

**Supporting Statement for the  
Annual Survey of Foreign Direct Investment in the United States (BE-15)  
OMB Control No. 0608-0034**

**A. Justification**

**1. Explain the circumstances that make the collection of information necessary.**

The BE-15 Annual Survey of Foreign Direct Investment in the United States is necessary to obtain complete and accurate data on the operations of foreign-owned U.S. business enterprises that are needed in assessing the impact of direct investment on the U.S. economy. The survey is mandatory and is conducted under the International Investment and Trade in Services Survey Act (P.L. 94-472, 22 U.S.C. 3101-3108, as amended), hereinafter “the Act.”

Section 4(a) of the Act requires that the President shall, to the extent he deems necessary and feasible, conduct a regular data collection program to secure current information on international capital flows and other information related to international investment and trade in services, including (but not limited to) such information as may be necessary for computing and analyzing the United States balance of payments, the employment and taxes of United States parents and affiliates, and the international investment and trade in services position of the United States.

In Section 3 of Executive Order 11961, the President delegated responsibility for performing functions under the Act concerning direct investment to the Secretary of Commerce, who has redelegated it to the Bureau of Economic Analysis (BEA). The implementing regulations for the direct investment surveys conducted under the Act may be found in 15 CFR Part 801.

**2. Explain how, by whom, how frequently, and for what purpose the information will be used. If the information collected will be disseminated to the public or used to support information that will be disseminated to the public, then explain how the collection complies with all applicable Information Quality Guidelines.**

The annual survey collects financial and operating data covering the operations of U.S. affiliates of foreign parents, including their balance sheets, income statements, property, plant and equipment, employment and employee compensation, merchandise trade, sales of goods and services, taxes, and research and development activity. The BE-15 is a sample survey that covers U.S. affiliates of foreign parents above a size-exemption level. The sample data are used to derive universe estimates in nonbenchmark years by extrapolating forward similar data reported in the BE-12, Benchmark Survey of Foreign Direct Investment in the United States, which is conducted every five years.

Some specific uses of the data to be collected are discussed in greater detail below.

(a) Compile and improve the U.S. economic accounts:

BEA uses BE-15 annual survey data to derive estimates of U.S. affiliates' value added. These estimates can be used to calculate and analyze U.S. affiliates' share of U.S. gross domestic product and to evaluate affiliates' profitability and productivity.

Data on employment by affiliates are used to estimate U.S.-affiliate shares of the U.S. economy, both in the aggregate and by industry.

In addition, data for the BE-15 annual survey provide financial statements against which data on transactions and positions between parents and affiliates that are reported on the quarterly BE-605 survey can be checked for consistency.

(b) Support U.S. Government policy on direct investment:

The data are used by several U.S. Government agencies, including the Office of the U.S. Trade Representative, the International Trade Administration of the Commerce Department, the Departments of Treasury and State, the Council of Economic Advisers, and the Federal Reserve Board to support U.S. international economic policy. The International Trade Administration's SelectUSA office uses the data in advising foreign investors seeking to invest in the United States. The Treasury Department's Committee on Foreign Investment in the United States uses the data as background in its reports to Congress. Without this information, current data on the amount, types and financial and operating characteristics of foreign direct investment in the United States would not be available.

Bilateral investment treaties (BITs) are negotiated with interested countries to facilitate and protect U.S. investment interests. During BIT negotiations, data from this and related surveys provide important information on the level and impact of direct investment on the U.S. economy.

The United States is a signatory to regional and multilateral commercial agreements that cover direct investment as well as cross-border trade, and the data from this and related surveys provide information that can be used both during the negotiations and as an aid in monitoring the resulting agreements. For example, investment issues are covered both by the General Agreement on Trade in Services, which is the principal World Trade Organization agreement on trade in services, and by the North American Free Trade Agreement among the United States, Canada, and Mexico.

(c) Other Government uses:

The data are used by state governments in assessing the impact of foreign direct investment on individual states and in developing state programs to attract foreign direct investment.

(d) Non-Government uses:

International organizations and private researchers use data from the BE-15 survey in assessing the impact of foreign direct investment on the U.S. economy. International organizations that regularly make use of BEA data on foreign direct investment include the United Nations, International Monetary Fund, Organisation for Economic Co-operation and Development, and

World Bank. Numerous private researchers use the data; use by researchers affiliated with the National Bureau of Economic Research has been among the most extensive.

