

Supporting Statement
U.S. Department of Commerce
Bureau of Economic Analysis
Annual Survey of U.S. Direct Investment Abroad
(Form BE-11)
OMB Control Number 0608-0053

Part B. Collections of Information Employing Statistical Methods

1. Describe (including a numerical estimate) the potential respondent universe and any sampling or other respondent selection method to be used. Data on the number of entities (e.g. establishments, State and local governmental units, households, or persons) in the universe and the corresponding sample are to be provided in tabular form. The tabulation must also include expected response rates for the collection as a whole. If the collection has been conducted before, provide the actual response rate achieved.

Sample selection for the BE-11 survey will be based primarily on the size of the foreign affiliate. Foreign affiliates with total assets, sales or gross operating revenues, or net income less than or equal to \$40 million (or \$250 million, in the case of banks) are exempt from being reported, except for a few items on the BE-11A Supplement A in the year in which they are established or acquired. BEA allows a rotating group of about 1,000 affiliates to be filed on the abbreviated BE-11B(EZ) form. Form BE-11B(EZ) obtains identification information needed to maintain the BE-11 sample frame, and a few data items needed to provide a basis for the estimation of other data items for the affiliates selected to file on it. To date, the EZ form has been used for affiliates that otherwise would be reportable on form BE-11B(SF) (those affiliates with total assets, sales or gross operating revenues, and net income between \$40 million and \$150 million (positive or negative)).

The potential respondent universe for the annual survey consists of approximately 2,500 U.S. parent companies and their 25,000 foreign affiliates with total assets, sales or gross operating revenues, or net income greater than \$10 million (positive or negative): 1) Form BE-11A is expected to be filed by approximately 1,550 U.S. parent companies that have about 13,000 foreign affiliates reportable on Form BE-11B(LF), BE-11B(SF), BE-11B(FN), BE-11B(EZ), or BE-11C; 2) Form BE-11B(LF), which contains the most detailed information, is expected to be filed for about 5,300 majority-owned nonbank foreign affiliates of nonbank U.S. Reporters with assets, sales, or net income above \$150 million; 3) Form BE-11B(SF) is expected to be filed for about 5,000 majority-owned nonbank foreign affiliates of nonbank U.S. Reporters with assets, sales, and net income in the \$40 - \$150 million range; 4) Form BE-11B(FN) is expected to be filed for about 500 foreign affiliates of bank U.S. Reporters and bank affiliates of nonbank U.S. Reporters with assets, sales, or net income above \$250 million; 5) Form BE-11B(EZ) is expected to be filed for about 1,000 majority-owned nonbank foreign affiliates of nonbank U.S. Reporters with assets, sales, and net income in the \$40 million and above range; and 6) Form BE-11C is expected to be filed for about 1,300 nonbank foreign affiliates of nonbank U.S. Reporters owned at least 20 percent, but not more than 50 percent, directly or indirectly, by all U.S. Reporters of the affiliate combined, and for which assets, sales, or net income exceeds \$40 million.

As shown in the table below, the BE-11 survey covers over 60 percent of the number of U.S. parents and over 50 percent of the number of foreign affiliates in the potential universe. BE-11 respondents account for a much larger percentage of the potential universe in terms of value than in terms of numbers. For example, U.S. parents reportable on the BE-11 account for about 92 percent of the total assets of all parents, and foreign affiliates reportable on the BE-11 account for about 95 percent of the total assets of all affiliates, in the universe.

Potential Respondent Universe and BE-11 Respondents for fiscal Year 2005		
	U.S. Parents	Foreign Affiliates
Potential Universe ¹	2,500	25,000
Expected to be reported in the 2005 BE-11		
BE-11A	1,550	
BE-11B(LF)		5,300
BE-11B(SF)		5,000
BE-11B(FN)		500
BE-11B(EZ)		1,000
BE-11C		1,300
Number to be reported as percent of potential universe		
BE-11A	62%	
BE-11B and C		52%

1. The potential respondent universe is based on information from the 2004 BE-10, Benchmark Survey of U.S. Direct Investment Abroad, which requires reports for foreign affiliates with assets, sales, or net income over \$10 million. An additional 16,000 foreign affiliates with assets, sales, and net income of \$10 million were listed in the benchmark survey on the BE-10A SUPPLEMENT. Because complete reports for these affiliates were not obtained in the 2004 benchmark survey, they are not counted in the potential respondent universe of foreign affiliates for the BE-11 survey.

