

**SUPPORTING STATEMENT**  
**U.S. Department of Commerce Bureau of Industry and Security**  
**Multipurpose Application**  
**OMB No. 0694-0088**

**A. Justification for revision:**

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

BIS is revising this information collection because of the estimated increase of license application submissions that will result from the publication of this rule entitled, “**Imposition of Sanctions on Luxury Goods Destined for Russia and Belarus and for Russian and Belarusian Oligarchs and Malign Actors Under the Export Administration Regulations (EAR).**”

In response to the Russian Federation’s (Russia’s) further invasion of Ukraine, and Belarus’s substantial enabling of Russia’s invasion, the Department of Commerce is imposing restrictions on the export, reexport, or transfer (in-country) to or within Russia or Belarus of luxury goods under the Export Administration Regulations (EAR) and for exports, reexports and transfers (in-country) worldwide to certain Russian or Belarus oligarchs and other malign actors supporting the Russian or Belarusian governments. Taken together, these new export controls will impose additional costs on those persons and organizations that have the financial resources to purchase luxury goods in Russia, Belarus, and other countries. These controls will impose additional costs on such persons and organizations. In response to Russia’s February 2022 further invasion of Ukraine and Belarus’ substantial enabling of this invasion, the Bureau of Industry and Security (BIS) imposed extensive sanctions on Russia and Belarus under the Export Administration Regulations (15 CFR parts 730 – 774) (EAR) by implementing the final rule, *Implementation of Sanctions Against Russia Under the Export Administration Regulations (EAR)*, effective February 24, 2022 (“Russia Sanctions rule”)<sup>1</sup> and subsequently in three additional final rules published in March 2022 (“March 2022 rules”), *Imposition of Sanctions Against Belarus Under the Export Administration Regulations (EAR)*, effective March 2, 2022 (“Belarus Sanctions rule”)<sup>2</sup>; *Expansion of Sanctions Against the Russian Industry Sector Under the Export Administration Regulations (EAR)*, effective March 3, 2022 (“Industry Sector Sanctions rule”)<sup>3</sup>; and *Further Imposition of Sanctions Against Russia with the Addition of Certain Entities to the Entity List*, effective March 3, 2022 (“Russia Entity List rule”)<sup>4</sup> that imposed sanctions on Russia and Belarus. BIS also published an additional rule in March 2022, *Addition to the List of Countries Excluded from Certain License Requirements under the Export Administration Regulations (EAR)*, effective March 4, 2022 (“South Korea exclusion rule”)<sup>5</sup> that added South Korea to the list of countries in supplement no. 3 to part 746 that are excluded from certain § 746.8 license requirements that pertain to items destined for Russia or

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<sup>1</sup> 87 FR 12226 (March 3, 2022).

<sup>2</sup> 87 FR 13048 (March 8, 2022).

<sup>3</sup> 87 FR 12856 (March 8, 2022)

<sup>4</sup> 87 FR 13141 (March 9, 2022)

<sup>5</sup> 87 FR 13627 (March 10, 2022)

Belarus. As described in the Russia Sanctions rule's preamble, as well as the other March 2022 rules, Russia's invasion of Ukraine, and Belarus's substantial enabling of Russia's invasion of Ukraine, flagrantly violates international law, is contrary to U.S. national security and foreign policy interests, and undermines global order, peace, and security, and consequently necessitates the imposition of stringent sanctions.

The export control measures implemented in this final rule build upon the policy objectives set forth in the Russian Sanctions rule and in the Belarus Sanctions rule by restricting Russia and Belarus' access to luxury goods in order to increase the costs on Russian and Belarusian persons who support the government of Russia and its invasion of Ukraine. These individuals include Russian persons (together, Russian oligarchs and malign actors), wherever located, who have been designated by the Department of the Treasury, Office of Foreign Assets Control's (OFAC) under or pursuant to certain Russia and Ukraine-related Executive Orders issued in response to Russia's 2014 occupation of Crimea and related destabilizing conduct in Ukraine and are listed on the List of Specially Designated Nationals and Blocked Persons (SDN List) maintained by OFAC.

The changes made by this rule are intended to limit access to luxury goods by restricting the export, reexport and transfer (in-country) of certain items subject to the EAR that are desired by wealthy Russian and Belarusian citizens, including Russian and Belarus oligarchs and malign actors. Limiting the export, reexport, and transfer (in-country) of luxury goods will undermine the ability of these Russian and Belarusian individuals' to acquire luxury items, thereby further highlighting to these influential individuals the financial consequences of Russia's invasion of Ukraine to their lifestyle. With respect to these Russian and Belarusian oligarchs and malign actors, these restrictions on access to luxury goods complement restrictions on their assets imposed by OFAC and by partner and allied countries. The restriction of access to luxury goods implemented also highlights to the Russian and Belarusian elites their loss of the benefits of full participation in the international market.

