

**DIRECT TRANSACTIONS OF U.S. REPORTER WITH
FOREIGN AFFILIATE INCORPORATED ABROAD**
MANDATORY
CONFIDENTIAL QUARTERLY REPORT

This report is required by law — Section 5(b)(2), P.L. 94-472, 90 Stat. 2059, 22 U.S.C. 3104. Whoever fails to report may be subject to a civil penalty not exceeding \$10,000 and to injunctive relief commanding such person to comply, or both. Whoever willfully fails to report shall be fined not more than \$10,000 and, if an individual, may be imprisoned for not more than one year, or both.

RETURN TO

U.S. Department of Commerce
Bureau of Economic Analysis, BE-50 (II)
Washington, D.C. 20230

IMPORTANT: This report covers items received from, paid to, or entered into intercompany accounts with the foreign affiliate. Read instructions on reverse side before completing this form. **REPORT ALL AMOUNTS IN THOUSANDS OF U.S. DOLLARS.**

1. Report for quarter ending

MONTH	DAY	YEAR
-------	-----	------

If revised, Mark here →

BEA
USE
ONLY

2. Name of U.S. Reporter

Reporter ID

3. OFFICE USE ONLY

4. Name of foreign affiliate

Affiliate ID

5. Country of location (Country in which affiliate's physical assets reside or where principal activity is carried out)

6. If affiliate's industry classification has changed Mark here and Complete Form BE-507

Ind ID

7. If affiliate's reporting status changed during period, Mark one:

<input type="checkbox"/> Initial report — affiliate was not previously reported	Final report — affiliate was:	Enter date →	Month	Year
<input type="checkbox"/> Resumed report — affiliate was previously reported but not in recent years	<input type="checkbox"/> Sold or seized			
	<input type="checkbox"/> Liquidated			
	<input type="checkbox"/> Discontinued report — affiliate fell below exemption level			

8. If the U.S. Reporter does not hold a direct equity interest in the foreign affiliate named in 4, mark here → to indicate that report covers transactions with an indirectly-owned foreign affiliate and answer only questions 12-21 of the data section.

