



DEPARTMENT OF COMMERCE

International Trade Administration

[Docket No. 161020988-6988-01]

RIN: 0625-XC026

Revisions to User Fees for Export and Investment Promotion Services/Events

AGENCY: U.S. & Foreign Commercial Service, International Trade Administration, Commerce.

ACTION: Notice of proposed fee revisions and request for comment.

SUMMARY: The U.S. & Foreign Commercial Service (US&FCS) within the International Trade Administration (ITA) is seeking comment on its proposal to adjust user fees in light of an independent cost study which concluded that the US&FCS is not fully covering its costs for providing services under the current fee structure, as provided in the Office of Management and Budget (OMB) Circular A-25. ITA provides a wide range of export and investment promotion information and services to U.S. individuals and entities. The services considered here are a subset of ITA activities that involve relatively more intensive time engagements with particular client firms; ITA will continue to provide information and services that are less intensive and/or benefit the general public without charge. As part of this proposal, US&FCS also proposes to revise the standards related to company size for determining the fees to be charged.

DATES: We will consider all comments that we receive by January 16, 2017.

ADDRESSES: You may submit comments by either of the following methods:

- Federal eRulemaking Portal: www.Regulations.gov. The identification number is ITA-2016-0012.

- Postal Mail/Commercial Delivery to Docket No. ITA-2016-0012, International Trade Administration, U.S. & Foreign Commercial Service, Office of Strategic Planning & Resource Management, 1400 Constitution Avenue N.W. Rm. C125, Washington, D.C. 20235.

Instructions: Comments sent by any other method, to any other address or individual, or received after the end of the comment period, may not be considered by US&FCS. All comments received are a part of the public record and will generally be posted for public viewing on www.regulations.gov without change. All personal identifying information (*e.g.*, name, address, etc.), confidential business information, or otherwise sensitive information submitted voluntarily by the sender will be publicly accessible. US&FCS will accept anonymous comments (enter “N/A” in required fields if you wish to remain anonymous).

FOR FURTHER INFORMATION CONTACT: Ms. Aditi Palli, International Trade Administration, U.S. & Foreign Commercial Service, Office of Strategic Planning, 1400 Constitution Avenue N.W. Rm. 21022, Washington, D.C. 20230, Phone: (202) 482-2025

SUPPLEMENTARY INFORMATION:

Background

The statutory mission of US&FCS is to “place primary emphasis on the promotion of exports of goods and services from the United States, particularly by small businesses and medium-sized businesses, and on the protection of United States business interests abroad . . . through activities that include assisting United States exporters.” 15 U.S.C. Sec. 4721(b). The statute further defines the term “United States exporter” at 15 U.S.C. Sec. 4721(j) as a U.S. citizen, U.S. corporation, or foreign corporation that is more than 95% U.S.-owned, that “exports or seeks to export, goods or services produced in the United States.” In addition, US&FCS leads the federal government’s investment

promotion efforts “to attract and retain investment in the American economy” as provided in Executive Order 13577 – SelectUSA Initiative (June 15, 2011). In carrying out these efforts, US&FCS may collect user fees from U.S. economic development organizations that seek to promote their locality to foreign investors.

OMB Circular A-25 requires the recovery of an appropriate share of the full cost through user fees for goods and services provided to recipients of benefits beyond those accruing to the general public. Specifically, section 6 of Circular A-25 states that “when a service (or privilege) provides special benefits to an identifiable recipient beyond those that accrue to the general public, a charge will be imposed (to recover the full cost to the Federal Government for providing the special benefit, or the market price).” A “user fee” is the amount paid by a recipient of a special benefit beyond those benefits accruing to the general public. A “special benefit” may accrue and a user fee be imposed when a government service: (a) Enables the beneficiary to obtain more immediate or substantial gains or values than those that accrue to the general public; (b) is performed at the request or for the convenience of the recipient, and is beyond the services regularly received by members of the same industry or group or by the general public; or (c) provides business stability or contributes to public confidence in the business activity of the beneficiary.