The export controls in this rule target 'luxury goods' for export or reexport to or transfer within Russia or Belarus, as well as to certain Russian and Belarusian oligarchs and malign actors, wherever they are located. This rule is part of larger U.S. Government and partner and allied country actions intended to steadily increase the financial consequences on Russia and Belarus as a result of Russia's invasion of Ukraine and Belarus's substantial enabling of Russia's invasion, as well as on Russian individuals who have supported Russia's destabilizing conduct since Russia's 2014 occupation of the Crimea region of Ukraine.

## **II. Overview of New Controls**

Through this rule, BIS is implementing two new license requirements: one that applies to "luxury goods" subject to the EAR that are destined for Russia or Belarus and another that applies to such items that are destined for Russian and Belarusian oligarchs and malign actors, regardless of their geographical location, who have been designated by OFAC under certain Russia- or Ukraine-related Executive Orders. For purposes of these new license requirements, a 'luxury good' refers to any item that is identified in new supplement no. 5 to part 746 of the EAR. The license requirement specific to Russia and Belarus for 'luxury goods' is added under new § 746.10(a)(1) of the EAR ('Luxury goods' license requirements for Russia and Belarus) (Embargoes and Other Special Controls). The license requirement specific to the designated Russian and Belarusian oligarchs and malign actors for 'luxury goods' is added

under new § 746.10(a)(2) of the EAR (Worldwide license requirement for ‘luxury goods’ for designated Russian and Belarusian oligarch and malign actors).

The new license requirements set forth in paragraphs (a)(1) and (2) apply to the ‘luxury goods’ identified in supplement no. 5 to part 746. The difference between the two new license requirements is that while the license requirements under paragraph (a)(1) apply to exports and reexports to Russia and Belarus or transfers within Russia and Belarus, regardless of the end user, the license requirement under paragraph (a)(2) is a worldwide license requirement that applies to Russian and Belarusian oligarchs and malign actors designated by OFAC pursuant to certain specified Executive Orders, as described further below.

A very limited number of license exceptions described in § 746.10(c)(1) and (2) may be used to overcome the license requirements in § 746.10(a)(1) if all of the applicable requirements of the license exceptions can be met. No license exceptions are available to overcome the license requirements in § 746.10(a)(2). When a license is required, applications for such items will be subject to a policy of denial.

BIS estimates that these new controls in § 746.10(a)(1) and (2) will result in an additional 1,000 license applications being submitted to BIS annually, which requires an increase in the collection burden hours under this collection.

Section 1761(h) under the Export Control Reform Act (ECRA) of 2018, authorizes the President and the Secretary of Commerce to issue regulations to implement the ECRA including those provisions authorizing the control of exports of U.S. goods and technology to all foreign destinations, as necessary for the purpose of national security, foreign policy and short supply, and the provision prohibiting U.S. persons from participating in certain foreign boycotts. Export control authority has been assigned directly to the Secretary of Commerce by the ECRA and delegated by the President to the Secretary of Commerce. This authority is administered by the Bureau of Industry and Security through the Export Administration Regulations (EAR).

BIS administers a system of export, re-export, and in-country transfer controls in accordance with the EAR. In doing so, BIS requires that parties wishing to engage in certain transactions apply for licenses, submit Encryption Review Requests, or submit notifications to BIS. BIS also reviews, upon request, specifications of various items and determines their proper classification under the EAR. Currently, members of the public submit these applications, requests and notifications to BIS in one of four ways, via:

1. BIS’ Simplified Network Application Process - Redesign (SNAP-R);
2. BIS’ System for Tracking Export License Applications (STELA);
3. Multipurpose Application, Form BIS 748P, and its two appendices the BIS 748P-A (item appendix) and the BIS 748P-B (end-user appendix); or
4. Advisory opinion requests, pursuant to the instructions in § 748.3(c) of the EAR.

Specific to the submission of applications, requests and notifications, BIS will, under one or more the circumstances specified in § 748.1(d)(1) of the EAR, accept paper submissions of

license applications, notifications and requests. However, BIS has not recently received any paper submissions of license applications, notifications or requests.

In many instances, BIS needs additional documents to act on the submission. For submissions made electronically via SNAP-R, the applicant must scan and attach the additional documents in SNAP-R.

For documents that relate to paper submissions, the documents can be mailed or delivered to BIS with the BIS 748P form, as appropriate.

**2. Explain how, by whom, how frequently, and for what purpose the information will be used. If the information collected will be disseminated to the public or used to support information that will be disseminated to the public, then explain how the collection complies with all applicable Information Quality Guidelines.**

Export information collected either electronically or from the Multipurpose Application (Forms BIS-748P, 748P-A and 748P-B) is used by BIS as the basis for decisions to grant licenses for export and re-export, for national security reviews of encryption items, and for classifications of items that are controlled for reasons of national security, short supply or foreign policy. These decisions are typically made on a case-by-case basis and are dependent upon the information provided and the policies in effect at the time of the transaction. In many cases, this information is shared with other Federal agencies such as the Department of Defense, State Department, and Department of Energy, to obtain their recommendations on these decisions.