The Section 515 Information Quality Guidelines apply to this information. The information is collected according to documented procedures in a manner that reflects standard practices accepted by the relevant economic/statistical communities. BEA conducts a thorough review of the survey input data using sound statistical techniques to ensure that the quality of the data is high before the final estimates are released. The data are collected and reviewed according to documented procedures and best practice standards and on-going review by the appropriate supervisor. The quality of the data is validated using a battery of edit checks to detect potential errors and to otherwise ensure that the data are accurate, reliable, and relevant for the estimates being made. Data are routinely revised as more complete source data become available. The collection and use of this information comply with all applicable information quality guidelines, i.e., those of the Department of Commerce, the Office of Management and Budget (OMB), and BEA.

**3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological techniques or other forms of information technology.**

BEA offers electronic filing through its eFile system for use in reporting on the BE-15 annual survey forms. The eFile system enables respondents to download the survey forms in PDF format for each reportable business enterprise, enter the required data, and submit the forms securely to BEA.

In addition, BEA provides links to all of its survey forms and reporting instructions on its website ([www.bea.gov](http://www.bea.gov)). These may be downloaded, printed, and submitted via fax or mail.

**4. Describe efforts to identify duplication.**

Similar data collected by other Government agencies and segregated as being for foreign-owned U.S. companies are not comparable to the data collected by BEA. For example, although the Securities and Exchange Commission (SEC) maintains information on the nationality of major stockholders in publicly traded U.S. companies, most of the foreign-owned U.S. companies in BEA's reporting universe are not publicly traded. For those that are publicly traded, the data available from the SEC are not in the form or detail required by BEA. For example, data reported to the SEC are on a worldwide consolidated basis. In contrast, data collected in the BE-15 survey are on a domestic (U.S.) consolidated basis so that they cover only U.S. companies' domestic operations.

For tax purposes, the Internal Revenue Service (IRS) collects information on foreign-owned U.S. companies, but it covers only "foreign-controlled" companies--those owned at least 50 percent by foreigners. BEA's data are based on a 10-percent ownership criterion--the current international standard for defining direct investment. Consolidation rules also differ significantly. Corporate tax returns of foreign corporations' U.S. subsidiaries are generally filed with the IRS at a much more deconsolidated level than are reports by U.S. affiliates to BEA.

One result is that for items such as total assets and sales, for which intracompany transactions and positions can be significant, there is duplication in the IRS data that is not present in the more highly consolidated BEA data.

BEA has examined information on foreign direct investment available from these and other agencies and, because the information is narrower in scope and purpose than that collected by BEA, has not identified significant duplication.

Some minor duplication may occur between the data reported once a year in BEA's quarterly BE-605 survey and the BE-15 annual survey, for such items as the foreign parent's direct equity in the U.S. affiliate's annual net income (loss) and the foreign parent's equity interest in the U.S. affiliate. However, data collected in the BE-15 survey reflect the interests of all owners of the affiliate, whereas data collected in the BE-605 survey cover only the foreign parent's share of the given item. The only case in which duplication of the annual data reported in the BE-15 and BE-605 may occur is when the U.S. affiliate is wholly owned by a single foreign parent. These data are used to check for consistency between the two surveys, and could not be eliminated without compromising the integrated structure of the form.

A few data items on the BE-15 survey are collected by bank regulatory agencies. For several reasons, the regulatory data cannot be substituted for the data that BEA collects on the BE-15. The focus of the BE-15 survey is information needed to analyze production and employment by U.S. affiliates of foreign companies. Many key data items that are collected on the BE-15 are outside the scope of the regulatory reports. For example, the BE-15 survey collects data on a number of items needed to measure the value added in production. These items are not collected on regulatory reports. The BE-15 also collects key aggregates from financial statements, such as total assets, operating revenues, and net income, and information on organizational structure, including voting rights. These items are also collected in connection with bank regulation (see Form FR 2314, Form FFIEC 030, and Form FR Y-10). The duplicated items collected on the BE-15 are limited to a few readily available key aggregates, and have little effect on respondent burden. It is important that BEA collect these items directly because several items are needed to determine whether a respondent must report on BEA's surveys and several are used in conjunction with non-duplicated items to make calculations of key economic variables. Also, it is BEA's judgment that the cost and delay that would be associated with attempting to obtain these items from regulatory reports and join them with other items collected through its own survey would not be practical or cost effective.

**5. If the collection of information involves small businesses or other small entities, describe the methods used to minimize burden.**

Few small U.S. business enterprises are subject to the reporting requirements of this survey. The smallest U.S. affiliates - those with total assets, sales or gross operating revenues, and net income of \$40 million or less (positive or negative) -- are specifically exempted from the survey. If such entities receive a form, they need only file a BE-15 Claim for Exemption to indicate that they do not meet the requirements for filing Form BE-15A, BE-15B, or BE-15C.

