

**Proposed Changes for the 2012 BE-12,
Benchmark Survey of Foreign Direct Investment in the United States**

Reporting criteria

Changes in reporting thresholds for 2012 BE-12

(thresholds are based on the value of assets, sales, and net income, positive or negative)

Form for 2007 BE-12	Reporting thresholds 2007	Form for 2012 BE-12	Reporting thresholds 2012
BE-12(LF)	\$175 million majority-owned affiliates	BE-12A	\$300 million majority-owned affiliates
BE-12(SF)	\$40 million	BE-12B	\$60 million
BE-12 Mini (complete report)	\$15 million	BE-12C (complete report)	\$20 million
BE-12 Mini (abbreviated report)	≤ \$15 million	BE-12C (abbreviated report)	≤ \$20 million

Additions

The following questions will be added to Form BE-12A of the benchmark survey (no additions will be made to the other BE-12 forms). Text of the questions is provided at the end of this document.

- Questions will be added regarding the use of fair value accounting on the balance sheet. Companies that indicate that they did use fair value accounting will be asked to provide the amount of net property, plant, and equipment, of total assets, and of total liabilities that was recorded at fair value. This information will be used to analyze the effect on BEA's statistics of the use of fair value accounting by respondent companies, which has expanded in recent years due to changes in financial accounting standards.
- Questions will be added to collect information on assets, liabilities, and interest receipts and payments that are related to banking activities. This information will be used to estimate banks' implicit service fees for inclusion in BEA's international services statistics.
- Several check-box questions will be added asking whether U.S. affiliates purchased contract manufacturing services from others or performed contract manufacturing services for others. They will also be asked whether they owned the materials used in contract manufacturing and if the company that performed or purchased the service was located in the United States or abroad. The information collected will help BEA to align its statistics with current international statistical standards, which now recommend that these services be separately identified and reported as services rather than reflected indistinguishably in statistics on trade in goods.
- A question will be added asking if the U.S. affiliate has equity in its foreign parent(s) (reverse investment). An item will be added to collect voting percent, equity percent, and the dollar amount of the investment. The information collected will help BEA to align its statistics with current international standards, which now recommend that investments by affiliates in their parent be recorded as direct investment even if those reverse investments do not meet the 10 percent voting ownership requirement that is the standard definition of direct investment.
- Several check-box questions will be added to ensure that certain types of finance companies do not report intercompany debt to BEA that is already reported on Treasury International Capital surveys.

Deletions

The following data items that were eliminated from the BE-15, Annual Survey of Foreign Direct Investment in the United States, in 2008, will also be eliminated from the BE-12:

- Balance sheet items: current receivables, allowances for doubtful accounts, other current assets, other noncurrent assets, current liabilities and long-term debt, other noncurrent liabilities (BE-12A)
- The breakdown of sales of services to foreign persons into sales of services to the foreign parent group, to foreign affiliates owned by the U.S. affiliate, and to other foreign persons (BE-12A)
- The breakdown of employment and employee compensation by occupational classification (BE-12A, BE-12B)
- The breakdown of total employee compensation into wages and salaries and employee benefit plans (BE-12A)
- Composition of external finances (BE-12A)
- Manufacturing employment by state (BE-12A, BE-12B)
- Gross property, plant, and equipment by state (BE-12A, BE-12B)
- Commercial property by state (BE-12A, BE-12B)

Several other items will be eliminated:

- Location of the primary U.S. headquarters of the U.S. affiliate (BE-12A, BE-12B, BE-12C)
- Employees covered by collective bargaining agreements (BE-12A)
- Acres of U.S. land owned (BE-12A, BE-12B, BE-12C)
- Basis (shipped or charged) for trade data (check-box questions; BE-12A)
- Exports/imports shipped to/by foreign affiliates owned by U.S. affiliate by country of origin/destination (as in the benchmark surveys for 2002 and earlier years, these columns will be combined with the columns “shipped to/by all other foreign persons;” BE-12A)
- Withholding taxes on interest payments and interest receipts (BE-12A)

Modifications

- The question on financial accounting standards will be reworded to ask respondents whether their data are reported according to U.S. Generally Accepted Accounting Principles (U.S. GAAP), according to International Financial Reporting Standards, or according to other accounting standards (which they will be asked to specify). Text is provided at the end of this document. (BE-12A, BE-12B)
- Questions on withholding taxes on dividends and on distributed earnings will be combined (BE-12A)

Other changes

- The consolidation rule for the survey will be modified. The new rule will be more consistent with U.S. GAAP. Under the new rule, a U.S. affiliate must file on a fully consolidated domestic U.S. basis, including the full consolidation of all U.S. business enterprises proceeding down each ownership chain whose voting securities are more than 50 percent owned by the U.S. business enterprise above.
- 2012 BE-12 forms will be made available in eFile in March 2012 so that companies can file as soon as their fiscal year ends. Throughout the year BEA will send letters to respondents when their fiscal year ends informing them that eFile is available. Any company that has not filed by March 2013 will be sent a BE-12 package with a May 31, 2013, due date.