The U.S. parent companies and foreign affiliates that must be reported in the annual survey are determined by the size of the affiliate's assets, sales, and net income. A nonbank foreign affiliate of a nonbank U.S. parent is exempt from being reported if each of the following three items below for the affiliate is equal to or less than \$40 million (positive or negative) at the end of, or for, the affiliate's fiscal year:

- (1) Total assets
- (2) Annual sales or gross operating revenues, and
- (3) Annual net income after provision for foreign income taxes

A foreign affiliate of a bank U.S. parent and a bank affiliate of a nonbank U.S. parent is exempt from being reported if each of the three items above is equal to or less than \$250 million (positive or negative) at the end of, or for, the affiliate's fiscal year.

A U.S. parent company is exempt from reporting if it has no reportable foreign affiliates. Based on response rates from prior annual surveys, by the time of the preliminary estimate, BEA expects that the data reported will account for about 90 percent of total assets for all reportable U.S. parents and 85 percent of total assets for all reportable foreign affiliates. BEA expects that at the time the final estimates for 2007 are available in July of 2010, reports covering about 95 percent of the assets of all reportable parents and 92 percent of the assets of all reportable affiliates will have been filed.

The information collection employs statistical methods for the purpose of expanding data reported on the Supplement A, BE-11B(SF), and BE-11B(EZ) to the same level of data reported on the BE-11B(LF). Statistical methods are also used to estimate the additional A-form detail for U.S. Reporters that have total assets, sales or gross operating revenues, and net income (loss) less than or equal to \$150 million, as well as to construct estimates for entities that are included in the potential universe but fall below the reporting thresholds for the annual survey.

2. Describe the procedures for the collection, including: the statistical methodology for stratification and sample selection; the estimation procedure; the degree of accuracy needed for the purpose described in the justification; any unusual problems requiring specialized sampling procedures; and any use of periodic (less frequent than annual) data collection cycles to reduce burden.

BE-11 sample selection criteria are explained in B.1. above.

Data for the nonsample portion of the universe as well as for delinquent reporters will be statistically estimated and added to the data of the reported sample affiliates to provide universe estimates. The estimates are derived by extrapolating forward data collected in the most recent BE-10 benchmark survey, based on movements in data collected for U.S. parents and foreign affiliates reported annually. For majority-owned nonbank foreign affiliates reported on the BE-11B(SF) form, BE-11B(EZ) form, or Supplement A, BEA will estimate the additional detail that would have been filed on a long-form report. In general, the estimates are based on observed relationships between values for items collected only on the long form and values for items collected on both the long form and the short or (EZ) forms. Finally, for U.S. Reporters that have total assets, sales or gross operating revenues, and net income (loss) less than or equal to \$150 million, BEA will estimate the additional A-form detail.

3. Describe the methods used to maximize response rates and to deal with nonresponse. The accuracy and reliability of the information collected must be shown to be adequate for the intended uses. For collections based on sampling, a special justification must be provided if they will not yield "reliable" data that can be generalized to the universe studied.

To help maximize response rates, each BE-11 form is preprinted with the name of the U.S. Reporter or foreign affiliate and country name. Any person specifically contacted by BEA must respond by filing either the completed form or a Claim for Not Filing. 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.

4. Describe any tests of procedures or methods to be undertaken. Tests are encouraged as effective means to refine collections, but if ten or more test respondents are involved OMB must give prior approval.

Not applicable; no tests were conducted (aside from giving respondents the opportunity to comment on proposed changes, as described in Part A., Question 8).

5. Provide the name and telephone number of individuals consulted on the statistical aspects of the design, and the name of the agency unit, contractor(s), grantee(s), or other person(s) who will actually collect and/or analyze the information for the agency.

The survey is designed and conducted within BEA by the Direct Investment Division (DID). For further information, contact David H. Galler, Chief, DID via email at david.galler@bea.gov, or by phone at 202-606-9835.