U.S. affiliates with total assets, sales or gross operating revenues, and net income between \$40 million and \$120 million (positive or negative) will file Form BE-15C, the least burdensome of the BE-15 forms. In addition, BEA may select some companies in this size range to be exempt from filing the BE-15 for a given year, further reducing the burden on these respondents. In years when these companies are not required to file, BEA will send a letter indicating that they are not required to file for that year and asking them to verify their contact information.

**6. Describe the consequences to the Federal program or policy activities if the collection is not conducted or is conducted less frequently.**

The objectives stated in Section A.2. could not be accomplished if the survey is not conducted or is conducted less frequently. Measures of the operations of foreign-owned U.S. companies on an annual basis are essential to understanding the impact of foreign direct investment on the U.S. economy over time. There can be wide swings in the data caused by changes in foreign ownership, new entrants to the universe, mergers and acquisitions, divestitures, and other economic phenomena. Monitoring these changes, assessing their impact, and formulating the appropriate government response would not be possible if data is collected less frequently. Data collected at 5-year intervals, such as benchmark surveys, are not sufficient for these purposes.

**7. Explain any special circumstances that require the collection to be conducted in a manner inconsistent with OMB guidelines.**

No aspects of the proposed BE-15 data collection require a special justification.

**8. Provide a copy of the PRA Federal Register notice that solicited public comments on the information collection prior to this submission. Summarize the public comments received in response to that notice and describe the actions taken by the agency in response to those comments. Describe the efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and recordkeeping, disclosure, or reporting format (if any), and on the data elements to be recorded, disclosed, or reported.**

The public notice soliciting comments on the information collection prior to its submission to OMB appeared on page 32933 (Vol. 80, No. 111) of the June 10, 2015, issue of the *Federal Register*. BEA received one comment from a data user on the importance of the BE-15 data to public policy, investment decisions, and research on foreign direct investment in the U.S., as well as in supporting emerging federal efforts to describe global value chains (GVCs) and measure international trade in value added (TiVA). The data user suggests that BEA consult with the interagency group working on GVC and TiVA initiatives prior to submitting the survey for OMB review. BEA has responded to the commenter that plans for the survey have been developed in consultation with the BEA staff that are part of this interagency group.

BEA maintains a continuing dialogue with survey respondents and data users, including its own internal users through the Bureau's Source Data Improvement and Evaluation Program, to ensure that, as much as possible, the required data serve their intended purposes and are available from existing records, that instructions are clear, and that unreasonable burdens are not imposed. BEA

last conducted consultations with a broad group of Government and non-Government data users during the design of the 2012 BE-12 benchmark survey.

In reaching decisions on what questions to include in the survey, BEA considered the Government's need for the data and resources for processing the data, the burden imposed on respondents, the quality of the likely responses (e.g., whether the data are readily available on respondents' books), and BEA's experience in previous annual and related benchmark surveys.

**9. Explain any decisions to provide payments or gifts to respondents, other than remuneration of contractors or grantees.**

No payments or gifts to respondents are made.

**10. Describe any assurance of confidentiality provided to respondents and the basis for assurance in statute, regulation, or agency policy.**

BEA provides respondents with the assurance that it will keep the reported data confidential. The following statement is taken directly from the reporting instructions for the survey.

“Confidentiality – The Act provides that your report is CONFIDENTIAL and may be used only for analytical or statistical purposes. Without your prior written permission, the information filed in your report CANNOT be presented in a manner that allows it to be individually identified. Your report CANNOT be used for purposes of taxation, investigation, or regulation. Copies retained in your files are immune from legal process.”

Section 5(c) of the Act provides that the information collected may be used only for analytical and statistical purposes and access to the information shall be available only to officials and employees (including consultants and contractors and their employees) of agencies designated by the President to perform functions under the Act. The President may authorize the exchange of information between agencies or officials designated to perform functions under the Act, but only for analytical and statistical purposes. No official or employee (including consultants and contractors and their employees) shall publish or make available any information collected under the Act in such a manner that the person to whom the information relates can be specifically identified. Reports and copies of reports prepared pursuant to the Act are confidential, and their submission or disclosure shall not be compelled by any person without the prior written permission of the person filing the report and the customer of such person, where the information supplied is identifiable as being derived from the records of such customer.

**11. Provide additional justification for any questions of a sensitive nature, such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private.**

No questions of a sensitive nature are asked.