9. If 8 is marked, enter name and country of foreign affiliate holding the equity interest:

I. RECEIPTS FROM AND PAYMENTS TO FOREIGN AFFILIATE BY U.S. REPORTER OF DIVIDENDS, INTEREST, FEES, ROYALTIES AND RENTALS, ACCORDING TO BOOKS OF U.S. REPORTER. REPORT AMOUNTS IN ITEMS 11-15 NET OF WITHHOLDING TAXES.		Receipts by U.S. Reporter	Payments by U.S. Reporter
Dividends on common and preferred stock, excluding stock dividends		101	
10. Foreign tax withheld		111	
11. Net of foreign tax withheld			
12. Interest, including interest on capital (financial) leases		121	122
13. Royalties, license fees, and other fees for use or sale of intangible property		131	132
14. Charges for use of tangible property, including film and television tape rentals		141	142
15. Fees for services rendered, including fees for management, professional, or technical services and allocated expenses including R and D assessments		151	152
II. DEBT AND OTHER INTERCOMPANY ACCOUNT BALANCES BETWEEN FOREIGN AFFILIATE AND U.S. REPORTER, ACCORDING TO BOOKS OF U.S. REPORTER.		Beginning of quarter	End of quarter
Current items			
16. Owed to U.S. Reporter by affiliate		161	162
17. Due to affiliate from U.S. Reporter		171	172
Long-term items			
18. Owed to U.S. Reporter by affiliate		181	182
19. Due to affiliate from U.S. Reporter		191	192
Net book value of property, plant, and equipment on lease and not reflected in items 16-19			
20. On lease by U.S. Reporter to affiliate		201	202
21. On lease by affiliate to U.S. Reporter		211	212
III. U.S. REPORTER'S EQUITY IN FOREIGN AFFILIATE'S:		Current quarter	Preceding quarter
22. Quarterly net income (loss) after provision for foreign income taxes (See instructions)		221	222
Net unrealized and realized capital gains (losses)			
23. Included in Item 22		231	232
24. Taken directly to retained earnings or surplus account		241	242
IV. CHANGE IN U.S. REPORTER'S EQUITY IN FOREIGN AFFILIATE'S CAPITAL STOCK AND/OR ADDITIONAL PAID-IN CAPITAL, ACCORDING TO BOOKS OF U.S. REPORTER, AT TRANSACTION VALUE.		Amount paid or received	Means of settlement code (From Part V)
25. Establishment of affiliate		251	252
Acquisition, partial or total, of an equity interest			
26. From this affiliate		261	262
27. From all other foreigners — Specify country of seller if different from country of affiliate:		271	272
28. From U.S. persons — Give name and address:		281	282
29. Capital contributions not resulting in issuance of capital stock. Report any return of such contributions in parentheses ()		291	292
30. Liquidation of affiliate			
Sale, partial or total, of an equity interest			
31. To this affiliate		311	312
32. To other foreigners — Specify country of purchaser if different from country of affiliate:		321	322
33. To U.S. persons — Give name and address:		331	332
34. Stock dividends		341	
35. Other — Specify		351	352
For items 26-35, enter the amounts by which the transaction value			
36. Exceeds the value carried on the books of the affiliate		361	362
37. Is less than the value carried on the books of the affiliate		371	372
V. MEANS OF SETTLEMENT CODES FOR ITEMS 25-35.		381	
1. Cash		MONTH	DAY
2. Exchange of affiliate's stock or other equity for U.S. Reporter's stock			YEAR
3. Capitalization of intercompany accounts			
4. Exchange of affiliate's stock or other equity for financial assets other than those in codes 1, 2, and 3			
5. Transfer of equipment, inventory or other tangible property			
6. Transfer of intangible assets, including patents, know-how, rights, etc.			
7. Other — Specify			
VI. U.S. REPORTER'S SHARE IN ANNUAL INCOME AND EQUITY POSITION		381	
Complete items below once a year, no later than the second report following the close of the calendar or fiscal year or, if an initial report, complete items 38, 39, and 42-45 as of the ending date of the quarter which the initial report is for.			
38. For affiliate's calendar (or fiscal) year ending			
39. U.S. Reporter's percentage ownership of affiliate's voting stock at end of year.		391	%
40. U.S. Reporter's equity in affiliate's annual net income (loss) after provision for foreign income taxes (See instructions)		401	
41. U.S. Reporter's share of the affiliate's exchange gain (loss) resulting from the translation or re-measuring of the affiliate's financial statements from its local currency into dollars due to a change in the rate between the local currency and the dollar during the year.		411	
U.S. Reporter's equity in net worth of foreign affiliate, according to books of foreign affiliate		421	
42. Total investment (Equals items 43 + 44 + 45)			
43. Capital stock, common and preferred, and additional paid-in capital		431	
44. Retained earnings — compute on the "equity basis" consistent with items 22 and 40		441	
45. Other surplus		451	
		461	

INTRODUCTION

Purpose — Reports on this form are required in order to provide reliable and up-to-date information on U.S. direct investment abroad.

Authority — Reports on Form BE-577 are mandatory under Section 5(b)(2) of the International Investment Survey Act of 1976 (P.L. 94-472, 90 Stat. 2059, 22 U.S.C. 3101 — hereinafter "the Act"). In Section 3 of Executive Order 11961, the President designated the Department of Commerce as the federal executive agency responsible for collecting the required data on direct investment, and the Secretary of Commerce has assigned this responsibility to the Bureau of Economic Analysis. The implementing regulations are contained in Title 15, CFR, Part 806.

This report has been approved by the Office of Management and Budget under the Federal Reports Act (Public Law No. 831, 77th Congress).

Penalties — Whoever fails to report may be subject to a civil penalty not exceeding \$10,000 and to injunctive relief commanding such person to comply, or both. Whoever willfully fails to report shall be fined not more than \$10,000 and, if an individual, may be imprisoned for not more than one year, or both. Any officer, director, employee, or agent of any corporation who knowingly participates in such violation, upon conviction, may be punished by a like fine, imprisonment, or both. (See section 6 of the Act, 22 U.S.C. 3105.)

