

DEPARTMENT OF COMMERCE**Bureau of Economic Analysis****15 CFR Part 806**

[Docket No. 030818205-3205-01]

RIN 0691-AA48

Direct Investment Surveys: BE-15, Annual Survey of Foreign Direct Investment in the United States**AGENCY:** Bureau of Economic Analysis, Commerce.**ACTION:** Notice of proposed rulemaking.

SUMMARY: This proposed rule amends regulations that set forth reporting requirements for the BE-15, Annual Survey of Foreign Direct Investment in the United States. The annual survey is comprised of four forms—the BE-15(LF) long form, the BE-15(SF) short form, the BE-15(EZ) form, which is a new form, and the BE-15 Supplement C—Claim for Exemption From Filing a BE-15(LF), BE-15(SF), or BE-15(EZ).

Overall respondent burden for the 2003 annual survey is estimated at 107,900 hours, down 20,100 hours from 128,000 hours estimated for the previous (2001) annual survey. The decrease in the estimated total respondent burden is primarily attributable to the proposed changes to the reporting requirements.

DATES: Comments on this proposed rule will receive consideration if submitted in writing on or before October 28, 2003.

ADDRESSES: Direct all written comments to the Office of the Chief, International Investment Division (BE-50), Bureau of Economic Analysis, U.S. Department of Commerce, Washington, DC 20230. To assure that comments are received in a timely manner, please consider using one of the following delivery methods: (1) Fax to (202) 606-5318, (2) deliver by courier to U.S. Department of Commerce, Bureau of Economic Analysis, BE-49(A), Shipping and Receiving, Section M100, 1441 L Street NW., Washington, DC 20005, or (3) e-mail to Obie.Whichard@bea.gov.

Comments received will be available for public inspection in Room 7006, 1441 L Street NW., between 8:30 a.m. and 4:30 p.m., eastern time Monday through Friday.

FOR FURTHER INFORMATION CONTACT: Obie G. Whichard, Acting Chief, International Investment Division (BE-50), Bureau of Economic Analysis, U.S. Department of Commerce, Washington, DC 20230; phone (202) 606-9800.

SUPPLEMENTARY INFORMATION: This proposed rule amends 15 CFR part

806.15 to set forth reporting requirements for the BE-15, Annual Survey of Foreign Direct Investment in the United States. The Department of Commerce, as part of its continuing effort to reduce paperwork and respondent burden, invites the general public and other Federal agencies to comment on proposed and/or continuing information collections, as required by the Paperwork Reduction Act of 1995.

Description of Revisions

The BE-15, Annual Survey of Foreign Direct Investment in the United States, is mandatory and is conducted annually by the Bureau of Economic Analysis (BEA), U.S. Department of Commerce, under the International Investment and Trade in Services Survey Act (22 U.S.C. 3101-3108)—hereinafter, “the Act.” BEA will send the survey to potential respondents in March of each year; responses will be due by May 31.

BEA proposes to introduce a sampling procedure to help reduce respondent burden for some U.S. businesses. The procedure will utilize the new BE-15(EZ) form; this form will provide a few basic indicators for non-sample firms that can be used as a basis for estimating data that they otherwise would have to report on the lengthier BE-15(LF) and BE-15(SF) forms. To bring the annual survey into conformity with the Benchmark Survey of Foreign Direct Investment in the United States—2002, BEA proposes the following changes to the Code of Federal Regulations: (1) Direct that only nonbank majority-owned U.S. affiliates of foreign companies report on the BE-15(LF) long form (minority-owned affiliates will report on the BE-15(SF) short form, or the BE-15(EZ) form, regardless of size); (2) raise the exemption level on the BE-15(LF) long form from \$100 million to \$125 million (reporting on a given form is required if the affiliate's assets, sales, or net income (or loss) exceed the exemption level); and (3) exempt nonbank subsidiaries or units of U.S. bank or bank holding company affiliates from reporting.

In addition, BEA proposes to make the following changes to the forms: (1) Add questions to the BE-15 (LF) long form to collect detail on premiums earned and claims paid for U.S. affiliates operating in the insurance industry, and to collect detail on finished goods purchased for resale for U.S. affiliates operating in the wholesale and retail trade industries; (2) in conjunction with increasing the exemption level for reporting on the BE-15(LF) long form, add four items to the short form that will serve to improve

estimates of gross product for majority-owned U.S. affiliates—certain realized and unrealized gains and losses, U.S. income taxes, interest received, and interest paid; (3) in conjunction with requiring all minority-owned U.S. affiliates to file on the short form, revise the State Schedule to collect additional detail, by State, for minority-owned U.S. affiliates with activities in more than five States; and (4) to reduce overall respondent burden, drop several questions that BEA feels are no longer of significant analytical interest to the data users.

Survey Background

The Bureau of Economic Analysis (BEA), U.S. Department of Commerce, will conduct the survey under the International Investment and Trade in Services Survey Act (22 U.S.C. 3101-3108), hereinafter, “the Act.” Section 4(a) of the Act provides that with respect to foreign direct investment in the United States, the President shall, to the extent he deems necessary and feasible, conduct a regular data collection program to secure current information on international capital flows and other information related to international investment and trade in services, including (but not limited to) such information as may be necessary for computing and analyzing the United States balance of payments, the employment and taxes of United States parents and affiliates, and the international investment and trade in services position of the United States.

In Section 3 of Executive Order 11961, the President delegated authority granted under the Act as concerns direct investment to the Secretary of Commerce, who has redelegated it to BEA.

The annual survey is a sample survey that collects data on the financial structure and operations of nonbank U.S. affiliates of foreign companies needed to update similar data for the universe of U.S. affiliates collected once every 5 years in the BE-12 benchmark survey. The data are used to derive annual estimates of the operations of U.S. affiliates of foreign companies, including their balance sheets; income statements; property, plant, and equipment; external financing; employment and employee compensation; merchandise trade; sales of goods and services; taxes; and research and development activity. The data are needed to measure the size and economic significance of foreign direct investment in the United States, to measure changes in such investment, and to assess its impact on the U.S. economy. Such data are generally found