**2012 BE-12, Benchmark Survey of Foreign Direct Investment in the United States
Text of New or Modified Questions**

Fair Value Accounting

Has fair value accounting been applied to, or elected for, any asset or liability items included in the amounts reported on the balance sheet above?

Yes – Report the total amount of the fair value assets and liabilities in the space provided below.

No – Skip to X.

	Close FY 2012	Close FY 2011 (Unrestated)
Of the property, plant, and equipment reported on line X, what amount was reported using fair value accounting?		
Of the total assets reported on line X, what amount was reported using fair value accounting?		
Of the total liabilities reported on line X, what amount was reported using fair value accounting?		

Banking Industry Activities

In X through X, did you report sales for ISI codes 5221 or 5229 (depository or non-depository banking)?

Yes

No – Skip to X.

What are the U.S. affiliate's values for:

	Total Column (1) equals the sum of Columns (2) and (3) (1)	Banking Activities in ISI codes 5221 or 5229 (2)	All other (3)
Assets?			
Liabilities?			
Interest income?			
Interest expensed or capitalized?			

Contract Manufacturing – Contracting with a firm to process materials and components, including payments for fabricating, assembling, labeling, and packaging materials and components.

Contract Manufacturing Services Purchased

1. In FY 2012, did this U.S. affiliate purchase contract manufacturing services from others?
 - Yes – Continue with item 2.
 - No – Skip to item 3.
2. If question 1 is answered “Yes,” indicate whether the U.S. affiliate owned the materials used by the contract manufacturers and whether the services were purchased from businesses inside or outside the United States (check all that apply).

The U.S. affiliate owned some or all of the materials used by the contract manufacturers and the companies providing the manufacturing services were:

- Located inside the United States
- Located outside the United States

The U.S. affiliate did not own the materials used by the contract manufacturers and the companies providing the manufacturing services were

- Located inside the United States
- Located outside the United States

Contract Manufacturing Services Performed

3. In FY 2012, did this U.S. affiliate perform contract manufacturing services for others?
 - Yes – Continue with item 4.
 - No – Skip to item 5.
4. If question 3 is answered “Yes,” indicate whether the U.S. affiliate owned the materials used by the contract manufacturers and whether the services were performed for businesses inside or outside the United States (check all that apply).

The U.S. affiliate owned some or all of the materials used in the contract manufacturing and the companies purchasing the manufacturing services were:

- Located inside the United States
- Located outside the United States

The U.S. affiliate did not own the materials used in the contract manufacturing and the companies purchasing the manufacturing services were

- Located inside the United States
- Located outside the United States

Reverse Ownership

Did the U.S. affiliate have an equity interest in the foreign parent named in item X?

Yes – Enter the percent of ownership and the dollar value of the equity owned at the end of FY 2012.

Equity interest	Voting interest	Value of equity owned
. %	. %	\$

No

Intercompany Debt Questions for Finance Companies

1. Is the foreign parent listed in item X in the finance industry (includes banking; does not include insurance)?
Yes – Continue with item 2
No – SKIP to item 5

2. Is the U.S. affiliate a "bank" or primarily acting as a securities broker or dealer?
Note: A "bank" is a business engaged in deposit banking or closely related functions, including commercial banks, Edge Act corporations, U.S. branches and agencies of foreign banks, savings and loans, savings banks, bank holding companies and financial holding companies under the Gramm–Leach–Bliley Act.
Yes – Continue with item 3
No – SKIP to item 4

3. Do any of the U.S. business enterprises consolidated in this report have insurance, real estate, or leasing activities?
Yes – Complete items 5 through X but ONLY report the amounts that relate to insurance, real estate, and leasing activities. EXCLUDE amounts that represent balances and interest between banking and finance units in the United States and a foreign parent in the finance industry.
No – SKIP to Y

4. Do any of the U.S. business enterprises consolidated in this report have banking activities or securities broker or dealer activities?
Yes – Complete items 5 through X but EXCLUDE amounts that represent balances and interest between banking and finance units in the United States and a foreign parent in the finance industry.
No – Continue with item 5

Accounting Standards

The BE-12 report should be completed using U.S. Generally Accepted Accounting Principles (U.S. GAAP). If using U.S. GAAP to complete this report is highly burdensome, or otherwise not feasible, you may use other financial reporting standards, preferably with adjustments to correct for any material differences between U.S. GAAP and the reporting standards used.

Which financial reporting standards will you use to complete this BE-12 report?

- U.S. Generally Accepted Accounting Principles (or adjusted to U.S. GAAP basis)
- International Financial Reporting Standards (as promulgated by, or adapted from, the International Accounting Standards Board)
- Other reporting standards – Specify the reporting standards used.