

each U.S. person who is a financial services provider or intermediary, or whose consolidated U.S. enterprise includes a separately organized subsidiary or part that is a financial services provider or intermediary, and who had transactions (either sales or purchases) directly with unaffiliated foreign persons in all financial services combined in excess of \$10,000,000 during its fiscal year covered by the survey. The \$10,000,000 threshold should be applied to financial services transactions with unaffiliated foreign persons by all parts of the consolidated U.S. enterprise combined that are financial services providers or intermediaries. Because the \$10,000,000 threshold applies separately to sales and purchases, the mandatory reporting requirement may apply only to sales, only to purchases, or to both sales and purchases.

(i) The determination of whether a U.S. financial services provider or intermediary is subject to this mandatory reporting requirement may be judgmental, that is, based on the judgement of knowledgeable persons in a company who can identify reportable transactions on a recall basis, with a reasonable degree of certainty, without conducting a detailed manual records search.

(ii) Reporters who file pursuant to this mandatory reporting requirement must provide data on total sales and/or purchases of each of the covered types of financial services transactions and must disaggregate the totals by country.

(2) *Voluntary reporting.* If, during the fiscal year covered, sales or purchases of financial services by a firm that is a financial services provider or intermediary, or by a firm's subsidiaries or parts combined that are financial services providers or intermediaries, are \$10,000,000 or less, the U.S. person is requested to provide an estimate of the total for each type of service. Provision of this information is voluntary. Because the \$10,000,000 threshold applies separately to sales and purchases, this voluntary reporting option may apply only to sales, only to purchases, or to both sales or purchases.

(B) *BE-82 definition of financial services provider.* Except for Monetary Authorities (*i.e.*, Central Banks), the definition of financial services provider used for this survey is identical in coverage to Sector 52—Finance and Insurance—of the North American Industry Classification System, United States, 1997. For example, companies and/or subsidiaries and other separable parts of companies in the following industries are defined as financial services providers: Depository credit

intermediation and related activities (including commercial banking, holding companies, savings institutions, check cashing, and debit card issuing); nondepository credit intermediation (including credit card issuing, sales financing, and consumer lending); securities, commodity contracts, and other financial investments and related activities (including security and commodity futures brokers, dealers, exchanges, traders, underwriters, investment bankers, and providers of securities custody services); insurance carries and related activities (including agents, brokers, and service providers); investment advisors and managers and funds, trusts, and other financial vehicles (including mutual funds, pension funds, real estate investment trusts, investors, stock quotation services, etc.).

(C) *Covered types of services.* The BE-82 survey covers the same types of financial services transactions that are covered by the BE-80 benchmark survey, as listed in § 801.11(c)

(D) *What to file.* (1) The BE-82 survey consists of Forms BE-82 (A) and BE-82(B). Before completing a form BE-82 (B), a consolidated U.S. enterprise (including the top parent and all of its subsidiaries and parts combined) must complete Form BE-82(A) to determine its reporting status. If the enterprise is subject to the mandatory reporting requirement, or if it is exempt from the mandatory reporting requirement but chooses to report data voluntarily, either a separate Form BE-82(B) for each separately organized financial services subsidiary or part of a consolidated U.S. enterprise, or a single BE-82(B) representing the sum of all covered transactions by all financial services subsidiaries or parts of the enterprise combined.

(2) Reporters who receive the BE-82 survey from BEA, but that are not reporting data in either the mandatory or voluntary section of any BE-82(B), must return the Exemption Claim, attached to Form BE-82 (A), to BEA.

(ii) [Reserved]

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## DEPARTMENT OF COMMERCE

### Bureau of Economic Analysis

#### 15 CFR Part 806

[Docket No. 000817239-0239-01]

RIN 0691-AA37

#### Direct Investment Surveys: BE-577, Direct Transactions of U.S. Reporter With Foreign Affiliate

**AGENCY:** Bureau of Economic Analysis, Commerce.

**ACTION:** Notice of proposed rulemaking.

**SUMMARY:** This document sets forth proposed rules to amend the reporting requirements for the quarterly BE-577, Direct Transactions of U.S. Reporter With Foreign Affiliate.

