

Supporting Statement
U.S. Department of Commerce
Bureau of Economic Analysis
Benchmark Survey of Transactions in Selected Services and Intellectual
Property with Foreign Persons (Form BE-120)
OMB Control Number: 0608-0058

Abstract

The BE-120 Benchmark Survey of Transactions in Selected Services and Intellectual Property with Foreign, conducted by the Bureau of Economic Analysis (BEA), covers the universe of selected services and intellectual property transactions of U.S. companies with foreign persons and is BEA's most comprehensive survey of such transactions. The data collected through the BE-120 are needed to monitor U.S. trade in services and intellectual property and to analyze the impact of U.S. trade in these services on the U.S. economy and on foreign economies. The benchmark data will be used, in conjunction with data collected from a sample of respondents on a quarterly companion survey to produce quarterly estimates of selected services and intellectual property components for BEA's international transactions accounts, national income and product accounts, and industry accounts. The survey is authorized by the International Investment and Trade in Services Survey Act.

A. Justification

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

The data collected on the BE-120, Benchmark Survey of Transactions in Selected Services and Intellectual Property with Foreign Persons, are needed to monitor U.S. trade in services, to analyze the impact of these cross-border services on the U.S. and foreign economies, to compile and improve the U.S. economic accounts, to support U.S. commercial policy on trade in services, to conduct trade promotion, and to improve the ability of U.S. businesses to identify and evaluate market opportunities. The data are used in estimating the trade in services component of the U.S. international transactions accounts (ITAs) and national income and product accounts (NIPAs). The ITAs are used extensively by both government and private organizations for national and international economic policy support and for analytical purposes. The services and intellectual property transactions covered by this survey accounted for 54 percent of U.S. exports and 41 percent of U.S. imports of services in 2021. These data are not available from any other source.

The proposed information collection, BE-120 Benchmark Survey of Transactions in Selected Services and Intellectual Property with Foreign Persons, is associated with the proposed rule RIN 0691-AA91. The survey would require U.S. companies to report their services and intellectual property transactions with foreign persons. The proposed BE-120 survey is mandatory and 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." The implementing regulations for the international services 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 BE-120 benchmark survey covers the universe of selected services and intellectual property transactions and is BEA's most comprehensive survey of such services. A response will be required from all U.S. persons with cross-border transactions (sales and/or purchases) in any of the transaction categories covered by the survey, for the 2022 fiscal year, whether or not they are contacted by BEA.

The benchmark survey data, covering U.S. persons' cross border transactions in selected services and intellectual property with foreign persons, will be collected on survey forms that can be completed and submitted electronically, mailed, faxed, or sent by secure message to BEA. The information collected on the survey will be used by BEA to produce economic statistics on international trade in services. For each country and region, BEA will estimate cross-border transactions in the services and intellectual property transactions covered by the survey. The benchmark collection of data is an ongoing survey conducted once every five years, in years ending in "2" and "7", for which the reporting requirements and data items provided by respondents has changed over time to reflect changes in the types of services that are bought and sold internationally and to meet the needs of data users. The survey covers U.S. persons (comprised mainly of major U.S. corporations).

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

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

Data from the BE-120 survey will be used by BEA to estimate the services component of the U.S. ITAs with detailed information by country, region, type of service, and affiliation of the transactors. The resulting statistics are also used in the NIPAs and the Input-Output Accounts. These are general use economic statistics that most world economies produce. BEA follows international standards for producing the statistics so that they are internationally comparable, accurately measure new and evolving types of services, and meet user needs.

The BE-120 survey is a benchmark survey, conducted once every five years, intended to cover the universe of cross-border sales and purchases of selected services and intellectual property transactions. In non-benchmark years, the BE-125 Quarterly Survey of Transactions in Selected Services and Intellectual Property with Foreign Persons collects sample data from persons above a size-exemption level. The sample data are used to derive universe estimates in non-benchmark years from similar data reported in the BE-120. Therefore, quarterly and annual services trade statistics produced by BEA reflect the universe of services trade, not just the trade of those U.S. persons required to report on the quarterly survey.

(b) Support U.S. government policy on services trade:

Data from the survey are needed to monitor U.S. trade in services, to analyze the impact on the U.S. economy and on foreign economies, to compile and improve the U.S. economic accounts, to support U.S. commercial policy on trade in services, and to conduct trade promotion.

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 data also help identify areas where U.S. trade in services may be restricted.

The United States is a signatory to regional and multilateral commercial agreements that cover trade in services. The data from this and related surveys provide information that can be used both during negotiations and as an aid in monitoring resulting agreements. For example, trade in services 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 United States-Mexico-Canada Agreement.

(c) Other government uses:

Several agencies, including the U.S. Commercial Service (Commerce Department), facilitate U.S. trade by providing information and assistance to businesses. They use data from the survey for this purpose. They also use the data to examine the impact of trade in services on developing countries.

