

Supporting Statement for the BE-11 Annual Survey
of U.S. Direct Investment Abroad
OMB Control Number 0608-0053

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 annual survey consists of U.S. companies that have foreign affiliates, that is, that own or control directly or indirectly 10 percent or more of a foreign business enterprise. There are approximately 2,550 such companies which together have approximately 42,000 foreign affiliates. The potential respondent universe is based on information from the 2004 benchmark survey of U.S. direct investment abroad and from the 2005 and 2006 annual surveys.

Sample selection for the U.S. parent companies and foreign affiliates that must be reported in the annual survey is determined by the size of the affiliate's assets, sales, and net income. A nonbank foreign affiliate of a nonbank parent is exempt from being reported (except for a few items on the BE-11A Supplement A for the year in which it is established or acquired) if each of the following three items for the affiliate is equal to or less than \$60 million (positive or negative) at the end of, or for, the affiliate's fiscal year:

- (1) Total assets
- (2) Annual sales or gross operating revenues, and
- (3) Annual net income after provision for foreign income taxes

A foreign affiliate of a bank U.S. parent and a bank affiliate of a nonbank U.S. parent is exempt from being reported if each of these items is equal to or less than \$250 million (positive or negative) at the end of, or for, the affiliate's fiscal year.

A U.S. parent company is exempt from reporting if it has no reportable foreign affiliates.

For the BE-11 annual survey: 1) Form BE-11A is expected to be filed by approximately 1,550 U.S. parent companies that have about 13,700 foreign affiliates reportable on Form BE-11B(LF), BE-11B(SF), BE-11B(FN), BE-11B(EZ), or BE-11C; 2) Form BE-11B(LF), which contains the most detailed information, is expected to be filed for about 5,300 majority-owned nonbank foreign affiliates of nonbank U.S. Reporters with assets, sales, or net income above \$225 million; 3) Form BE-11B(SF) is expected to be filed for about 6,000 majority-owned nonbank foreign affiliates of nonbank U.S. Reporters with assets, sales, and net income in the \$60 - \$225 million range; 4) Form BE-11B(FN) is expected to be filed for about 500 foreign affiliates of bank U.S.

Reporters and bank affiliates of nonbank U.S. Reporters with assets, sales, or net income above \$250 million; 5) Form BE-11C is expected to be filed for about 900 nonbank foreign affiliates of nonbank U.S. Reporters owned at least 20 percent, but not more than 50 percent, directly or indirectly, by all U.S. Reporters of the affiliate combined, and for which assets, sales, or net income exceeds \$60 million; and 6) Form BE-11B(EZ) is expected to be filed for about 1,000 majority-owned nonbank foreign affiliates of nonbank U.S. Reporters with assets, sales, and net income in the \$60 - \$225 million range. BEA allows a rotating group of about 1,000 affiliates to be filed on the abbreviated BE-11B(EZ) form. Form BE-11B(EZ) obtains identification information needed to maintain the BE-11 sample frame, and a few data items needed to provide a basis for the estimation of other data items for the affiliates selected to file on it.

As shown in the table below, the BE-11 survey covers about 60 percent of the number of U.S. parents and about 30 percent of the number of foreign affiliates in the potential universe. BE-11 respondents account for a much larger percentage of the potential universe in terms of value than in terms of numbers. For example, U.S. parents reportable on the BE-11 account for about 92 percent of the total assets of all parents, and foreign affiliates reportable on the BE-11 account for about 95 percent of the total assets of all affiliates, in the universe.

2008 BE-11 Universe, Sample, and Response Rate

The information collection employs statistical methods for the purpose of expanding data reported on the Supplement A, BE-11B(SF), and BE-11B(EZ) to the same level of data reported on the BE-11B(LF). Statistical methods are also used to estimate the additional A-form detail for U.S. Reporters that have total assets, sales or gross operating revenues, and net income (loss) less than or equal to \$150 million, as well as to construct estimates for entities that are included in the potential universe but fall below the reporting thresholds for the annual survey.

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-11 sample selection criteria are explained in B.1. above.

Data for the nonsample portion of the universe as well as for delinquent reporters 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-

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	Number of companies	Percent of companies accounted for	Percent of assets accounted for
Universe:			
BE-11A filers	2,550	100.0	100.0
BE-11B/C filers	42,000	100.0	100.0
Sample:			
BE-11A			
BE-11B/C:	1,550	62.0	92.0
BE-11B(LF)	13,700	32.3	95.0
BE-11B(SF)	5,300	12.6	---
BE-11B(FN)	6,000	14.0	---
BE-11B(EZ)	500	1.2	---
BE-11C	1,000	2.4	---
	900	2.1	---
Expected response rate:			
BE-11A filers			95.0
BE-11B filers			92.0

benchmark survey, based on movements in data collected for U.S. parents and foreign affiliates reported annually. For majority-owned nonbank foreign affiliates reported on the BE-11B(SF) form, BE-11B(EZ) form, or BE-11A Supplement A, BEA will estimate the additional detail that would have been filed on a long-form report. In general, the estimates are based on observed relationships between values for items collected only on the long form and values for items collected on both the long form and the short or (EZ) forms. Finally, for U.S. Reporters that have total assets, sales or gross operating revenues, and net income (loss) less than or equal to \$150 million, BEA will estimate the additional A-form detail.

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-11 form is preprinted with the name of the U.S. Reporter or foreign affiliate and country name. Any person specifically contacted by BEA must respond by filing either the completed form or a Claim for Not Filing. Nonrespondents will be sent follow-up notices and, in the event of continued nonresponse, will be referred to the Office of the General Counsel for further action.

Based on response rates from prior annual surveys, by the time of the preliminary estimate, BEA expects that the data reported will account for about 90 percent of total assets for all reportable U.S. parents and 85 percent of total assets for all reportable foreign affiliates. BEA expects that at the time the final estimates for 2007 are available in July of 2010, reports covering about 95 percent of the assets of all reportable parents and 92 percent of the assets of all reportable affiliates will have been filed.

Response rates are high enough to ensure that non-response bias is negligible. The survey generates data of sufficient accuracy for their 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 David H. Galler, Chief, DID via email at David.Galler@bea.gov, or by phone at 202-606-9835.