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. The BE-577 survey is a mandatory survey and is conducted quarterly by the Bureau of Economic Analysis (BEA), U.S. Department of Commerce, under the International Investment and Trade in Services Survey Act. BEA will send BE-577 survey forms to potential respondents each quarter; responses will be due within 30 days after the close of each fiscal quarter, except for the final quarter of the fiscal year, when reports should be filed within 45 days. The survey is a cut-off sample survey that obtains data on transactions and positions between U.S.-owned foreign business enterprises and their U.S. parents.

The change proposed by BEA in the reporting requirements to be implemented in these proposed rules is to reduce respondent burden, particularly for small companies, by increasing the exemption level for the survey—the level below which reports are not required—from \$20 million to \$30 million in total assets, sales or gross operating revenues, or net income (positive or negative) of the U.S.-owned foreign business enterprise. Raising the exemption level lowers the number of reports that otherwise would have to be filed, thus reducing respondent burden. BEA is also proposing changes in the content of survey that, on balance, do not affect respondent burden.

**DATES:** Comments on these proposed rules will receive consideration if submitted in writing on or before November 20, 2000.

**ADDRESSES:** Mail comments to the Office of the Chief, International Investment Division (BE-50), Bureau of Economic Analysis, U.S. Department of Commerce, Washington, DC 20230, or hand deliver comments to room M-100, 1441 L Street, NW, Washington, DC 20005. Comments will be available for public inspection in Room 7005, 1441 L Street, NW, between 8:30 a.m. and 4:30 p.m., Monday through Friday.

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

**SUPPLEMENTARY INFORMATION:** These proposed rules amend 15 CFR Part 806.14 to set forth reporting requirements for the BE-577, Direct Transactions of U.S. Reporter With Foreign Affiliate. 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 requires that with respect to United States direct investment abroad, the President shall, to the extent he deems necessary, and feasible—

(1) 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; and

(2) Conduct such studies and surveys as may be necessary to prepare reports in a timely manner on specific aspects of international investment and trade in services which may have significant implications for the economic welfare and national security 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 quarterly survey of U.S. direct investment abroad collects data on transactions and positions between U.S.-owned foreign business enterprises and their U.S. parents. The BE-577 is a cut-off sample survey that covers all foreign affiliates above a size-exemption

level. The sample data are used to derive universe estimates in nonbenchmark years by extrapolating forward similar data reported in the BE-10, Benchmark Survey of U.S. Direct Investment Abroad, which is taken every five years. The data are used in the preparation of the U.S. international transactions accounts, the input-output accounts, and the national income and product accounts. The data are needed to measure the size and economic significance of U.S. direct investment abroad, measure changes in such investment, and assess its impact on the U.S. and foreign economies. The data are disaggregated by country and industry of foreign affiliate.

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, as far as possible, the required data serve their intended purposes and are available from existing records, that instructions are clear, and that unreasonable burdens are not imposed. In reaching decisions on what questions to include in the survey, BEA considered the Government's need for the data, the burden imposed on respondents, the quality of the likely responses (e.g., whether the data are readily available on respondents' books), and BEA's experience in previous quarterly surveys. Because BEA's proposed changes to the BE-577 are minimal and to a large extent mirror those introduced in connection with the 1999 BE-10 benchmark survey, additional consultations outside the agency, beyond those held last year in conjunction with the benchmark survey design, were not conducted.

BEA is proposing to increase the exemption level for reporting on the BE-577 quarterly survey from \$20 million to \$30 million. The exemption level is the level of a foreign affiliate's assets, sales, or net income at or below which a Form BE-577 is not required. Thus, if a foreign business is owned 10 percent or more by the U.S. parent, but its total assets, sale or gross operating revenues, and net income all are \$30 million (positive or negative) or less, the U.S. parent will not have to report it. The exemption level for the BE-577 survey was last raised following the 1994 benchmark survey and was effective with the quarterly survey covering the second quarter of 1995. The proposed changes would be effective commencing with the reports for the first quarter of 2001.