The direct or indirect cost of a service provided by the Federal Government includes, but is not limited to, the following:

- Direct and indirect personnel costs, including salaries and fringe benefits such as medical insurance and retirement. Retirement costs should include all (funded or unfunded) accrued costs not covered by employee contributions as specified in Circular A-11.
- Physical overhead, consulting, or other indirect costs including material and supply costs, utilities, insurance travel, and rents or imputed rents on land, buildings, and equipment.

- The management and supervisory costs.
- The costs of enforcement, collection, research, establishment of standards, and regulation, including any environmental impact statements.

Business Size Standards

To comply with the Small Business Act, US&FCS, in consultation with the Small Business Administration (SBA), proposes the following standards related to company size:

- **Small Business:** The company qualifies as a “small business” under SBA’s size standards matched to the North American Industry Classification System Codes.
- **Medium-sized Business:** The company does not qualify under SBA’s size standards matched to the North American Industry Classification System Codes, but has less than \$1 billion in annual revenue.
- **Large Business:** The company does not qualify under SBA’s size standards matched to the North American Industry Classification System Codes and has more than \$1 billion in annual revenue.

The US&FCS is committed to ensuring small and medium-sized enterprises (SMEs) can access the services that US&FCS provides. The US&FCS has historically offered a discount to SMEs, as well as to U.S. economic development organizations and non-profit educational institutions. US&FCS proposes to continue discounted fees for these target populations. Rather than applying a standard discount rate to all services, the fees proposed for each service are based on price sensitivity survey results as well as other considerations, such as the need to ensure that user fees set the proper expectation about the value-added for one service relative to other service offerings. The result is an average discount of 70 percent for small companies, U.S. economic development organizations, and non-profit educational institutions, and 30 percent for medium-sized companies.

User Fee Schedule

The US&FCS offers export and investment promotion services to U.S. businesses that consist of Standardized Fee Services and Customized Fee Services. For each of these services, the US&FCS collects fees according to the User Fee Schedule that is made available on its website and agency publications. The “Standardized Fee Services” listed in the User Fee Schedule are services that are performed in the same general manner by all US&FCS field units. Other “Customized Services,” not shown in the chart below, entail substantive variation of the scope of work with fees based on the level of effort required and direct costs incurred. Under this notice, US&FCS proposes to turn more Customized Fee Services into Standardized Fee Services to improve the consistency and clarity of fees to be charged.

The US&FCS proposes to modify the user fees for both Standardized Fee Services and Customized Fee Services. The proposed new User Fee Schedule provided below lists each standardized fee service and the estimated number of hours for completion of service delivery. To determine the large company fee for any service, a flat hourly rate of \$46 for locally employed staff, \$150 for commercial officers and \$80 for U.S.-based staff is multiplied by the estimated workload hours for each employee type. To determine the fees for a small business and medium-sized business, price sensitivity survey results were analyzed to determine the discount to be applied. Direct costs, such as transportation or an interpreter, will be discussed with the client and assessed in addition to the user fee. For Customized Fee Services, the estimated workload hours will vary, but the user fee will be calculated based on the weighted average hourly rate of \$90 per hour for large companies, \$70 per hour for medium-sized enterprises, and \$30 per hour for small businesses. The services included in this proposal are described below.

1. Business Service Provider A listing of U.S. and foreign business service providers that offer export/investment assistance; such as consultants, lawyers, freight forwarders, etc. The fee is paid for by the business service provider to be listed on US&FCS's websites.
2. Certified Trade/Investment Mission: Provides a group of U.S. companies or economic development organizations with a market briefing, networking reception and Gold Key Service in-country as part of a mission organized by an economic development organization or US&FCS office/team. The fees for these missions are separate from DOC Executive-led Missions, which are organized by Industry and Analysis/Trade Promotion Programs.
3. Featured U.S. Exporter: Provides U.S. companies with an opportunity to enhance their international marketing efforts through improved search engine optimization via .gov link-backs to their company's website. The service entails listing their goods/services overseas on a trusted U.S. government website with a brief description and contact information.
4. Gold Key Service: Provides U.S. companies with matchmaking appointments with up to five interested partners in a foreign market; including: identification and outreach to potential matching firms; sending client's information to identified matching firms; preparing a profile of interested firms; and providing a report with the profile and contact information for interested firms.
5. Initial Market Check: Provides U.S. firms with a report containing information needed to evaluate the potential of their product or service offering in a specific target market; including: a snapshot of the market potential of the product/service; feedback from up to five local contacts on their level of interest in the product/service; and analysis and recommendations for next steps.

