

**SUPPORTING STATEMENT FOR FORM BE-120, BENCHMARK SURVEY OF
TRANSACTIONS IN SELECTED SERVICES AND INTANGIBLE ASSETS
WITH FOREIGN PERSONS**

B. Collection of Information Employing Statistical Methods

1. The “potential” universe is all U.S. companies that engaged in covered transactions with foreign persons in services or intangible assets. A company must report if its sales to foreign persons in any of the types of services or intangible assets listed on the proposed form exceeded \$2 million for fiscal year 2006, or if its purchases from foreign persons in any of the types of services or intangible assets listed on the proposed form exceeded \$1 million for fiscal year 2006.

BEA plans to mail the survey form to approximately 12,000 companies and, as noted in A.12. above, expects about 5,000 reports to be filed. BEA will estimate data for those companies that fall below the BE-120 benchmark survey reporting threshold based on the prior reports, growth in a current-year matched sample of respondents, voluntarily provided data, and data provided in the exemption claims. BEA will allocate these amounts by country and by type of transaction, based on the distribution of reported transactions, for inclusion in the published totals. Thus, the estimates will cover the universe of transactions.

2. The Section 515 Information Quality Guidelines apply to this information. The information is collected according to documented procedures in a manner that reflects standard practices accepted by the relevant economic/statistical communities. BEA conducts a thorough review of the survey input data using sound statistical techniques to ensure the data quality before the final estimates are released. The data are collected and reviewed according to documented procedures including the use of check lists, procedures manuals, and on-going review by the appropriate supervisor or team leader. The quality of the data are validated using a battery of computerized edit checks to detect potential errors and to otherwise ensure that the data are accurate, reliable, and relevant for the estimates being made. Data are routinely revised as more complete source data become available. The collection and use of this information complies with all applicable information quality guidelines, i.e., those of the Department of Commerce, OMB, and the Bureau of Economic Analysis.

The list of respondents, derived from public and private sources, including business directories and establishment lists, is revised frequently to include new entrants and to eliminate inactive firms. A company must report if its sales to foreign persons in any of the types of services or intangible assets listed on the proposed form exceeded \$2 million for fiscal year 2006, or its purchases from foreign persons in any of the types of services or intangible assets listed on the proposed form exceeded \$1 million for fiscal year 2006.

Final estimates are based primarily on tabulations of reports received. To the extent that reports are not filed, or are filed too late to be used for the current estimate, BEA generates an estimate based upon data previously reported or estimated for the nonrespondent. As explained in B.1. above, it will also generate estimates for firms falling below the exemption levels for reporting.

A high degree of accuracy is needed for the purposes stated in the justification.

No unusual problems have been identified that would require the use of specialized sampling procedures.

By conducting the BE-120 survey only once every five years, the burden on respondents of providing comprehensive benchmark data is kept to a minimum.

3. To help maximize response rates, individual pre-printed report forms are sent to all potential respondents. Any person specifically contacted by BEA must respond in writing, by filing either a completed Form BE-120 or a valid exemption claim. Nonrespondents will be sent follow-up notices and, in the event of continued nonresponse, may be referred to the Office of the General Counsel for further action. The BE-120 benchmark survey includes data previously collected on other services surveys, which have been, or will be, discontinued, as well as data covering affiliated services transactions from the BE-577, BE-605, and BE-605 Bank (the quarterly direct investment survey reports). Based on response rates from these and other related surveys, BEA estimates that it will receive approximately 85-90 percent of the reports in time to publish the final estimates.

4. No tests were conducted.

5. The BE-120 survey is designed and conducted within BEA by the International Investment Division (IID). For further information contact Obie G. Whichard, Chief, International Investment Division, at obie.whichard@bea.gov or (202) 606-9890.