BEA is proposing a few changes to the report forms themselves. BEA proposes to extend the use of the North American

Industry Classification System (NAICS) to the BE-577 survey. NAICS is already being used on all BEA surveys of foreign direct investment in the United States and BEA used NAICS to collect industry information on the 1999 BE-10 benchmark survey of U.S. direct investment abroad. BEA also proposes to modify the detail on affiliated services by type of service by dropping the category for communication services in the by-type breakdown and adding the presumably larger management and consulting and research and development categories. BEA is also proposing improvements in the clarity of the instructions. The changes in format and content of the survey, on balance, do not affect respondent burden.

A copy of the proposed form may be obtained from: Office of the Chief, Direct Investment Abroad Branch, International Investment Division (BE-69(A)), Bureau of Economic Analysis, U.S. Department of Commerce, Washington, DC 20230; phone (202) 606-5566.

#### **Executive Order 12866**

These proposed rules are not significant for purposes of E.O. 12866.

#### **Executive Order 13132**

These proposed rules do not contain policies with Federalism implications sufficient to warrant preparation of a Federalism assessment under E.O. 13132.

#### **Paperwork Reduction Act**

These proposed rules contain a collection of information requirement subject to the Paperwork Reduction Act (PRA) and have been submitted to the Office of Management and Budget for review under the PRA.

Notwithstanding any other provisions of the law, no person is required to respond to, nor shall any person be subject to a penalty for failure to comply with, a collection-of-information subject to the requirements of the Paperwork Reduction Act unless that collection displays a currently valid Office of Management and Budget control number.

The survey, as proposed, is expected to result in the filing of about 12,500 foreign affiliate reports by an estimated 1,500 U.S. parent companies. A parent company must file one form per affiliate. The respondent burden for this collection of information is estimated to vary from 0.5 hour to 4 hours per response, with an average of 1.25 hours per response, including time for reviewing instructions, searching existing data sources, gathering and

maintaining the data needed, and completing and reviewing the collection of information. Because reports are filed 4 times per year, 50,000 responses annually are expected. Thus the total annual respondent burden of the survey is estimated at 62,500 hours (12,500 respondents times 4 times 1.25 hours average burden).

Comments are requested concerning:

(a) Whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;

(b) the accuracy of the burden estimate;

(c) ways to enhance the quality, utility, and clarity of the information collected; and

(d) ways to minimize the burden of the collection of information on the respondents, including the use of automated collection techniques or other forms of information technology.

Comments should be addressed to: Director, Bureau of Economic Analysis (BE-1), U.S. Department of Commerce, Washington, DC 20230; and to the Office of Management and Budget, O.I.R.A., Paperwork Reduction Project 0608-0004, Washington, DC 20503 (Attention PRA Desk Officer for BEA).

#### Regulatory Flexibility Act

The Chief Counsel for Regulation, Department of Commerce, has certified to the Chief Counsel for Advocacy, Small Business Administration, under the provisions of the Regulatory Flexibility Act (5 U.S.C. 605(b)), that this proposed rulemaking, if adopted, will not have a significant economic impact on a substantial number of small entities. Few, if any, small U.S. businesses are subject to the reporting requirements of this survey. Although the BE-577 survey does not itself collect data on the size of the U.S. companies that must respond, data collected on related BEA surveys indicate that the U.S. companies that have direct investment abroad tend to be quite large. The exemption level for the BE-577 survey is set in terms of the size of a U.S. company's foreign affiliates (foreign companies owned 10 percent or more by the U.S. company); if a foreign affiliate has assets, sales, or net income greater than the exemption level, it must be reported. Usually, the U.S. parent company that is required to file the report is many times larger than its largest foreign affiliate.

