

Proposed Rules

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This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

DEPARTMENT OF COMMERCE

Bureau of Economic Analysis

15 CFR Part 806

[Docket No. 950710175-5175-01]

RIN 0691-AA25

Direct Investment Surveys; Change in Reporting Requirements for the Annual Survey of U.S. Direct Investment Abroad (BE-11)

AGENCY: Bureau of Economic Analysis, Commerce.

ACTION: Notice of proposed rulemaking.

SUMMARY: These proposed rules will amend 15 CFR 806.14 to revise the reporting requirements for the BE-11, Annual Survey of U.S. Direct Investment Abroad. The BE-11 is mandatory survey of U.S. direct investment abroad conducted by the Bureau of Economic Analysis (BEA), U.S. Department of Commerce. The proposed rules will:

(1) Raise the overall exemption level for the survey, and the exemption level for reporting individual nonbank foreign affiliates on Forms BE-11B(LF) and BE-11C, from \$15 million to \$20 million.

(2) Institute a short form, Form BE-11B(SF), for U.S. companies to report their majority-owned nonbank foreign affiliates with assets, sales, and net income in the \$20 to \$50 million range.

(3) For fiscal year 1997 only, require the largest nonbank foreign affiliates owned between 10 and 20 percent to be reported on Form BE-11C, along with affiliates owned between 20 and 50 percent. In all years, nonbank foreign affiliates owned between 20 and 50 percent by all U.S. Reporters (U.S. parent companies) of the affiliate combined must be reported on Form BE-11C if their assets, sales, or net income exceed \$20 million. For fiscal year 1997 only, Form BE-11C must also be filed for nonbank foreign affiliates owned, directly and/or indirectly, at least 10 percent by one U.S. Reporter (i.e., U.S. parent company), but less than

20 percent by all U.S. Reporters of the affiliate combined, if the affiliate's total assets, sales, or net income exceed \$100 million. Reporting for the largest affiliates owned between 10 and 20 percent is needed in at least one year between benchmark surveys, in order to maintain reliable estimates of data for the universe of foreign affiliates (which is defined by law to include all foreign business enterprises owned 10 percent or more by a U.S. person). A similar requirement was imposed in the 1987 and 1992 annual surveys, which fell between earlier benchmark surveys.

Raising the overall exemption level will reduce the number of U.S. parent companies and foreign affiliates that must be reported in the survey, and instituting a short form for smaller majority-owned affiliates will reduce the number of items to be reported for those affiliates. Thus, the proposed changes will reduce both the reporting and processing burdens of the survey. (As noted below, however, BEA is proposing to add several items to the survey forms, which does not require a rule change; the addition of the items will increase the reporting burden, partially offsetting the reduction in burden due to raising the exemption level and instituting the short form).

DATES: Comments on these proposed rules will receive consideration if submitted in writing on or before September 15, 1995.

ADDRESSES: Comments may be mailed to the Office of the Chief, International Investment Division (BE-50), Bureau of Economics Analysis, U.S. Department of Commerce, Washington, DC 20230, or hand delivered to Shipping and Receiving, Section M-100, 1441 L Street, NW., Washington, DC 20005. 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., Monday through Friday.

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

SUPPLEMENTARY INFORMATION: The BE-11, Annual Survey of U.S. Direct Investment Abroad, is part of BEA's regular data collection program for U.S. direct investment abroad. The survey is mandatory and is conducted pursuant to the International Investment and Trade

in Services Survey Act (Pub. L. 94-472, 90 Stat. 2059, 22 U.S.C. 3101-3108, as amended).

The BE-11 survey consists of an instruction booklet, a claim for not filing the BE-11, and the following report forms:

1. Form BE-11A for reporting by a U.S. Reporter that is not a bank;

2. Form BE-11B(LF) (Long Form) for reporting majority-owned nonbank foreign affiliates with assets, sales, or net income greater than \$50 million (positive or negative);

3. Form BE-11B(SF) (Short Form) for reporting majority-owned nonbank foreign affiliates with assets, sales, or net income greater than \$20 million, but not greater than \$50 million (positive or negative); and

4. Form BE-11C for reporting minority-owned nonbank foreign affiliates.

A. Form BE-11A must be filed by each nonbank U.S. person having a foreign affiliate reportable on Form BE-11B(LF), BE-11B(SF), or BE-11C. Under these proposed rules, the exemption level for reporting individual foreign affiliates on Form BE-11B(LF) or (SF) or BE-11C—and, thus, for determining whether a U.S. person has to file Form BE-11A—would be raised from \$15 million to \$20 million. The exemption level is the level of a foreign affiliate's assets, sales, or net income below which a Form BE-11B(LF) or (SF) or BE-11C is not required. Raising the exemption level lowers the number of reports that otherwise must be filed, thus reducing the reporting and processing burdens. The proposed exemption level of \$20 million is the same as that recently approved for the related quarterly Form BE-577, Direct Transactions of U.S. Reporter With Foreign Affiliate. The exemption level for the BE-11 survey was last raised following the 1989 benchmark survey and was effective with the annual survey covering the year 1990.

In addition to raising the exemption level, these proposed rules will institute the BE-11B(SF) short form. Majority-owned nonbank foreign affiliates for which assets, sales, or net income is greater than \$20 million (positive or negative), but for which no one of these items is greater than \$50 million (positive or negative), will be required to be reported on Form BE-11B(SF). The use of a short form means that, for about