



October 7, 2019

Via Electronic Mail

Ricardo Limes, Chief
Multinational Operations Branch (BE-69)
Bureau of Economic Analysis
U.S. Department of Commerce
Washington, DC 20233

Re: Direct Investment Surveys: BE-10 Benchmark Survey of U.S. Direct Investment Abroad Related Proposal; Bureau of Economic Analysis (RIN 0691-AA89)

Ladies and Gentlemen:

The Bank Policy Institute¹ appreciates the opportunity to provide comments to the Department of Commerce's Bureau of Economic Analysis (BEA) regarding its August 2019 proposed reporting changes for the 2019 BE-10 Benchmark Survey of U.S. Direct Investment Abroad (BE-10 Survey).²

We recognize the importance of the BEA's efforts in data collection and the value that such analysis of U.S. foreign investments provides. We also commend the BEA's efforts to minimize respondent burden and to "satisfy changing data needs and improve data quality and the effectiveness and efficiency of data collection,"³ by adding, modifying, and deleting specific data items on the BE-10 Survey forms. Nevertheless, we recommend that the BEA provide a number of technical clarifications prior to finalizing the BE-10 Survey reporting forms and instructions.

The proposal includes questions and checkboxes to be added to the BE-10A and BE-10B regarding sales related to the provision of selected services generally recognized as prevalent in the digital economy. These selected services include cloud computing, digital intermediation services on both the BE-10A and BE-10B forms, and advertising on the BE-10B form. While we are supportive of the BEA's "efforts to measure the digital economy"⁴ with the addition of these questions, we

¹ The Bank Policy Institute is a nonpartisan public policy, research and advocacy group, representing the nation's leading banks and their customers. Our members include universal banks, regional banks and the major foreign banks doing business in the United States. Collectively, they employ almost 2 million Americans, make nearly half of the nation's small business loans, and are an engine for financial innovation and economic growth.

² 84 Fed. Reg. 38583 (August 7, 2019).

³ *Id.*

⁴ *Id.* at 38584.

respectfully submit that significant clarifications to the proposal are needed. We recommend that definitions for “digital intermediation services,” “services delivered remotely,” and “sales of services digitally ordered” be included in the BE-10 Survey instructions. Additionally, we ask that the BEA provide clarification regarding the criteria for “delivered remotely” vs. “digitally ordered.” We also recommend that the BEA clarify how firms should differentiate between “sales of services” and “sales of goods.”

Additionally, the proposal states that a section will be added to the BE-10 Claim for Not Filing to report affiliates that do not meet the survey reporting requirements, including exemption options for private funds and affiliates the U.S. reporter no longer owns. We recommend that the BEA clarify whether this change will require respondents to complete the proposed new section for all foreign affiliates that do not meet the survey reporting requirements, including for example, those that have less than the required ownership interest in or exempt private funds. If this is indeed the BEA’s intention, we believe that the number of BE-10 Claim for Not Filing forms that respondents would need to complete would increase substantially. We therefore recommend that the BEA not include the proposed change in the final rule and continue to require the U.S. reporter to complete a BE-10 Claim for Not Filing for only those foreign affiliates for which the BEA contacts the reporter.

Our other recommendations, questions, and requests for clarification are contained in the attached Appendix A.

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BPI appreciates the opportunity to comment on the proposal. If you have any questions, please contact the undersigned by phone at 646.736.3958 or by email at David.Wagner@bpi.com.

Respectfully submitted,



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Cc: Michael Gibson
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Appendix A

I. The BEA should clarify what is meant by a “regional headquarters” in the proposed additional check box question added to the BE-10B and BE-10C.

- The concept of a “regional headquarters” is unclear and many firms generally do not have regional headquarters. We recommend that the BEA provide a definition of “regional headquarters” in the BE-10 instructions.

II. The proposed questions to collect sales, employment, and costs and expenses (excluding compensation) on the BE-10A form, and sales on the BE-10B form, related to the provision of selected services generally recognized as prevalent in the digital economy.

- With regard to the additional question for advertising on the BE-10B form, why is this information needed only on the BE-10B form and not on other forms?
- Is the digital economy information requested NAIC code specific? Firms currently do not have this information readily available or separated in a ledger.

III. The BEA should not require completion of the BE-10 Claim for Not Filing form for private funds that are now exempt from completing the BE-10 Survey.

- While we appreciate that the proposed changes to the reporting requirements for certain private funds will reduce the reporting burden for completing the BE-10 Survey forms compared to the previous 2014 BE-10 Survey, we respectfully recommend that the BEA not require completion of the BE-10 Claim for Not Filing for private funds that are now exempt from the BE-10 Survey. As noted in the proposal, this proposed change has already been implemented on BEA’s other surveys, including the 2018 BE-11. Accordingly, the proposed change is not necessary to inform BEA as to which private funds should be removed from the survey.