Small U.S. businesses tend to have few, if any, foreign affiliates and the foreign affiliates that they do own are small. With the proposed increase in the exemption level for the BE-577 survey from \$20 million to \$30 million (stated in terms of the foreign affiliate's assets,

sales, and net income), even fewer small U.S. businesses will be required to file reports for their foreign affiliates. The estimated annual cost of a U.S. business reporting for five or fewer foreign affiliates is estimated to be less than \$1,000. Therefore, based on the forgoing, this proposed rule, if adopted, will not have a significant economic impact on a substantial number of small entities.

#### List of Subjects in 15 CFR Part 806

Balance of payments, Economic statistics, U.S. investment abroad, Penalties, Reporting and recordkeeping requirements.

Dated: August 10, 2000.

**J. Steven Landefeld,**

*Director, Bureau of Economic Analysis.*

For the reasons set forth in the preamble, BEA proposes to amend 15 CFR Part 806 as follows:

#### PART 806—DIRECT INVESTMENT SURVEYS

1. The authority citation for 15 CFR Part 806 continues to read as follows:

**Authority:** 5 U.S.C. 301; 22 U.S.C. 3101-3108; and E.O. 11961 (3 CFR, 1977 Comp., p. 86), as amended by E.O. 12013 (3 CFR, 1977 Comp., p. 147); E.O. 12318 (3 CFR, 1981 Comp., p. 173); and E.O. 12518 (3 CFR, 1985 Comp., p. 348).

#### § 806.14 [Amended]

2. Section 806.14 (e) is amended by deleting "\$20,000,000" and inserting "\$30,000,000" in its place.

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#### DEPARTMENT OF COMMERCE

#### Bureau of Economic Analysis

#### 15 CFR Part 806

[Docket No. 000714208-0208-01]

RIN 0691-AA40

#### Direct Investment Surveys: BE-11, Annual Survey of U.S. Direct Investment Abroad

**AGENCY:** Bureau of Economic Analysis, Commerce.

**ACTION:** Notice of proposed rulemaking.

**SUMMARY:** This document sets forth proposed rules to amend the reporting requirements for the BE-11, Annual Survey of U.S. Direct Investment Abroad.

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. The BE-11 survey is a mandatory survey 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. BEA will send the annual survey to potential respondents in March of each year; responses will be due by May 31. The last BE-11 annual survey was conducted for 1998. (A BE-11 survey is not conducted in a year, such as 1999, when a BE-10 Benchmark Survey of U.S. Direct Investment Abroad is conducted.) The survey is a cut-off sample survey that obtains financial and operating data covering the overall operations of nonbank U.S. parent companies and their nonbank foreign affiliates.

Changes proposed by BEA in the reporting requirements to be implemented in these proposed rules include reduction of respondent burden, particularly for small companies, by increasing the exemption level for reporting on the BE-11B(SF) short form and the BE-11C form from \$20 million to \$30 million; increasing the exemption level for reporting on the BE-11B(LF) long form from \$50 million to \$100 million; and requiring U.S. Reporters with total assets, sales or gross operating revenues, and net income less than or equal to \$100 million (positive or negative) to report only selected items on the BE-11A form.

Raising the exemption level lowers the number of reports that otherwise must be filed, thus reducing respondent burden. BEA is also proposing to extend the North American Industry Classification System to the annual survey, and to make other changes in the format and content of the survey; these changes, on balance, do not materially affect respondent burden.

**DATES:** Comments on these proposed rules will receive consideration if submitted in writing on or before November 20, 2000.

**ADDRESSES:** Mail comments to the Office of the Chief, International Investment Division (BE-50), Bureau of Economic Analysis, U.S. Department of Commerce, Washington, DC 20230, or hand delivery comments to room M-100, 1441 L Street, NW, Washington, DC 20005. Comments will be available for public inspection in Room 7005, 1441 L Street, NW, between 8:30 a.m. and 4:30 p.m., Monday through Friday.

**FOR FURTHER INFORMATION CONTACT:** R. David Belli, Chief, International