**12. Provide an estimate in hours of the burden of the collection of information.**

The BE-15 survey as proposed is expected to result in the filing of approximately 4,800 reports, of which approximately 1,800 file A forms, 1,100 file B forms, 1,400 file C forms, and 500 file Claims for Exemption. These estimates are based on recent BE-15 and BE-12 surveys. The estimated total annual burden is 87,450 hours, as shown in the RISC/OIRA Consolidated Information System (ROCIS). Total annual burden is calculated by multiplying the estimated number of submissions of each form by the average hourly burden per form, which is 44.5 hours for the A form, 4 hours for the B form, 1.75 hours for the C form, and 1 hour for the Claim for Exemption form. Respondent burden by form is estimated based on the estimated burden in the last BE-15 annual survey and other BEA surveys, feedback from respondents, and on proposed changes to the forms.

For purposes of calculating the number of respondents and burden per respondent, the “respondent” is deemed to be the U.S. affiliate of a foreign parent. The estimated average time per respondent is 18.2 hours (87,450 hours/4,800 respondents), but may vary considerably among respondents because of differences in company size and complexity. It could be as little as 20 minutes for a company reporting on the BE-15 Claim for Exemption, or as much as 476 hours for a large and complex company that reports on Form BE-15A.

The table below provides details on burden range, average burden, estimated number of respondents, and estimated burden hours by form type.

Estimated Burden for 2015 BE-15 Survey

	Number of forms	Range of estimated burden per form	Average burden per form	Total burden per form
BE-15A	1,800	3.5 hrs - 476 hrs	44.5 hrs	80,100
BE-15B	1,100	3.25 hrs - 10.5 hrs	4 hrs	4,400
BE-15C	1,400	1 hr - 3.5 hrs	1.75 hrs	2,450
Claim for Exemption	500	20 mins – 75 mins	1 hr	500
Total	4,800			87,450
Average burden per respondent			18.2 hrs	

The proposed filing requirements for the annual survey by form are:

- 1) Form BE-15A is filed by majority-owned U.S. affiliates with assets, sales, or net income (loss) above \$300 million.
- 2) Form BE-15B is filed by a) majority-owned U.S. affiliates with assets, sales, or net income (loss) in the \$120-\$300 million range, and b) minority-owned U.S. affiliates with assets, sales, or net income (loss) greater than \$120 million.

- 3) Form BE-15C is filed by U.S. affiliates with assets, sales, or net income (loss) greater than \$40 million, but not greater than \$120 million.
- 4) Form BE-15 Claims for Exemption is filed by U.S. business enterprises contacted by BEA that do not meet the filing requirements for BE-15A, BE-15B, or BE-15C.

The estimated annual cost to respondents is about \$3,498,000, based on the estimated reporting burden of 87,450 hours and an estimated hourly cost of \$40.

**13. Provide an estimate of the total annual cost burden to the respondents or record-keepers resulting from the collection (excluding the value of the burden hours in #12 above).**

Other than respondent cost associated with the estimated burden of 87,450 hours (see A.12 above), the total additional annual cost burden to respondents is expected to be negligible. Total capital and start-up costs are insignificant because new technology or capital equipment would not be needed by respondents to prepare their responses to the survey. As a consequence, the total cost of operating and maintaining the technology and capital equipment will also be insignificant. Purchases of services to complete the information collection are also expected to be insignificant.

**14. Provide estimates of annualized cost to the Federal government.**

The project cost to the Federal Government for this survey is estimated at \$2.6 million, which consists of \$1.6 million for salaries and related overhead, and \$1 million for equipment, supplies, forms design, mailing, printing, and computer processing.

**15. Explain the reasons for any program changes or adjustments.**

This request is for an extension without change of a currently approved collection. The estimated respondent burden for this collection is estimated to be 87,450 hours; the estimated respondent burden for the previous (2014) survey is 81,775 as currently shown in the inventory maintained by OMB. The increase in the estimated respondent burden of 5,675 hours (87,450 hours - 81,775 hours) is due entirely to an increased number of respondents based on recent BE-15 and BE-12 surveys.

**16. For collections whose results will be published, outline the plans for tabulation and publication.**

Preliminary data are released 15 to 18 months after the reports are due. Final data will be released about a year later. All of the statistics developed from the survey results are available on BEA's website.

**17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons why display would be inappropriate.**

The OMB expiration date will be displayed on the forms.



**18. Explain each exception to the certification statement.**

The BE-15 information collection is consistent with the certification in all aspects.