6. International Company Profile – Full Report: Full: Provides U.S. companies and economic development organizations with a comprehensive background report on a specific foreign company, including: information on company size, sales data, business activities, corporate structure, shareholders and directors, references, financial data creditworthiness and market outlook; site visit and interviews with principals; information sources consulted in preparing the report; and analysis of information collected.
7. International Company Profile – Partial Report: Provides U.S. companies and economic development organizations with a partial background report on a specific foreign company; including: information on company size, sales data, business activities, references, corporate structure, and shareholders/directors; information sources consulted in preparing the report; and brief analysis of information collected.
8. International Partner Service: Provides U.S. companies with a list of up to five partners/distributors that have expressed an interest in the client's goods/services; including: identification and outreach to potential matching firms; sending client's information to identified matching firms; preparing a profile of interested firms; and providing a report with the profile and contact information for interested firms.
9. International Partner Search + Virtual Introductions: Provides the same as above, but also includes virtual introductions via conference calls with up to five of the contacts identified.
10. Other Customized Services/Events: Includes all other services/events not listed.
11. Single Company or Location Promotion: Provides a U.S. firm or locality with a promotional event (such as a technical seminar, press conference, luncheon, dinner, cocktail reception, etc.) to help increase awareness of their locality or existing/new products/services in a specific market, including: organizing the event logistics/venue; conducting a targeted direct mail or e-mail campaigns; managing the promotional campaign and event-related logistics; providing logistical and promotional support on-site during the event; and providing a post-event de-briefing to discuss next steps.

12. Target Market Analysis: Provides U.S. firms with an analysis of the most promising target markets overseas for their product/service based on analysis of secondary research/data (macroeconomic/commercial & trade/risk data).
13. Trade Show Representation: Provides U.S. companies and economic development organizations with the ability to increase their marketing exposure at a trade show when they are unable to attend in-person; entails conducting pre-trade show promotions via Internet/social media/email campaign; representing the client at the trade show; displaying the client's promotional materials at the trade show; conducting outreach to foreign buyers/distributors in attendance at the trade show; and providing contact information for each overseas company that expressed interest in the client's products/ services at the trade show.
14. Verified Contact List: Provides U.S. firms with a basic contact list of up to five to 10 agents, distributors and partners in a foreign market. The information included in the contact list will have been reviewed and verified for accuracy only and no information will be provided on the level of interest in the client's products/services.
15. Webinar: Provides U.S. firms and economic development organizations with export knowledge and/or market intelligence from experts located around the globe via an online webinar. The webinars are archived on export.gov.
16. Website Globalization: provides U.S. companies with services to enhance the strength of their website for the purpose of attracting foreign partners/business.

User Fee Discounts

The US&FCS currently offers various discounts to SMEs, economic development organizations and non-profit educational institutions. US&FCS proposes to discount services for all small businesses, economic development organization and non-profit educational institutions by an average of ~70 percent and for all medium-sized enterprises by an average of ~30 percent. Under this notice, US&FCS also proposes to eliminate the current SME incentive program, which currently offers an additional discount for first-time users of US&FCS services.

Full cost rates and SME discount rates are provided on the next page so that the public can comment upon the implications of full and SME rates.