(d) Non-government uses:

International organizations and private researchers also use data from the survey in assessing the impact of U.S. trade in services on the U.S. and foreign economies. International organizations that regularly make use of BEA data on U.S. trade in services include the United Nations, International Monetary Fund, World Trade Organization, 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.

U.S. businesses use the information to identify and evaluate market opportunities.

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 that 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 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 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 collection techniques or other forms of information technology.

BEA offers electronic filing through its eFile system for use in reporting the BE-120 benchmark survey form. The eFile system enables respondents to download the survey forms

in PDF format, enter the required data, and submit the forms securely to BEA. BEA utilizes a secure messaging system, accessible through the eFile system, to ensure the confidentiality of correspondence with BE-120 respondents.

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

4. Describe efforts to identify duplication.

Data on U.S. international transactions in selected services and intellectual property are available only from surveys conducted by BEA.

The BE-120 survey will provide comprehensive information on the types of selected services and intellectual property covered by the survey, for which data had been collected on a sample basis on the BE-125, Quarterly Survey of Transactions in Selected Services and Intellectual Property transactions with Foreign Persons. The quarterly collection of data is required to provide timely indicators of quarterly movements in transactions. The benchmark collection, conducted after the companies have closed their books for the year, is required to verify the accuracy of the quarterly data, to collect data on transactions that fall below the reporting threshold on the quarterly survey, and obtain data from reporters not subject to filing on a quarterly basis.

The Census Bureau conducts economic surveys of establishments in services industries and includes on those surveys broad questions pertaining to revenues derived from sales to foreign persons. While these surveys do not identify the type of service or the country of the foreign customer, both of which are required by the ITAs, BEA has used information reported on Census Surveys to expand the mailing lists for several of its surveys.

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

A completed BE-120 benchmark survey, as proposed, will be required from U.S. persons that had transactions in any of the covered categories with foreign persons. For U.S. companies that had combined sales to foreign persons that exceeded \$2 million, and/or combined purchases from foreign persons that exceeded \$1 million in the services and/or intellectual property transaction categories covered by the survey for the fiscal year, on an accrual basis, a completed benchmark survey would include data on each of the covered types of services and/or intellectual property transactions with totals disaggregated by country and by relationship to the foreign transactor (foreign affiliate, foreign parent group, or unaffiliated). For U.S. companies that had combined sales to foreign persons of \$2 million or less and combined purchases from foreign persons of \$1 million or less in the transaction categories covered by the survey for the fiscal year, a completed benchmark survey would include totals for each type of transaction in which they engaged. This abbreviated benchmark requirement would exclude most small businesses from reporting of detail by country and by affiliation. The \$2 million threshold for sales and the \$1 million threshold for purchases should be applied to the covered transactions categories with foreign persons by all parts of the consolidated domestic U.S. Reporter. Because the \$2 million and \$1 million thresholds apply

separately to sales and purchases, the detailed data reporting requirement may apply to sales only, to purchases only, or to both.

While BEA does not have information on the size of the businesses that respond to the survey, historically the respondents to the existing quarterly survey of selected services and intellectual property and to previous benchmark surveys have been comprised mainly of major U.S. corporations. Any small businesses that would be required to report would likely have engaged in a small number of covered transactions and would be less likely to report detail by country and affiliation, and, therefore, would be expected to have below the average burden of 10 hours per response. Even if the responses for small businesses took the expected average burden of 10 hours per response, that would likely apply to a small number of transactions, and, as such, would not constitute a significant impact on any small business or other entity.

To reduce reporting burden, respondents can provide estimates of their transactions with foreign persons where precise data cannot be obtained without undue burden.

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

This is a benchmark survey designed to yield universe data for the covered U.S. international selected services and intellectual property transactions. In non-benchmark years, universe estimates covering these transactions will be derived from the sample data reported on BEA's quarterly survey by extrapolating from the universe data collected on the benchmark survey. The BE-120 benchmark survey is conducted once every five years, in years ending in "2" and "7". The benchmark survey data are updated between benchmark years by means of quarterly sample surveys that are more limited in scope and coverage. A period beyond the normal benchmark interval would require reliance on universe estimates linked to an aging base. The reliability of the estimates becomes increasingly questionable as the base ages. This problem is particularly serious during a period when international trade in services and intellectual property is growing rapidly in size, variety, and complexity, and as the geographic pattern of trade changes, due partly to the expansion of trade with emerging economies. Conducting the survey less frequently would also reduce the timeliness of the detailed information collected only on benchmark surveys that is needed for policymaking purposes.