Confidentiality — The information filed in this report may be used only for analytical and statistical purposes and access to the information shall be available only to officials and employees (including consultants and contractors and their employees) of agencies designated by the President to perform functions under the Act. The President may authorize the exchange of the information between agencies or officials designated to perform functions under the Act, but only for analytical and statistical purposes. No official or employee (including consultants and contractors and their employees) shall publish or make available any information collected under the Act in such a manner that the person to whom the information relates can be specifically identified. Reports and copies of reports prepared pursuant to the Act are confidential and their submission or disclosure shall not be compelled by any person without the prior written permission of the person filing the report and the customer of such person where the information supplied is identifiable as being derived from the records of such customer (22 U.S.C. 3104).

DEFINITIONS

United States, when used in a geographic sense, means the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Canal Zone, and all territories and possessions of the United States.

Foreign, when used in a geographic sense, means that which is situated outside the United States or which belongs to or is characteristic of a country other than the United States.

Person means any individual, branch, partnership, associated group, association, estate, trust, corporation, or other organization (whether or not organized under the laws of any State), and any government (including a foreign government, the United States Government, a State or local government, and any agency, corporation, financial institution, or other entity or instrumentality thereof, including a government-sponsored agency).

United States person means any resident in the United States or subject to the jurisdiction of the United States.

Direct investment means the ownership or control, directly or indirectly, by one person of 10 per centum or more of the voting securities of an incorporated business enterprise or an equivalent interest in an unincorporated business enterprise.

U.S. direct investment abroad means the ownership or control, directly or indirectly, by one U.S. person of 10 per centum or more of the voting securities of an incorporated foreign business enterprise or an equivalent interest in an unincorporated foreign business enterprise, including a branch.

Affiliate means a business enterprise located in one country which is directly or indirectly owned or controlled by a person of another country to the extent of 10 per centum or more of its voting stock for an incorporated business or an equivalent interest for an unincorporated business, including a branch.

Foreign affiliate means an affiliate located outside the United States in which a U.S. person has direct investment.

U.S. Reporter means the U.S. person which has direct investment in a foreign business enterprise, including a branch. (If the U.S. person is an incorporated business enterprise, the U.S. Reporter is the fully consolidated U.S. domestic enterprise consisting of the U.S. parent corporation which is not owned to the extent of more than 50% of its voting stock by another U.S. corporation and all other domestic corporations in which the parent corporation directly or indirectly owns over 50% of the outstanding voting stock.)

Lease is a contract by which one person gives another person the use and possession of tangible property (other than real estate) for a specified time in return for agreed-upon payments.

Banking includes business enterprises engaged in deposit banking, Edge Act corporations engaged in international or foreign banking, foreign branches and agencies of U.S. banks whether or not they accept deposits abroad, and bank holding companies, i.e., holding companies for which over 50 percent of their total income is from banks which they hold.

GENERAL INSTRUCTIONS

Who must report — A Form BE-577 is required from every U.S. person to report its direct transactions or positions with an incorporated foreign business enterprise in which it had a direct and/or indirect ownership interest of at least 10 percent of the voting stock at any time during the reporting period, except as exempted below. Related forms for reporting U.S. direct investment abroad are:

- BE-578 Transactions of U.S. Reporter with Unincorporated Foreign Affiliate, Except a Bank
- BE-578B Transactions of U.S. Reporter with Unincorporated Foreign Banking Affiliate
- BE-577S U.S. Reporter's Directly-owned Foreign Affiliate's Share in Net Income of Indirectly-owned Foreign Affiliate
- BE-507 Industry Classification Questionnaire

Reports are required even though a foreign affiliate may have been established, acquired, seized, liquidated, expropriated, sold, or inactivated during the reporting period.

Coverage — All transactions or positions with the foreign affiliate by all U.S. domestic subsidiaries, divisions, etc., which constitute the U.S. Reporter, as defined, must be combined on one Form BE-577.

Exemption — A foreign affiliate is not required to be reported if each of the following three items for the affiliate (not the U.S. Reporter's share) is between -\$1,000,000 and +\$1,000,000.

- (1) Total assets for the quarter,
- (2) Annual net sales or gross operating revenues, excluding sales taxes, and
- (3) Annual net income after income taxes.

A foreign affiliate is not required to be reported if it is inactive except in the reporting period in which it became inactive. An indirectly-owned foreign affiliate which consistently does not have direct transactions with the U.S. Reporter is not required to be reported.