Proposed User Fee Schedule for Export Promotion Services

Service/Event	Average Hours (per client)	Current Fee ¹			Proposed Fee ¹		
		Small ²	Medium	Large ³	Small ²	Medium	Large ³
Business Service Provider	4	\$300 + \$50 for translation if needed	\$600 + \$50 for translation if needed	\$600 + \$50 for translation if needed	\$150 + \$50 for translation if needed	\$250 + \$50 for translation if needed	\$350 + \$50 for translation if needed
Certified Trade Mission (market briefing and/or networking reception and/or Gold Key Service - GKS)	70	\$28 per staff hour + any direct costs	\$28 per staff hour + any direct costs	\$28 per staff hour + any direct costs	Full Package: \$1,200 Networking Reception and GKS: \$1,100 Market Briefing and GKS: \$1,000 Market Briefing and Networking Reception: \$250 + any direct costs	Full Package: \$2,800 Networking Reception and GKS: \$2,700 Market Briefing and GKS: \$2,400 Market Briefing and Networking Reception: \$500 + any direct costs	Full Package: \$4,000 Networking Reception and GKS: \$3,900 Market Briefing and GKS: \$3,500 Market Briefing and Networking Reception: \$600 + any direct costs
Featured U.S. Exporter listing (5 markets)	8	\$150 + \$50 for translation if	\$300 + \$50 for translation	\$300 + \$50 for translation	\$150 + \$50 for translation if	\$350 + \$50 for translation	\$500 + \$50 for translation

¹ Other direct costs not included in the service description must be assumed by the client. Types of other direct costs include translation, transportation, use of contractors, venue rental, catering, etc.

² Fees listed also apply to Economic Development Organizations and Non-profit Educational Institutions

³ Fees listed also apply to Foreign Companies, regardless of their size, that use US&FCS services, particularly the Business Service Provider listing, to promote themselves to U.S. exporters.

		needed	if needed	if needed	needed	if needed	if needed
Gold Key Service	62	\$700 + \$350 for 2 nd day	\$2,300 + \$1,000 for 2nd day	\$2,300 + \$1,000 for 2nd day	\$950 + \$350 for 2 nd day	\$2,300 + \$1,000 for 2 nd day	\$3,400 + \$1,200 for 2 nd day
Initial Market Check	20	\$450	\$1,280	\$1,280	\$450	\$1,000	\$1,300
International Company Profile - Full	31	\$600	\$900	\$900	\$700	\$1,200	\$2,000
International Company Profile – Partial	12	N/A	N/A	N/A	\$350	\$850	\$1,100
International Partner Search	40	\$550	\$1,400	\$1,400	\$750	\$1,400	\$2,800
International Partner Search + Virtual Introductions	45	N/A	N/A	N/A	\$900	\$1,750	\$3,250
Other Customized Services and Events	N/A	\$28 per staff hour + any direct costs	\$80 per staff hour + any direct costs	\$80 per staff hour + any direct costs	\$30 per staff hour + any direct costs	\$70 per staff hour + any direct costs	\$90 per staff hour + any direct costs
Single Company Promotion	Events requires 20 to 40; 40 to 80; or 80 to 110	\$28 per staff hour + any direct costs	\$80 per staff hour + any direct costs	\$80 per staff hour + any direct costs	20 to 40 hours of staff time: \$800 40 to 80 hours of staff time: \$1,500 80 to 110 hours of staff time: \$2,600 + any direct costs	20 to 40 hours of staff time: \$1,800 40 to 80 hours of staff time: \$2,000 80 to 110 hours of staff time: \$4,800 + any direct costs	20 to 40 hours of staff time: \$2,600 40 to 80 hours of staff time: \$4,500 80 to 110 hours of staff time: \$6,300 + any direct costs

Target Market Analysis	5	N/A	N/A	N/A	\$150	\$350	\$500
Trade Show Representation	12	N/A	N/A	N/A	\$400	\$950	\$1,350
Verified Contact List	5	N/A	N/A	N/A	\$150	\$350	\$450
Webinar	2	\$28 per staff hour	\$28 per staff hour	\$28 per staff hour	\$25 per webinar hour	\$25 per webinar hour	\$25 per webinar hour
Website Globalization	4	N/A	N/A	N/A	\$100	\$300	\$400

