

SUPPORTING STATEMENT
BE-11, Annual Survey of U.S. Direct Investment Abroad
OMB Control Number 0608-0053

A. Justification

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

The Annual Survey of U.S. Direct Investment Abroad is necessary to obtain complete and accurate data on the finances and operations of U.S. parents and their foreign affiliates, including balance sheets, income statements, employment, trade, and research and development activities, that are needed to assess the impact of U.S. direct investment abroad on the U.S. and foreign economies. The information collected in the survey is also used to validate information reported on the Quarterly Survey of U.S. Direct Investment Abroad, BE-577. The survey is mandatory and is conducted under the authority of the International Investment and Trade in Services Survey Act (P.L. 94-472, 22 U.S.C. 3101-3108, as amended), hereinafter “the Act.” The implementing regulations for the direct investment surveys conducted under the Act can be found in 15 CFR Part 801.

2. Indicate how, by whom, and for what purpose the information is to be used.

The information collected in the survey is used to compile economic statistics on U.S. direct investment abroad and on the activities of U.S. parents and their foreign affiliates by country and industry. Some specific uses of the data to be collected are discussed below.

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

BEA uses BE-11 annual survey data to derive estimates of value added in production by U.S. parents and their foreign affiliates. These estimates can be used to calculate and analyze the affiliates’ share of total production in foreign host countries, the parents’ share of total U.S. gross domestic product, and the respective shares of parents and affiliates in the worldwide production of U.S. multinationals.

In addition, data for the BE-11 annual survey provide financial statements against which data on transactions and positions between parents and affiliates that are reported on the quarterly BE-577 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 annual survey provides detailed information, by country and industry, on assets, sales, employment, and other measures of affiliates’ activities that the U.S. Government requires to assess their effects on U.S. and foreign economies.

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 and the economies of foreign countries. The data also help identify areas where U.S. direct investment may be restricted.

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:

Several agencies, including the Agency for International Development and the U.S. and Foreign Commercial Service (Commerce), facilitate U.S. private investment, mainly in developing countries, by providing information and assistance to investors. They use data from the annual survey for this purpose. They also use the data to examine the impact of direct investment on developing countries.

d) Non-Government uses:

International organizations and private researchers use data from the BE-11 annual survey in assessing the impact of U.S. direct investment abroad on the U.S. and foreign economies. International organizations that regularly make use of BEA data on U.S. direct investment abroad include the United Nations, International Monetary Fund, Organisation for Economic Co-operation and Development, and World Bank. Numerous private researchers also use the data; use by researchers affiliated with the National Bureau of Economic Research has been among the most extensive.

The Information Quality Guidelines of the Office of Management and Budget (OMB) 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 the quality of the data is high before the final estimates are released. The data are collected and reviewed according to documented procedures, best practice standards, and ongoing 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 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 OMB, the Department of Commerce, 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 its electronic filing option, the eFile system, for use in reporting on the BE-11 survey forms. The eFile system enables respondents to download the survey forms in PDF format, enter the required data, and submit the forms securely to BEA.

In addition, BEA provides links to all its survey forms and reporting instructions on its website (www.bea.gov). These may be downloaded, printed, and submitted via BEA's secure messaging system, fax, or mail.

4. Describe efforts to identify duplication.

The BE-11 survey eliminates duplication that might otherwise occur when the U.S. reporter is also required to file the BE-15, Annual Survey of Foreign Direct Investment in the United States. If the U.S. company owns a foreign affiliate and is also itself foreign-owned, then only items that are not reported on Form BE-15 must be completed. For the information requested in the remainder of Form BE-11A, BEA obtains the data from that company's Form BE-15. (Forms BE-11B, BE-11C, and BE-11D, which are for reporting foreign affiliates, would still be completed in full by the U.S. reporter.)

In cases of possible duplication between the BE-11 data for U.S. parent companies and data for U.S. companies reported to other Government agencies, data may be defined quite differently. For example, data reported to the Securities and Exchange Commission are on a worldwide consolidated basis. In contrast, data reported on Form BE-11A are on a domestic (U.S.) consolidated basis, so that they cover only U.S. companies' domestic operations; data reported on Forms BE-11B, BE-11C, and BE-11D cover each of their foreign operations. Thus, a company's domestic and foreign operations can be analyzed separately, and their separate contributions to the company's overall operations and to the U.S. and foreign economies can be assessed. These are major components of any analysis of U.S. direct investment abroad.

