

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 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). There are approximately 3,800 such U.S. parents which together have approximately 54,000 foreign affiliates.

Sample selection for foreign affiliates reported in the quarterly survey is based primarily on the size of the foreign affiliate. The size thresholds are stated in terms of total assets, annual sales or gross operating revenues, and annual net income (loss) after income taxes. A U.S. Reporter must file a BE-577 form for each directly-owned foreign affiliate for which 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. Additionally, reports must be filed for each indirectly-owned foreign affiliate that meets the above \$60 million requirement and has an intercompany balance exceeding \$1 million for the quarter with its U.S. Reporter.

As shown in the table below, the BE-577 survey covers about 28 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 28 percent of the number of all affiliates, they account for about 97 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	54,000	100.0%	100.0%
Sample	15,000	27.8%	97.0%
Nonsample	39,000	72.2%	3.0%
Response rate ¹		90.9%	92.0%

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

Based on response rates from quarterly surveys for 2011 and 2012, reports received in time for final estimates accounted for 92 percent of the investment position and 90.9 percent of the number of foreign affiliates in the sample frame. The slight increase in the sample is due to an increase in foreign business enterprises that meet or exceed the reporting thresholds.

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.

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 entities to provide universe estimates. The estimates are derived by extrapolating forward data collected in the previous benchmark survey or other prior reports, and growth in data reported by a matched sample of foreign affiliates that reported both in the current quarter and in the prior quarter. Thus, the estimates cover the universe of transactions and positions between U.S. parents 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 maximize response rates for respondents filing on paper forms, each BE-577 form is preprinted with the name of the foreign affiliate and other pertinent information. For respondents filing electronically, a letter is sent notifying them that their quarterly report is due and BEA provides respondents with a list of foreign affiliates for which data are required. Any person specifically contacted by BEA must respond by filing either the completed form or a valid claim for exemption. Nonrespondents will be sent follow-up notices and, in the event of continued nonresponse, may be referred to the Office of the General Counsel for further action.

The response rates provided in B.1. are high enough to ensure that non-response bias is negligible. The high response rates together with the estimation procedures described in B.2. provide information of sufficient accuracy and reliability for the intended purposes.

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 Sarahelen Thompson, Acting Chief, DID, via email at Sally.Thompson@bea.gov, or by phone at 202-606-9660.