Quarterly reports for a year may be required retroactively when it is determined that the exemption level has been exceeded. If a foreign affiliate's total assets, sales or net income exceed the exemption level in a given year, it is deemed that the exemption level will also be exceeded in the following year.

NOTE: If any one of the three items above exceeds the exemption level, either positive or negative, the affiliate must be reported. Since these items are not reported on Form BE-577, a U.S. Reporter claiming exemption from filing a given report must furnish a certification as to the levels of these three items.

GENERAL INSTRUCTIONS — Continued

Consolidation — In cases where the recordkeeping system of the foreign affiliates makes it impossible or extremely difficult to file a separate report for each foreign affiliate, a U.S. Reporter may consolidate affiliates in the same country when the following conditions apply:

- (1) The affiliates are in the same BEA 3-digit industry as given in the Industry Classification Questionnaire, Form BE-507; OR
 - (2) The affiliates are integral parts of the same business operation.
- For example, if German affiliate A manufactures tires and a majority of its sales are to German affiliate B which produces autos, then affiliates A and B may be consolidated.

Under no circumstances may a U.S. Reporter consolidate foreign affiliates in different countries.

Filing of report — Form BE-577 is a quarterly report. A single copy of each report should be sent to U.S. Department of Commerce, Bureau of Economic Analysis, BE-50(III), Washington, D.C. 20230, within 30 days after the close of each calendar (or fiscal) quarter, except for the final quarter of the calendar (or fiscal) year, when reports may be filed within 45 days. Requests for extension of the filing date, additional forms, or clarification of the reporting requirements or instructions should be directed to the above address.

Special note for foreign affiliates that are banks: Data to be reported on this form and relationship to Treasury Foreign Exchange Forms BL-1, 2, BC, and BQ-1, 2 — For foreign affiliates which are banks, items 16, 17, 19, and 21 should be blank, and items 18 and 20 should reflect only those amounts which the U.S. Reporter considers to be permanent invested debt capital in the affiliate and any interest receipts entered in item 12 should relate only to this capital. This permanent investment debt capital and the U.S. Reporter's equity investment in the affiliate (parts IV and VI) must not be reported on Treasury Foreign Exchange Forms BL-1, 2, BC, and BQ-1, 2.

SPECIFIC INSTRUCTIONS

Currency amounts should be reported in U.S. dollars and rounded to the nearest thousand. If an amount is between ± \$500 enter "0." Use parentheses to indicate negative numbers.

Item 4. Name of foreign affiliate. Use the same name on all reports filed for this affiliate with the Bureau of Economic Analysis, e.g., Forms BE-133 and BE-10.

Item 6. Industry classification refers to the BEA 3-digit industry codes given in the Industry Classification Questionnaire, Form BE-507.

Item 14. Receipts or payments for use of tangible property include rentals for operating leases of one year or less, net rent on operating leases of more than one year which have not been capitalized, and film and television tape rentals. Net rent is equivalent to the total lease payment less the return of capital (depreciation) component (see instruction for items 20 and 21).

Item 16-19. The current quarter's opening balance should be equal to the preceding quarter's closing balance; therefore, if it is necessary to translate the balances to U.S. dollars, use the same exchange rate to translate the opening balance for the current quarter as was used to translate the closing balance of the preceding quarter. If the closing balance on the preceding quarter's report was in error, note the correction. Entries should be consistent with entries in Part I insofar as they reflect the latter entries. (For example, film rentals shown in item 14 and not received by the U.S. Reporter in the current quarter should be included in Part II.)

Item 16-17. Current items: Trade accounts and notes payable, current portion of long-term debt, overdrafts, and other current liabilities having an original maturity of one year or less, except debt with an original maturity of one year or less which has been renewed, or with respect to which there is the intention and the means to renew, extend, or refinance for more than one year.

Item 18-19. Long-term items: Debt with an original maturity of more than one year or with no stated maturity, and debt with an original maturity of one year or less which has been renewed, or with respect to which there is the intention and the means to renew, extend, or refinance for more than one year.

