respondents providing data via the web receive a notification to reprice on the second business day of the reference month (Attachments 7D-7E for newly-initiated web respondents and Attachment 7G for existing web respondents). Data collection continues for approximately five weeks; the indexes are released approximately one week later. Schedules sent to the regions are collected on a flow basis and some may remain in collection for around two years.

The IPP data are published in a monthly news release that includes a description of some of the highlights of import and export price movements over the past month. The release also includes tables that detail aggregate price indexes for each of the published classification systems. (An IPP news release is included as Attachment 17.) The release dates are announced in the fall of the previous year and are available online at http://www.bls.gov/schedule/news_release/ximpim.htm. In addition to the news release, the IPP publishes more detailed tables that contain indexes and percent changes over the past four months for each of the program’s published indexes. The IPP also offers full historical tables (http://www.bls.gov/web/ximpim.supp.toc.htm#long_tables) that show the index values for each published stratum dating back to when the series was first published. IPP outputs are available to the public by e-mail (using the BLS News Service) or on the internet (<http://www.bls.gov/mxp/>). Detailed analyses using international prices are also published periodically in the *Monthly Labor Review* and as *Beyond the Numbers* articles. (Attachments 18 and 19 are articles which reference IPP data and which have been published in the *Monthly Labor Review*, accessible at <http://www.bls.gov/opub/mlr/>. Attachments 20-22 are *Beyond the Numbers* articles which reference IPP data and which are available on the BLS website at <http://www.bls.gov/opub/btn/>. Attachments 23 and 24 are BLS working papers pertaining to IPP data.)

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.

¹⁴ IPP uses the term “stratum” (pl. “strata”) to refer to a grouping of one or more classification groups which are homogenous with respect to some characteristic and may experience similar price trends.

The International Price Program requests authorization to not display the expiration date for OMB approval on the following materials:

- o disaggregation worksheet/form 3008 (Attachment 12) – Without receiving a waiver of the expiration date requirement, the IPP will be required to discard otherwise useable forms at the end of the three-year window and incur additional printing costs.
- o B form/form 230 (Attachment 13) – The system used to produce this form is being phased out and the expiration date is not easily updated in IPP’s initiation system since there is no source file. Removal of the expiration date will eliminate further updates to an aging system that IPP plans to replace in the near future.
- o Survey Unit Information (SUI) Listing/form 228 (Attachment 14) – This material is generated in the IPS system for which coding and testing sources are limited.
- o checklists/form 231 (Attachments 15 and 16) - With a few exceptions, the program creates a checklist for every Harmonized and Schedule B product area and the checklists are sample-specific. An IPP sample may be in collection for up to three years, and there are multiple samples being collected at any point in time. It would not be feasible to create revised checklists for all the outstanding samples when the expiration date expires.

18. Explain each exception to the certification statement.

Since the IPP is a voluntary survey and it imposes no recordkeeping requirement for respondents, the IPP does not indicate a retention period for recordkeeping requirements.