

SUPPORTING STATEMENT

BE-605, Quarterly Survey of Foreign Direct Investment in the United States:
Transactions of U.S. Affiliate with Foreign Parent
OMB Control Number 0608-0009

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-605 survey consists of all U.S. business enterprises in which a foreign person owns or controls, directly or indirectly, 10 percent or more of the voting securities if an incorporated U.S. business enterprise, or an equivalent interest if an unincorporated U.S. business enterprise (U.S. affiliate). Sample selection for the U.S. affiliates that must report quarterly is determined by the size of the U.S. affiliate's (1) total assets, (2) annual sales or gross operating revenues, or (3) annual net income after provision for U.S. income taxes. A U.S. affiliate must report if any one of the three items for the affiliate (not the foreign parent's share) was greater than \$60 million (positive or negative) at any time during the affiliate's fiscal year. Indirectly foreign-owned affiliates must report if the basic requirement above is met and they have direct transactions with their affiliated foreign groups. Affiliates with multiple foreign parents must file one report for each foreign parent.

BEA expects to receive 4,000 quarterly reports. 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. affiliates and their affiliated foreign groups.

BE-605 Universe, Sample, and Response Rate

	Number of U.S. affiliates ¹	Percent of U.S. affiliates ¹	Percent of investment position
Universe	17,500	100%	100%
Sample	4,000	23%	95%
Nonsample	13,500	77%	5%
Response rate ²		80%	90%

¹The number of U.S. affiliates includes the multiple reports filed by U.S. affiliates that have multiple foreign parents.

²Response rate refers to the firms within the sample.

See B.3. below for a discussion of response rates.

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-605 sample selection criteria are explained in B.1. above. Data for the nonsample portion of the universe as well as for delinquent respondents will be statistically estimated and added to the data of the reported sample affiliates. These estimates will be based on the benchmark survey reports or other prior reports and growth in the 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. affiliates and their affiliated foreign groups.

A high degree of accuracy is needed for the purposes stated in the justification.

No unusual problems have been encountered that would require the use of specialized sampling procedures.

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-605 form is preprinted with the name of the U.S. affiliate and other pertinent information. Companies that file electronically 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.

Under the previous collection, reports received in time for final estimates accounted for 90 percent of the investment position and 80 percent of U.S. affiliates in the sample frame. The response rates for the BE-605 survey provide information of sufficient accuracy and reliability for its 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.

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.