

June 24, 2011

<Data user address>

Dear <Data user>:

The Bureau of Economic Analysis (BEA) is in the process of designing the 2012 Benchmark Survey of Foreign Direct Investment in the United States (BE-12). Because of your interest and expertise in foreign direct investment and multinational companies, I want to let you know about our plans for the benchmark survey. We welcome any input you may wish to offer.

Benchmark surveys are conducted every five years; the prior survey covered 2007. The benchmark survey covers the universe of foreign direct investment in the United States, and is BEA's most comprehensive survey of such investment in terms of subject matter. In non-benchmark years, BEA links data from its quarterly and annual sample surveys to data from the benchmark survey to derive universe estimates for those years.

Proposed changes for the 2012 benchmark survey include changes in reporting criteria and the addition, deletion, and modification of specific data items on the survey forms. The proposed changes are intended to minimize respondent burden while considering the needs of data users.

More information on the proposed changes is provided in the attachment. Copies of 2007 BE-12 forms can be downloaded at www.bea.gov/fdi. Please contact me by email, at david.galler@bea.gov, or fax, at (202) 606-2894, if you have any questions or comments about our plans for the benchmark survey.

Sincerely,

David H. Galler
Chief
Direct Investment Division

Attachment

**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

- 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.
- Questions will be added to collect information on assets, liabilities, and interest receipts and payments that are related to banking activities.
- 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.
- 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.
- 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: cash, current receivables, allowances for doubtful accounts, other current assets, other noncurrent assets, current liabilities and long-term debt, other noncurrent liabilities
- 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
- The breakdown of employment and employee compensation by occupational classification
- The breakdown of total employee compensation into wages and salaries and employee benefit plans

- Composition of external finances
- Manufacturing employment by state
- Gross property, plant, and equipment by state
- Commercial property by state

Several other items will be eliminated:

- Location of the primary U.S. headquarters of the U.S. affiliate
- Employees covered by collective bargaining agreements
- Acres of U.S. land owned
- Basis (shipped or charged) for trade data (check-box questions)
- 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”)
- Withholding taxes on interest payments and interest receipts

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 in Attachment B.
- Questions on withholding taxes on dividends and on distributed earnings will be combined

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.