Both the paper and electronic versions of the Multipurpose Application provide detailed instructions and explanations of what data is required in each field. In addition, the SNAP-R system includes a large number of software validations to ensure high quality data.

**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.**

BIS redesigned the SNAP system to enhance security, support electronic submission of supporting documents and provide increased functionality. BIS currently receives approximately 100% of all submissions of license applications, notifications and commodity classification and encryption registration requests electronically through the SNAP-R system. SNAP-R is located at: <https://snapr.bis.doc.gov/>

Advisory opinion requests are delivered to BIS by mail, delivery service or via e-mail.

**4. Describe efforts to identify duplication.**

The information received when applying for an export license, classifications and advisory opinions, Encryption Review Request, or license exception AGR is unique to each application. The information is not duplicated anywhere else in Government nor is it available from any other source.

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

The information required when applying for an export license, classification request, advisory opinion, Encryption Review Request, and license exception AGR notification must be submitted by exporters or their designated agents, regardless of size. This procedure, as part of the EAR, is governed by national security, foreign policy and proliferation of weapons of mass destruction requirements. BIS maintains an active seminar and counseling program to help all businesses understand and comply with BIS requirements. BIS also maintains an informative web site that provides detailed instructions on how to comply with our paperwork requirements. This web site is located at: <https://www.bis.doc.gov>.

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

If this information were submitted less frequently, it could result in decreases and delays in trade as well as a higher number of exports to unapproved consignees with the possibility that illegal shipments would be made to countries of concern.

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

There are no special circumstances that require the collection to be conducted in a manner inconsistent with the guidelines in 5 CFR 1320.6.

**8. Provide a copy of the PRA Federal Register notice that solicited public comments on the information collection prior to this submission. Summarize the public comments received in response to that notice and describe the actions taken by the agency in response to those comments. Describe the efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and record keeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.**

N/A

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

No payment or gift will be provided to respondents.

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

Section 1761(h) of the ECRA provides for the confidentiality of export licensing information submitted to the Department of Commerce.

**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.**

There are no questions of a sensitive nature.

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

The total estimated burden of this collection is 33,133 hours. This estimate includes the increase of burden hours from the final rule, “Changes to Country Policy Under the Export Administration Regulations (EAR).”

BIS estimates that exporters will require 17 minutes to input their application-specific data into the SNAP-R system. 17 additional minutes are required to submit supporting documents into SNAP-R for those applications that require supporting documentation.

Commodity classifications typically require more supporting documentation than other types of applications. About 75% of the commodity classifications and 33% of the other applications require supporting documentation. It is estimated to take one hundred and nine minutes per commodity classification to acquire the corresponding documentation. It is estimated to take 25 minutes for all other types of applications. There is also a record keeping requirement of 2 minutes associated with each application. The burden hour estimate is detailed in the following table:

<b>Burden Activity</b>	<b>Annual Responses</b>	<b>Average Minutes per Response</b>	<b>Annual Burden Hours</b>
Commodity Classifications Without Supporting Documentation	1,607	17	455
Other SNAP-R Applications Without Supporting Documentation	16,733	17	4,741
Commodity Classifications With Supporting Documentation	4,820	109	8,756
Other SNAP-R Applications With Significant Supporting Documentation	8,550	49	6,983
Other Applications With Minimal Supporting Documentation	33,662	19	10,660
EAR Amendments	3,076	30	1,538
<b>Total</b>	<b>68,448</b>	<b>29.6</b>	<b>33,133</b>

The cost associated with this burden is estimated to be \$ 993,990. This is obtained by multiplying 33,133 hours times \$30 per hour.

**13. Provide an estimate of the total annual cost burden to the respondents or record-keepers resulting from the collection (excluding the value of the burden hours in #12 above).**

There is no additional cost to the respondent.

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

The annual cost to the Federal Government is approximately \$ 2,053,440. This is based on licensing officers spending 45 minutes to review each of the 68,448 applications at \$40 per hour.

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

Not applicable.

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

BIS publishes information based on aggregate data from export license applications. It does not publish information that would identify the details of specific applications or requests. Section 1761(h) of the ECRA restricts release of such detailed data to Congress, the GAO, or to situations in which the Secretary (authority delegated to the Under Secretary for Industry and Security) determines that release is in the national interest.

**17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons why display would be inappropriate.**

Not applicable.

**18. Explain each exception to the certification statement identified in Item 19 of the OMB 83-I.**

Not applicable.

**B. COLLECTIONS OF INFORMATION EMPLOYING STATISTICAL METHODS**

Not applicable.