

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 respondent universe for the BE-577 survey is derived from the benchmark survey of U.S. direct investment abroad, BE-10, which 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), except foreign affiliates that are private funds and do not own, directly or indirectly, 10 percent or more of the voting interest of another foreign business enterprise that is not also a private fund or holding company.

Sample selection for foreign affiliates that must report quarterly is determined by the size of the foreign affiliate’s (1) total assets, (2) annual sales or gross operating revenues, or (3) 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 \$10 million with its U.S. Reporter during the reporting period.

BE-577 Universe, Sample, and Response Rate

	Number of foreign affiliates	Percent of foreign affiliates	Percent of investment position
Universe	88,000	100.0%	100.0%
Sample	22,700	25.8%	98.4%
Nonsample	65,300	74.2%	1.6%
Response rate ¹		91.0%	92.2%

Response rate refers to the foreign affiliates within the sample.

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 missing reports will be statistically estimated and added to the data of the reported sample affiliates. These estimates will be based on the benchmark survey reports or other prior reports and growth in the 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. For a detailed description of BEA's estimation techniques for the BE-577 survey, see "[U.S. International Economic Accounts: Concepts and Methods](#)" on BEA's website.

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.

Respondents are sent a letter notifying them that their quarterly report is due. BEA offers an email subscription service for the BE-577 survey to alert subscribers that eFile is open for the reference period. In addition, subscribers also receive a reminder email one week prior to the survey due date. 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 (aside from giving respondents the opportunity to comment on proposed changes, as described in A.8., above).

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 Transactions and Positions Branch (DTPB) of the Direct Investment Division (DID). For further information, contact Ricardo Limes, Chief, DTPB, via email at Ricardo.limes@bea.gov or by phone at 301-278-9659.

The survey proposal was reviewed and approved by BEA's Source Data Improvement and Evaluation Program (SDIEP). The SDIEP coordinator is Tiffany Burrell, (301) 278-9618.