

Department of Transportation
SUPPORTING STATEMENT
OCEAN SHIPMENTS MOVING UNDER EXIM BANK FINANCING

General Instructions

A Supporting Statement, including a copy of the published notices to the public required by 5 CFR 1320.5(a)(1)(iv) and its actual date of publication in the Federal Register, must accompany each request for approval of a collection of information. The Supporting Statement must be prepared in the format described below and must contain the information specified. If an item is not applicable, provide a brief explanation. OMB reserves the right to require the submission of additional information with respect to any request for approval.

INTRODUCTION

This is to request the Office of Management and Budget's (OMB) three-year approval clearance for the information collection entitled, Ocean Shipments Moving under EXIM Bank Financing, (OMB Control No. 2133-0013, which is currently due to expire on July 31, 2022.

A. JUSTIFICATION

1. Circumstances that make collection of information necessary.

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

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

The prescribed monthly reporting form is necessary for MARAD to fulfill its legislative requirement to monitor the percentage of ocean freight revenues/tonnage. The monthly

reporting form serves as a uniform benchmark for MARAD, the borrower, the shipper and/or ocean transportation intermediary (OTI) determine the status of the distribution of the shipments and the freight revenues/tonnage monthly. Since some EXIM Bank credit agreements entail only a few shipments made during a compressed timeframe, such as up to a two to three-month period, the Form F permits MARAD to maintain an accurate and timely account of the shipments. For other EXIM Bank credit agreements, the shipments may take place over several years, entail a change in OTIs and/or the introduction of subcontractors responsible for making their own shipping arrangements for equipment to be financed under the same loan agreement. In those instances, the Form F allows MARAD to trace all shipping activities related to a credit in support of its program review requirements, described above.

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

The previous terms of the clearance continue to apply: MARAD shall collaborate with EXIM Bank to provide EXIM Bank with its requested data elements. MARAD shall also continue to emphasize the voluntary nature of 46 USC 55304, clarify it has no annual reporting requirement, and minimize inconsistencies with the bills of lading.

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

Excerpt of Applicable Laws and Regulations:

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

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

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

(6) Export-Import Bank of the United States.”

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

- (1) Identification of the sponsoring U.S. Government agency or department;
- (2) Name of vessel;
- (3) Vessel flag of registry;
- (4) Date of loading;
- (5) Port of loading;
- (6) Port of final discharge;
- (7) Commodity description;
- (8) Gross weight in pounds;
- (9) Total ocean freight revenue in U.S. dollars.”

2. How, by whom, and for what purpose is the information used.

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

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

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

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

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

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

3. Extent of automated information collection.

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

4. Efforts to identify duplication.

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

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

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

5. Efforts to minimize the burden on small businesses.

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

6. Impact of less frequent collection of information.

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

the EXIM Bank, will not be able to be effectively conducted.

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

7. **Special circumstances.**

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

8. **Compliance with 5 CFR 1320.8:**

MARAD published a 60-day notice and request for comments on this information collection in the Federal Register on May 3, 2022 (87 FR 26251), indicating comments should be submitted on or before July 5, 2022. In addition, a 30-day notice and request for comments was published in the Federal Register on July 13, 2022 indicating comments should be submitted on or before August 12, 2022.

9. **Payments or gifts to respondents.**

No payments or gifts are provided to respondents.

10. **Assurance of confidentiality:**

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

11. **Justification for collection of sensitive information.**

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

12. **Estimate of burden hours for information requested:**

The potential respondent universe consists of all EXIM Bank loan and loan guarantee recipients as well as designated representatives charged with the responsibility of monthly reporting. These can be a contractor, OTI, supplier, etc. Currently there are approximately 28 respondents who will submit information on a monthly basis. The information collection procedure requires that the designated reporting party include data on all voyages (U.S.-flag and foreign-flag) taking place during the month in the form of a properly notated and legible copy of the rated on-board ocean carrier bill-of-lading. Frequency of reporting is

monthly. It is estimated that the required time for providing the requested information is approximately 30 minutes per response. Data is usually prepared by a logistician (Mean Hourly Wage: \$38.38 (Bureau of Labor Statistics Occupation Code: 13-1081; https://www.bls.gov/oes/current/oes_nat.htm#00-0000))

