

Supporting Statement for Form BE-605, Transactions of U.S. Affiliate, Except a U.S. Banking Affiliate, With Foreign Parent and Form BE-605 Bank, Transactions of U.S. Banking Affiliate With Foreign Parent

B. Collections of Information Employing Statistical Methods

1. The potential respondent universe for the BE-605 survey consists of all U.S. business enterprises in which a foreign person owns or controls, directly or indirectly, 10 percent or more of the voting securities of an incorporated U.S. business enterprise, or an equivalent interest in an unincorporated U.S. business enterprise. Such a U.S. business enterprise must report if any of the following three items for the affiliate (not the foreign parent's share) is greater than \$30 million: (1) Total assets, at the end of the fiscal quarter, (2) annual sales or gross operating revenues, or (3) annual net income after provision for U.S. income taxes (positive or negative).

As noted in A. 12. above, BEA expects to receive reports from 3,950 respondents quarterly, or 15,800 annually. Estimates will be made for delinquent companies and for companies that fall below the reporting threshold for the survey. These estimates will be based on the benchmark survey reports or other prior reports and growth in data reported by a matched sample of respondents that reported both in the current quarter and in the prior quarter. Thus, the estimates will cover the universe of transactions and positions between U.S. affiliates and their affiliated foreign groups.

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., OMB, Department of Commerce, and those of the Bureau of Economic Analysis.

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 U.S. affiliates that fall below the reporting threshold for the

survey. Thus, the estimates will cover the universe of transactions and positions between U.S. affiliates and their affiliated foreign groups.

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

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

As discussed under item A.6. above, the data collection cycle could not be any less frequent and still fulfill the legal requirements to produce current, comprehensive data.

3. To help maximize response rates, individual pre-labeled report forms are sent to all potential respondents, whether or not they previously filed report forms. Any person specifically contacted by BEA must respond in writing or electronically using BEA's Automated Survey Transmission and Retrieval (ASTAR) system, by filing either the completed forms or a valid claim for exemption. Non-respondents are sent follow-up notices and, in the event of continued non-response, may be referred to the Office of General Counsel for further action. Based on previous response rates for this survey, BEA estimates that it will receive approximately 85 to 90 percent of the reports in time to include them in the final estimates.

4. See A. 8. of this supporting statement for a description of a joint effort between BEA and the U.S. Census Bureau to conduct a cognitive review, including a pilot test, of the proposed BE-605 survey form.

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