

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, except for certain private funds, 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). The 2014 benchmark survey data have not been finalized, however historically the benchmark surveys increase the size of the universe. Therefore, we estimate the universe to consist of approximately 4,560 U.S. parents with 64,800 foreign affiliates, which represents a 20 percent increase over the 2013 universe.

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 \$60 million threshold and had an intercompany balance exceeding \$1 million with its U.S. Reporter during the reporting period.

As shown in the table below, the BE-577 survey covers about 26 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 26 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	64,800	100.0%	100.0%
Sample	16,720	25.8%	97.2%
Nonsample	48,080	74.2%	2.8%
Response rate ¹		91.0%	94.2%

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

Based on response rates from recent quarterly surveys, reports received in time for final estimates accounted for 94 percent of the investment position and 91 percent of the number of foreign affiliates in the sample frame.

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 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 the data quality before the final estimates are released. The data are collected and reviewed according to documented procedures and best practices and on-going review by the appropriate supervisor. The data are validated using computerized edit checks to detect potential errors and to ensure that the data are accurate, reliable, and relevant for the estimates being made. Data are revised routinely as more complete source data become available. The collection and use of this information complies with all applicable information quality guidelines, i.e., those of OMB, the Department of Commerce, and the Bureau of Economic Analysis.

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 most recent 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.

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 maximize response rates for the few 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 Patricia Abaroa, Chief, DID, via email at Patricia.Abaroa@bea.gov, or by phone at 301-278-9591.