If leases between the U.S. Reporter and the foreign affiliate are capitalized (in the manner, or in a manner similar to that, prescribed in FASB Statement No. 13), then the outstanding capitalized value should be shown here as an intercompany balance. Lease payments should be disaggregated into the amount which is (a) a reduction in the intercompany balance, which would be reflected in one of these items, and (b) interest, and thus entered in item 12. Capital (financial) and operating leases of more than one year that are not capitalized should be entered in items 20 and 21.

Item 20 and 21. Enter here the value of capital (financial) leases and operating leases of more than one year that have not been capitalized. For operating leases, the net book value of leased plant and equipment is the original cost less accumulated depreciation. For capital (financial) leases, net book value is the amount of principal payments remaining due at the specified time including payment called for by a bargain purchase option, if any. Operating leases of one year or less should not be entered here. Lease payments should be disaggregated into (a) the return of capital, consisting of principal payments for capital (financial) leases and the depreciation component for operating leases, which should be reflected in a reduction in one of these items, and (b) interest for capital (financial) leases, which would be shown in item 12, and net rent for operating leases, which would be shown in item 14.

Item 22. Net income should be reported on a quarterly basis, NOT on a cumulative basis. Net income for the period shown in item 1 should be entered in the "current quarter" column. The "preceding quarter" column should be used to correct data that were incorrect or were not given in the preceding report.

The amount entered should represent the U.S. Reporter's equity, based on its directly held equity interest, in the foreign affiliate's net income (loss) for the quarter, before provision for common and preferred dividends and before any reduction for foreign withholding taxes on dividends, but after provision for other foreign income taxes. The income statement underlying this and related items should be on the "all inclusive" basis. Unrealized gains (losses) resulting from the translation (or re-measuring) of the affiliate's financial statements from its local currency into dollars due to a change in the exchange rate between the local currency and the dollar during the period should be included in net income in accordance with the FASB Statement No. 8. U.S. Reporters whose foreign affiliates are in extractive industries should report net income before depletion charges, except charges representing the amortization of the actual cost of capital assets.

Net income should include, on an equity basis, the foreign affiliate's share in the net income of foreign enterprises owned by it.

If this report is for the U.S. Reporter's direct transactions or accounts with a foreign affiliate in which it does not hold a direct equity interest, the U.S. Reporter's share in net income should be zero. If the U.S. Reporter holds both a direct and an indirect equity interest, only the share representing the direct interest should be given in this item.

Item 23-24. Net unrealized and realized capital gains (losses) include net capital gains (losses) resulting from changes in foreign affiliate's foreign currency denominated assets and liabilities due to changes in foreign exchange rates during the period, net unrealized capital gains (losses), which are recognized, resulting from revaluation of assets, and net realized capital gains (losses) resulting from disposition of assets such as the sale of investment securities or property, plant, or equipment items. All gains (losses) should be included in net income, item 22, and, therefore, should be shown in item 23; if for some reason, they were not included in net income but were taken directly to retained earnings or a surplus account, enter the amount in item 24.

Item 40. Same instructions as for item 22, except that this refers to the annual figure for the year designated in item 38.

INSTRUCTIONS

INTRODUCTION

Purpose — Reports on this form are required in order to provide reliable and up-to-date information on U.S. direct investment abroad.

Authority—Reports on Form BE-577(S) are mandatory under Section 5(b)(2) of the International Investment Survey Act of 1976 (P.L. 94-472, 90 Stat. 2059, 22 U.S.C. 3101 — hereinafter "the Act"). In Section 3 of Executive Order 11961, the President designated the Department of Commerce as the federal executive agency responsible for collecting the required data on direct investment, and the Secretary of Commerce has assigned this responsibility to the Bureau of Economic Analysis. The implementing regulations are contained in Title 15, CFR, Part 806.

This report has been approved by the Office of Management and Budget under the Federal Reports Act (Public Law No. 831, 77th Congress).

Penalties — Whoever fails to report may be subject to a civil penalty not exceeding \$10,000 and to injunctive relief commanding such person to comply, or both. Whoever willfully fails to report shall be fined not more than \$10,000 and, if an individual, may be imprisoned for not more than one year, or both. Any officer, director, employee, or agent of any corporation who knowingly participates in such violation, upon conviction, may be punished by a like fine, imprisonment, or both. (See section 6 of the Act, 22 U.S.C. 3105.)

