

Supporting Statement for the BE-577,
Quarterly Survey of U.S. Direct Investment Abroad:
Transactions of U.S. Reporter with Foreign Affiliate
OMB Control Number 0608-0004

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 BE-577 survey consists of all foreign business enterprises in which a U.S. person owns or controls, directly or indirectly, 10 percent or more of the voting securities if an incorporated business enterprise, or an equivalent interest if an unincorporated business enterprise (foreign affiliate). Sample selection for the foreign affiliates that must report quarterly is determined by the size of the foreign affiliate’s (1) total assets, (2) annual sales or gross operating revenues, and (3) annual net income (loss). A foreign affiliate must report if any one of the three items for the affiliate (not the U.S. parent’s share) was greater than \$60 million (positive or negative) at any time during the affiliate’s fiscal year. Indirectly-owned foreign affiliates must report if the basic requirement above is met and they have an intercompany balance exceeding \$1 million for the quarter with their U.S. Reporter.

As shown in the table below, the BE-577 survey covers about 32 percent of the number of foreign affiliates in the potential universe. BE-577 respondents account for a much larger percentage of the potential universe in terms of value than in terms of numbers, i.e., while the foreign affiliates reportable on the BE-577 account for only 32 percent of the number of all affiliates, they account for about 96 percent of the total investment position of all affiliates, in the universe.

BE-577 Universe, Sample, and Response Rate

	Number of foreign affiliates	Percent of foreign affiliates	Percent of investment position
Universe	45,000	100.0%	100.0%
Sample	14,500	32.2%	96.4%
Nonsample	30,500	67.8%	3.6%
Response rate ¹		89.9%	91.0%

¹ Response rate refers to the foreign affiliates within the sample.

Based on response rates from quarterly surveys for 2008 and 2009, reports received in time for final estimates accounted for 91 percent of the investment position and 89.9 percent of foreign affiliates in the sample frame. BEA expects the impact on response rates from the change in reporting criteria, which will cause the smallest U.S. affiliates to drop out of the sample frame, to be negligible in terms of the investment position and positive in terms of the percent of sampled foreign affiliates that will file the 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.

The BE-577 sample selection criteria are explained in B.1. above. Estimates will be made for delinquent reports 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. parent companies and their 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-577 form is preprinted with the name of the foreign affiliate and other pertinent information. Companies that file electronically and have elected not to receive paper forms are sent a letter notifying them that their quarterly report is due. Any person specifically contacted by BEA must respond in writing by filing either the completed form 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.

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.

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.