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

| Monthly Reporting Form | | | | |
|---------------------------------------|---------------------------------|---------------------------------|------------------------------------|--------------------|
| Number of Respondents Annually | Responses Per Respondent | Total Responses Annually | Hours Per Response | Total Hours |
| 28 | 12 | 336 | 0.5 | 168 |
| | | Annual Burden Hours | Hourly Cost for Logistician | |
| | | 168 | \$38.38 | \$6,447.84 |
| | | Annual Burden Cost | Benefit Multiplier | Total Cost |
| | | \$6,447.84 | 1.4 | \$9,026.97 |

The potential respondent universe consists of EXIM Bank loan and loan guarantee recipients or their shippers. MARAD currently projects that there will be approximately 28 respondents per year. The information collection requests that the loan recipient/shipper provide MARAD the same data required by a generic ocean carrier (U.S.-flag or foreign flag) to make an offer on the cargo being shipped.

Frequency of reporting is once. It is estimated that the required time for providing the requested information is approximately 0.5 hour per response. Data is usually prepared by a logistician (average salary: \$38.38 per hr. (Bureau of Labor Statistics)).

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

| Transparency Initiative | | | | |
|---------------------------------------|---------------------------------|---------------------------------|------------------------------------|--------------------|
| Number of Respondents Annually | Responses Per Respondent | Total Responses Annually | Hours Per Response | Total Hours |
| 28 | 12 | 336 | 0.5 | 168 |
| | | Annual Burden Hours | Hourly Cost for Logistician | |

| | | | |
|--|---------------------------|---------------------------|--------------------------|
| | Cost | | |
| | 168 | \$38.38 | \$6,447.84 |
| | Annual Burden Cost | Benefit Multiplier | Total Annual Cost |
| | \$6,447.84 | 1.4 | \$9,026.97 |

Note: 0.5 hours per response x \$38.38 cost = \$19.19 x 1.4 benefits = \$26.87
\$26.87 x 336 = \$9,027

13. Estimate of total annual costs to respondents.

- (a) Total Capital and Start-Up Costs Estimate: There are no capital or start-up costs associated with this information collection.
- (b) Total Operation and Maintenance and Purchase of Services Estimate: There are no operational and maintenance or purchase of service costs associated with this information collection.

14. Provide Estimate of cost to the Federal government.

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

It is estimated that one employee (GS-12/10) receives the monthly reports, reviews the reports and accompanying bills-of-lading and performs calculations to arrive at control percentages. Time required for these tasks is an estimated 30 minutes and the hourly rate is \$55.96.

| Monthly Reporting Annual Cost | | | |
|--------------------------------------|-----------------------------------|-----------------------------------|-----------------------------|
| Number of Employees | Hourly | Project Time | Cost Per Application |
| 1 | \$55.96 | 0.5 | \$27.98 |
| | Cost Per Application | Benefit Multiplier | Total |
| | \$27.98 | 1.4 | \$39.17 |
| | Total Cost Per Application | Number of Annual Responses | Cost Total |
| | \$39.17 | 336 | \$13,161.79 |

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

It is estimated that one employee (GS-12/10) receives the email cargo data, reviews the data for completeness and re-transmits the cargo data to the U.S.-flag carriers. The data will also be entered into the database being set up for the Transparency Initiative. Time required for these tasks is an estimated 30 minutes and the hourly rate is \$55.96. (https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2022/DCB_h.pdf)

| Transparency Initiative | | | |
|--------------------------------|-----------------------------------|-----------------------------------|--|
| Number of Employees | Hourly | Project Time | Cost Per Application |
| 1 | \$55.96 | 0.5 | \$27.98 |
| | Cost Per Application | Benefit Multiplier | Total |
| | \$27.98 | 1.4 | \$39.17 |
| | Total Cost Per Application | Number of Annual Responses | Cost Total |
| | \$39.17 | 336 | \$13,161.79 |
| | Monthly Reporting Cost | Transparency Initiative cost | Total Annual Cost to the Government |
| | \$13,161.79 | \$13,161.79 | \$26,323.58 |

15. Explain the Explanation of program changes or adjustments.

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

16. Publication of results of data collection.

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

17. Approval for not displaying the expiration date of OMB approval.

MARAD is not seeking such approval.

18. Exceptions to certification statement.

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