7. Explain any special circumstances that would cause an information collection to be conducted in a manner:

- requiring respondents to report information to the agency more often than quarterly;**
- requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;**
- requiring respondents to submit more than an original and two copies of any document;**
- requiring respondents to retain records, other than health, medical, government contract, grant-in-aid, or tax records for more than three years;**
- in connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study;**
- requiring the use of a statistical data classification that has not been reviewed and approved by OMB;**

- that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or
- requiring respondents to submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.

No aspects of the Benchmark Survey of Transactions in Selected Services and Intellectual Property with Foreign Persons require a special justification.

Respondents are required to report benchmark information to BEA once every five years, in years ending in “2” and “7”. Survey responses will be due by July 31, 2023. Respondents will be required to submit a single copy of their survey form to BEA by the due date. A copy of their submission should be retained for their records, for three years. The information collected in the survey will be used by BEA to produce economic statistics on international trade in services, representing the universe of cross-border transactions in the services and intellectual property transactions covered by the survey. The survey collects an industry classification code for each respondent. These codes are based on the North American Industry Classification System (NAICS), which has been reviewed and approved by OMB and is used by numerous Government statistical agencies. The Act requires that survey data submitted to BEA is **confidential** and may be used only for analytical or statistical purposes, and without prior written permission, the information filed **cannot** be presented in a manner that allows it to be individually identified; it **cannot** be used for purposes of taxation, investigation, or regulation. Respondents are not required to submit proprietary trade secrets, or other confidential information, beyond the information collected in the survey.

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.

This submission supports a proposed rulemaking that follows a public request for comments in the *Federal Register* May Xx, 2022 (Vol. Xx, page Xxxxxx – Xxxxxx). BEA received **no public comments** related to the proposed changes to survey.

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

In recent years, BEA has solicited input from its data users, including other government agencies, through a series of site visits and webinars. During these presentations, BEA staff presented an overview of potential changes to the services data collected and published by BEA, including proposals to expand upon the existing services categories collected on this

survey. These presentations also provided an opportunity for data users to suggest other services-related data that are of particular interest. From these consultations, BEA developed a list of changes to the services data collected on this and other BEA surveys.

For the planned survey changes detailed in section A.15 below, BEA consulted a sample of nine current quarterly survey respondents regarding the modifications. BEA sent these reporters a letter summarizing the plans for the survey and provided them an opportunity to comment regarding the feasibility of these adjustments. None of these individual reporters responded with concerns about the proposals, thus, BEA believes the changes will have little impact on most respondents.

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

No payments or gifts to the respondents will be 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 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 to this Bureau 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.”

Sec. 5(c) of the Act (22 U.S.C. 3104) provides that the information collected can 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 estimates of the hour burden of the collection of information.

The benchmark survey is expected to result in the filing of approximately 15,000 reports for the 2022 fiscal year. BEA expects approximately 5,000 to be filed by respondents that will report data on the schedules with totals for each type of transaction disaggregated by country and by relationship to the foreign transactor (foreign affiliate, foreign parent group, or unaffiliated), 6,000 from respondents filing totals for each type of transaction in which they engaged, and 4,000 other responses - exemption claims and voluntary responses. The average burden for completing the survey with data is estimated at an average of 10 hours per response, based on an estimated 15,000 responses with an overall estimated annual respondent burden of 148,000 hours. Average burden per response type is summarized in the table below.

Estimated Annualized Respondent Burden Hours - Benchmark Survey of Transactions in Selected Services and Intellectual Property with Foreign Persons (Form BE-120)

Information Collection Instrument	Type of Respondent	# of Respondents (a)	Burden Hours per Response (b)	Total Annual Burden Hours (c) = (a) x (b)
BE-120 Form	Schedule Data	5,000	24	120,000
BE-120 Form	Totals Only	6,000	4	24,000
BE-120 Form	Other Response	4,000	1	4,000
Totals		15,000	* 10	148,000

* Rounded to nearest half hour from 148,000 hours/15,000 respondents.

This estimate covers the amount of time for respondents to review the instructions, search existing data sources, gather and maintain the data needed, and complete and review the information collection. Respondent burden is estimated based on the estimated burden in the previous BE-120 survey and other BEA surveys, feedback from respondents, and on changes to the form. Most of the information requested on the survey is readily available in existing company accounting and financial records. In proposing changes to the survey, BEA analyzes the impact on existing companies by reviewing their reported transaction categories, and the volume of country detail provided by respondents within the categories being considered for modification. This information, in conjunction with communication between BEA and respondents regarding their existing accounting and financial records, serves as a basis for estimating the impact of planned survey modifications. In proposing the current changes, as discussed in section A.8. above, BEA contacted a sample of current quarterly reporters to provide an opportunity for them to comment on the proposals. None of these individual reporters responded with concerns about the proposals, thus, BEA believes the changes will have little impact on most respondents. However, the actual burden will vary from respondent

to respondent depending on the number and amounts of their transactions and the ease of assembling the data.