Proposed User Fee Schedule for Investment Promotion Services

Service	Average Hours (per client)	Current Fee for Economic Development Organizations⁴	Proposed Fee for Economic Development Organizations⁴
Certified Investment Mission (market briefing, networking reception and Gold Key Service)	70	\$28 per staff hour + any direct costs	Full Package: \$1,200 Networking Reception and GKS: \$1,100 Market Briefing and GKS: \$1,000 Market Briefing and Networking Reception: \$250 + any direct costs
Gold Key Service	62	\$700 + \$350 for 2 nd day	\$950 + \$350 for 2 nd day

⁴ Other direct costs not included in the service description must be covered by the client in the form of additional user fees. Types of other direct costs include translation, transportation, use of contractors, venue rental, catering, etc.

International Company Profile - Full	31	\$600	\$700
International Company Profile – Partial	12	N/A	\$350
Other Customized Services/Events	N/A	\$28 per staff hour + any direct costs	\$30 per staff hour + any direct costs
Single Location Promotion	20 to 40; 40 to 80; or 80 to 110	\$28 per staff hour + any direct costs	20-40 hours of staff time: \$800 40-80 hours of staff time: \$1,500 80-110 hours of staff time: \$2,000 + any direct costs

Notes:

- Business Service Provider: Fee is for up to 5 categories. To be listed in more than 5 categories, there is an additional fee per category of \$60 for large companies, \$40 for medium-sized enterprises and \$30 for small businesses.
- Certified Trade Mission: The fee is assessed on a per Post/city basis. Applicants will be charged a fee for an Initial Market Check if US&FCS staff is uncertain about their market potential. The fee paid by the applicant will then be applied to their Certified Trade Mission fee if they participate in the mission.
- Featured U.S. Exporter: Listings are typically provided for up to 5 markets; however, they can be provided for an individual market for \$100 for large companies, \$40 for medium-sized enterprises and \$30 for small businesses.

- Initial Market Check: Will be a required precursor to more time intensive services if US&FCS staff is uncertain about a client's market potential. Fees paid for the Initial Market Check will then be applied to any follow-on service if the results are positive. The fee is assessed on a per country basis.
- International Company Profile – Partial: does not include a site visit.
- Webinars will be archived and made available to the general public, so the requirement to cover US&FCS's costs does not apply; however, a minimal fee is proposed to help ensure the suitability of participants and cover the cost of any special benefit that may derive from attending in real-time, such as question and answer opportunities. Uniform pricing is proposed as the enforcement of pricing by size standards of each registrant would create an administrative burden. Some webinars will be provided at no charge when the purpose is primarily to promote US&FCS or other United States Government events, activities, etc.

Determining the Cost of Performing Each Service

The cost of service methodology developed by US&FCS was designed to bring the organization closer to full cost recovery guidance set forth in OMB Circular A-25. To set user fees that are "self-sustaining," the US&FCS had to determine the true cost of providing various export and investment promotion services.

Federal Accounting Standards permit US&FCS to use an activity-based costing model to determine the true cost of services listed in the proposed User Fee Schedule. The activities were defined in accordance with the US&FCS list of services offered by US&FCS, including both standard and customized services.

As part of the cost of service study, the US&FCS conducted a workload survey to obtain a more accurate estimate of the true cost for delivery of specific services. The workload survey was

designed and distributed to all US&FCS international and domestic field units. The data submitted by various US&FCS field units was then aggregated to determine the global average of workload for each standard or customized service. Using FY2015 US&FCS budget data, fringe benefits and non-labor related costs (e.g. materials, supplies, rent, utilities, and equipment) were prorated to determine the burdening rate that was to be added to the hourly rate. This resulted in an hourly rate that accounts for all applicable labor and non-labor costs specifically related to the delivery of services, which is consistent with federal accounting standards.

Conclusion

Based on the information provided above, the US&FCS believes its proposed fees are consistent with both the mission of US&FCS to promote “exports of goods and services from the United States, particularly by small businesses and medium-sized businesses,” and the objective of OMB Circular A-25 to “promote efficient allocation of the nation’s resources by establishing charges for special benefits provided to the recipient that are at least as great as the cost to the U.S. Government of providing the special benefits.”

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