

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

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.

The potential respondent universe for the annual survey consists of U.S. companies that have foreign affiliates, that is, that own or control directly or indirectly 10 percent or more of a foreign business enterprise. There are approximately 3,800 such U.S. companies which together have approximately 45,000 foreign affiliates. The estimate of the potential respondent universe is based on information from the 2009 benchmark survey of U.S. direct investment abroad and from the 2007 and 2008 annual surveys.

Sample selection for the U.S. parent companies and foreign affiliates that must be reported in the annual survey is determined by the size of the affiliate's assets, sales, and net income. A foreign affiliate of a U.S. parent is exempt from being reported if each of the following three items for the affiliate is equal to or less than \$60 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

There are two exceptions. First, a few items must be reported on form BE-11D for a foreign affiliate with total assets, sales or gross operating revenues, and net income greater than \$25 million (positive or negative), but not greater than \$60 million (positive or negative) in the year in which it is established or acquired by the U.S. Reporter. Second, a Form BE-11B, BE-11C, or BE-11E must be filed for a foreign affiliate of the U.S. Reporter that owns another non-exempt foreign affiliate of that U.S. Reporter, even if the foreign affiliate parent is otherwise exempt. That is, all affiliates upward in the chain of ownership must be reported.

A U.S. parent company is exempt from reporting if it has no reportable foreign affiliates.

For the BE-11 annual survey: 1) Form BE-11A is expected to be filed by approximately 1,750 U.S. parent companies that have about 16,700 foreign affiliates reportable on Form BE-11B, BE-11C, BE-11D, or BE-11E; 2) Form BE-11B, which contains the most detailed information, is expected to be filed for about 10,500 majority-owned foreign affiliates with assets, sales, or net income greater than \$60 million (affiliates with assets, sales, or net income greater than \$300

million, positive or negative, would file additional items); 3) Form BE-11C is expected to be filed for about 1,100 minority-owned foreign affiliates with assets, sales, or net income greater than \$60 million; 4) Form BE-11D is expected to be filed for about 100 foreign affiliates with assets, sales, and net income in the \$25 - \$60 million range, in the year in which the affiliate is established or acquired by the U.S. Reporter; and 5) Form BE-11E is expected to be filed for about 5,000 majority-owned foreign affiliates with assets, sales, or net income in the \$60 - \$300 million range. BEA allows a rotating group of about 5,000 affiliates to be filed on the abbreviated BE-11E form. Form BE-11E 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.

As shown in the table below, the BE-11 survey covers over 45 percent of the number of U.S. parents and over 35 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 93 percent of the total assets of all parents, and foreign affiliates reportable on the BE-11 account for about 97 percent of the total assets of all affiliates, in the universe.

2010 BE-11 Universe, Sample, and Response Rate

	Number of companies	Percent of companies accounted for	Percent of assets accounted for
Universe:			
BE-11A filers	3,800	100.0	100.0
BE-11B/C filers	45,000	100.0	100.0
Sample:			
BE-11A	1,750	46.1	93.0
BE-11B/C/D/E:	16,700	37.1	97.0
BE-11B	10,500	23.3	---
BE-11C	1,100	2.5	---
BE-11D	100	.2	---
BE-11E	5,000	11.1	---
Expected response rate:			
BE-11A			95.0
BE-11B/C/D/E			92.0

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 2010 are available in fall of 2013, 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.

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.

This information collection employs statistical methods for the purpose of expanding the data reported for the smallest foreign affiliates to the same level of detail reported for the largest affiliates. Specifically, for majority-owned foreign affiliates being reported on Form BE-11D or Form BE-11E and for majority-owned foreign affiliates with assets, sales, and net income less than or equal to \$300 million being reported on Form BE-11B, BEA will estimate the additional detail that would have been filed on a BE-11B form for affiliates with assets, sales, and net income greater than \$300 million. For minority-owned foreign affiliates reported on Form BE-11D, BEA will estimate additional detail that would have been filed on Form BE-11C. Finally, for U.S. Reporters that have total assets, sales or gross operating revenues, and net income less than or equal to \$300 million, BEA will estimate the additional A-form detail. In general, the estimation will be accomplished by prorating reported data, such as total assets, among subcomponents that are not reported, using the distribution observed in the next higher size class of companies.

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 or BE-11 annual survey, based on movements in data collected for a matched sample of U.S. parents or foreign affiliates.

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, will be referred to the Office of the General Counsel for further action.

The response rates described in B.1., together with the estimation procedures described in B.2., will provide information of sufficient accuracy and reliability for the intended purpose.

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.

No tests were conducted (aside from giving respondents the opportunity to comment on proposed changes, as described in A.8. above).

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.