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

U.S. companies that have direct investments abroad tend to be large. To qualify as a small business, the multinational enterprise as a whole must be evaluated when determining if the business meets the size standards set by the Small Business Administration (SBA), i.e. the size determination takes into account the sizes of both the U.S. parents and their foreign operations. BEA estimates that approximately 10 percent of the U.S. multinational enterprises that will be required to respond to the BE-11 annual survey are small businesses according to the standards established by the SBA. The number of items required to be reported for a U.S. parent and their foreign affiliate is determined by the size of each in terms of assets, sales, and net income. In the BE-11 survey, for the smallest foreign affiliates—those with assets, sales or gross operating revenues, and net income (loss) greater than \$25 million (positive or negative), but for which no one of these items is greater than \$60 million (positive or negative)—a subset of items would be reported on a schedule-type form, Form BE-11D. The BE-11D report is only required for affiliates that were established or acquired during the year covered by the survey. To further ease the reporting burden on smaller U.S. companies, U.S. reporters with total assets, sales or gross

operating revenues, and net income (loss) less than or equal to \$300 million (positive or negative) are required to report a subset of items on the BE-11A form for U.S. reporters, in addition to forms they may be required to file for their foreign affiliates.

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 U.S. parent companies and their foreign affiliates on an annual basis are essential to understanding the impact of U.S. direct investment abroad on the U.S. and foreign economies over time. There can be wide swings in the data caused by 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 were 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-11 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 23,630 (Vol. 83, No. 99) of the May 22, 2018 issue of the *Federal Register*. **BEA has received no comments.**

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.

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. Per the Cybersecurity Enhancement Act of 2015, your data are protected from cybersecurity risks through security monitoring of the BEA information systems.”

Section 5(c) of the Act (22 U.S.C. 3104) 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 table below provides details on average burden, estimated number of respondents, and estimated burden hours by form type.

Form Type	Average burden hours per form	Estimated number of forms	Estimated burden hours
BE-11A (U.S. reporters)	7	3,150	22,050
BE-11B/C/D (foreign affiliates):		26,700	303,200
BE-11B	12	25,000	300,000
BE-11C	2	1,500	3,000
BE-11D	1	200	200
Claim for Exemption	1	500	500
Total		30,350	325,750
Average burden per U.S. reporter	103.4*		

*Calculated from 325,750 hours/3,150 U.S. reporters

Respondent burden is estimated based on the estimated burden in the last BE-11 survey and other BEA surveys, feedback from respondents, and on proposed changes to the forms. Burden is expected to vary considerably among respondents because of differences in company structure, size, and complexity. For purposes of calculating the number of respondents and burden per respondent, the “respondent” is deemed to be the U.S. parent company, and its “response” will consist of a Form BE-11A covering its U.S. operations and one or more of the three foreign affiliate forms covering its foreign operations.

The estimated respondent burden currently shown in the RISC/OIRA Consolidated Information System (ROCIS) is 262,250 hours. The increase in the estimated respondent burden is due to an increase in the number of U.S. and foreign entities that meet the reporting requirements of the BE-11 annual survey.

The estimated annual cost to respondents is \$10,860,505 based on the estimated reporting burden of 325,750 hours and an estimated hourly cost of \$33.34. The hourly cost reflects the median wage of accountants and auditors from the Bureau of Labor Statistics’ May 2017 Occupational Employment Statistics.

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 325,750 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. The total cost of operating and maintaining the technology and capital equipment will, therefore, 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 \$3,913,000, which consists of \$3,720,000 for salaries and related overhead, and \$193,000 for equipment, services, supplies, mailing, and printing.

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

This request is for a revision of a currently approved collection. The estimated respondent burden for this collection is estimated to be 325,750 hours; the estimated respondent burden for the previous (2017) survey is 262,250 as currently shown in the inventory maintained by OMB. The increase in the estimated respondent burden of 63,500 hours (325,750 hours - 262,250 hours) is due entirely to an increase in the number of U.S. and foreign entities that meet the reporting requirements of the BE-11 annual survey.

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. An analysis of the data appears in the BEA's monthly online journal, the *Survey of Current Business*, the following month. Final data will be released approximately one year later. All of the statistics developed from the survey results, as well as the *Survey* articles, are available on BEA's web site (www.bea.gov).

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-11 information collection is consistent with the certification in all aspects.