

Supporting Statement for the BE-577 Direct 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 consists of approximately 42,000 foreign affiliates. The potential respondent universe is based on information from the 2004 benchmark survey and from the subsequent quarterly surveys.

Sample selection for the foreign affiliates that must be reported in the quarterly survey is determined by the size of the affiliate's total assets, annual sales or gross operating revenues, and annual net income (loss) after provision for foreign income taxes. A foreign affiliate is exempt from being reported if each of the three items is less than or equal to \$40 million (positive or negative) at the end of, or for, the affiliate's fiscal year. However, an indirectly-owned foreign affiliate is not required to be reported unless an intercompany account balance with the U.S. Reporter exceeds \$1 million. Reports will be required for approximately 15,500 foreign affiliates.

As shown in the table below, the BE-577 survey covers about 35 percent of the number of foreign affiliates in the potential respondent universe. The BE-577 respondents account for a much larger percentage of the potential respondent universe in terms of value than in terms of numbers. For example, foreign affiliates reportable on the BE-577 account for about 88 percent of earnings of all affiliates in the universe.

Potential Universe and BE-577 Respondents for 2009

	Number of foreign affiliates	Percent of companies accounted for	Percent of earnings accounted for
Universe	42,000	100.0	100.0
Sample	15,500	36.9	88.0
Expected response rate			87.4

See B.3 below for a discussion of response rates.

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.

BE-577 sample selection criteria are explained in B.1. above.

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 affiliates to provide universe estimates. The estimates are derived by extrapolating forward data collected in the most recent BE-10 benchmark survey, based on movements in data collected for foreign affiliates reported quarterly.

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 help maximize response rates, each BE-577 form is preprinted with the name of the U.S. Reporter, the name of the foreign affiliate, and other pertinent information. Any person specifically contacted by BEA must respond either by filing the completed forms or by claiming exemption in writing. Nonrespondents will be sent follow-up notices and, in the event of continued nonresponse, will be referred to the Office of General Counsel for further action.

BEA publishes several preliminary and revised estimates based on information filed on the BE-577 forms. Based on response rates from prior quarterly surveys, by the time of the preliminary estimate, BEA expects the data reported will account for about 50 percent of earnings for all reportable foreign affiliates. BEA expects that at the time of the final revised estimates, reports covering 87 percent of earnings of all reportable foreign affiliates will have been filed.

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 David H. Galler, Chief, DID via email at David.Galler@bea.gov, or by phone at 202-606-9835.