The estimated cost to respondents is \$5,496,720 based on an estimated reporting burden of 148,000 hours and estimated hourly cost of \$37.14 for employees in the accounting and auditing field, who represent the type of employee typically completing BEA surveys. The hourly cost reflects the median hourly wage of accountants and auditors from the Bureau of Labor Statistics' May 2021 Occupational Employment Statistics. A summary of the estimated average burden cost per respondent and response type, is provided in the table below.

Estimated Annualized Respondent Costs - Benchmark Survey of Transactions in Selected Services and Intellectual Property with Foreign Persons (Form BE-120)

Type of Respondent	# of Respondents (a)	Average Burden Hours per Response (b)	Hourly Wage Rate* (c)	Total Burden Costs (d) = (a) x (b) x (c)
Schedule Data	5,000	24	\$37.14	\$4,456,800
Totals Only	6,000	4	\$37.14	\$891,360
Other Response	4,000	1	\$37.14	\$148,560
Total	15,000			\$5,496,720

The hourly wage rate is based on the Bureau of Labor Statistics' (BLS) May 2021 Occupational Employment Statistics, for employees in the accounting and auditing filed whom typically complete BEA surveys. <https://www.bls.gov/oes/current/oes132011.htm>

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 Question 12 above).

There are no capital/start-up or ongoing operation/maintenance costs associated with this information collection.

Other than respondent cost associated with the estimated burden of 148,000 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 will 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 annual project cost to the Federal Government for this survey is estimated at \$1,000,000, which consists of \$959,000 for salaries and related overhead and \$41,000 for equipment, supplies, form design, printing, mailing, and computer processing.

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

This request is for a renewal, with change, of a previously approved mandatory collection for which approval has expired. Currently, there are no burden hours for the BE-120 survey in the inventory maintained by the OMB. Therefore, the estimated burden of 148,000 hours (see A.12 above) for this periodic collection is shown entirely as a program change in ROCIS.

The estimate for the 2022 BE-120 benchmark survey of 148,000 burden hours is 3,000 more than the estimated respondent burden for the previous (2017) BE-120 benchmark survey. For the 2017 survey, the estimated burden was 145,000 hours. The increase in burden hours is due to estimated changes in the expected quantity of survey responses, the composition of the respondent universe (those filing full schedule detail vs. totals by transaction type only) from 2017 to 2022, as well as modifications to the content of the survey which primarily impacts those reporters who are filing schedule detail.

BEA is proposing the addition of three items to the survey, a modification to two existing schedules, and to delete two items that were collected on the 2017 survey. The modifications to the BE-120 survey will allow BEA to align its statistics more closely with international economic accounting guidelines and to increase the quality and usefulness of BEA's statistics on trade in services.

BEA proposes to add a question on employment size class which will be answered by all survey respondents filing the BE-120 survey, providing a check box to indicate the range of employees on the payroll of the consolidated domestic U.S. reporter. Additionally, those respondents filing full schedule detail would be required to report information on the largest U.S. states (up to three) for sales (exports) and purchases (imports) of services and provide a percentage of services transacted from each state, as well as respond to a series of questions on the operation of digital intermediation platforms to identify the value of their digital intermediation sales and associated transaction category(ies). BEA also proposes to modify the remote services schedules (D and E) from 2017 to better capture trade in digitally delivered services. Additionally, BEA would eliminate survey questions for the materials used in contract manufacturing activities as well as the three transaction categories of other intellectual property. Rights to use other intellectual property (code 8.1), rights to reproduce and/or distribute other intellectual property (code 8.2), and outright sales or purchases of proprietary rights related to other intellectual property (code 8.3) will no longer be collected. BEA typically reclassifies transactions reported to BEA in these categories to research and development (R&D) services (transaction code 29.1, the provision of customized and non-customized R&D services; and, transaction code 29.2, other R&D services, including testing) and to other selected services (transaction code 42). With the elimination of the other intellectual property categories, respondents will be instructed to report transactions in these alternate categories.

BEA estimates there will be a one hour increase in the average number of burden hours per response for those reporters filing full schedule detail, from 23 to 24 hours per response and no increase in burden for reporters filing totals by transaction type only. The language in the instructions and definitions will be reviewed and adjusted as necessary to clarify survey requirements.

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

The data from this survey will be used to estimate trade in services and intellectual property transactions by major world region and selected countries for the quarterly U.S. ITAs and for a more detailed annual tabulation of U.S. trade in services. These estimates will be published on BEA's website (*www.bea.gov*). The data will also be used to provide the basis for the estimates of transactions in selected services and intellectual property in monthly estimates of international services transactions, which are included in a joint BEA-Census Bureau news release on U.S. trade in goods and services.

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-120 information collection is consistent with the certification in all aspects. The agency certifies compliance with 5 CFR 1320.9 and the related provisions of 5 CFR 1320.8(b)(3).