Confidentiality — The information filed in this report may be used only for analytical and statistical purposes and access to the information shall be available only to officials and employees (including consultants and contractors and their employees) of agencies designated by the President to perform functions under the Act. The President may authorize the exchange of the information between agencies or officials designated to perform functions under the Act, but only for analytical and statistical purposes. No official or employee (including consultants and contractors and their employees) shall publish or make available any information collected under the Act in such a manner that the person to whom the information relates can be specifically identified. Reports and copies of reports prepared pursuant to the Act are confidential and their submission or disclosure shall not be compelled by any person without the prior written permission of the person filing the report and the customer of such person where the information supplied is identifiable as being derived from the records of such customer (22 U.S.C. 3104).

DEFINITIONS

United States, when used in a geographic sense, means the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Canal Zone, and all territories and possessions of the United States.

Foreign, when used in a geographic sense, means that which is situated outside the United States or which belongs to or is characteristic of a country other than the United States. **Person** means any individual, branch, partnership, associated group, association, estate, trust, corporation, or other organization (whether or not organized under the laws of any State), and any government (including a foreign government, the United States Government, a State or local government, and any agency, corporation, financial institution, or other entity or instrumentality thereof, including a government-sponsored agency).

United States person means any person resident in the United States or subject to the jurisdiction of the United States.

Direct investment means the ownership or control, directly or indirectly, by one person of 10 per centum or more of the voting securities of an incorporated business enterprise or an equivalent interest in an unincorporated business enterprise.

U.S. direct investment abroad means the ownership or control, directly or indirectly, by one U.S. person of 10 per centum or more of the voting securities of an incorporated foreign business enterprise or an equivalent interest in an unincorporated foreign business enterprise, including a branch.

Affiliate means a business enterprise located in one country which is directly or indirectly owned or controlled by a person of another country to the extent of 10 per centum or more of its voting stock for an incorporated business or an equivalent interest for an unincorporated business, including a branch.

Foreign affiliate means an affiliate located outside the United States in which a U.S. person has direct investment.

U.S. Reporter means the U.S. person which has direct investment in a foreign business enterprise, including a branch. (If the U.S. person is an incorporated business enterprise, the U.S. Reporter is the fully consolidated U.S. domestic enterprise consisting of the U.S. parent corporation which is not owned to the extent of more than 50% of its voting stock by another U.S. corporation and all other domestic corporations in which the parent corporation directly or indirectly owns over 50% of the outstanding voting stock.)

GENERAL INSTRUCTIONS

Who must report — A Form BE-577(S) is required from a U.S. Reporter to report selected transactions between (a) an incorporated foreign affiliate in which the Reporter has a direct equity interest and (b) another incorporated foreign affiliate of the Reporter in which the first foreign affiliate has a direct equity interest, except as exempted below. Related forms for reporting U.S. direct investment abroad are:

- BE-577 — Direct Transactions of U.S. Reporter with Foreign Affiliate Incorporated Abroad
- BE-578 — Transactions of U.S. Reporter with Unincorporated Foreign Affiliate, Except a Bank
- BE-578B — Transactions of U.S. Reporter with Unincorporated Foreign Banking Affiliate
- BE-507 — Industry Classification Questionnaire

Reports are required even though a foreign affiliate may have been established, acquired, seized, liquidated, expropriated, sold, or inactivated during the reporting period.

Exemption — This is a schedule type report form on which each indirectly-owned foreign affiliate exceeding an exemption level of \$2,000,000, based only on net income (whether positive or negative), must be listed and the requested data given for each. A further qualification is that reporting is required only if both the directly- and the indirectly-owned foreign affiliates are incorporated.

Consolidation — In cases where the recordkeeping system of the foreign affiliates makes it impossible or extremely difficult to file a separate report for each foreign affiliate, a U.S. Reporter may consolidate affiliates in the same country when the following conditions apply:

- (1) The affiliates are in the same BEA 3-digit industry as given in the Industry Classification Questionnaire, Form BE-507;
 - OR
 - (2) The affiliates are integral parts of the same business operation.
- For example, if German affiliate A manufactures tires and a majority of its sales are to German affiliate B which produces autos, then affiliates A and B may be consolidated.

Under no circumstances may a U.S. Reporter consolidate foreign affiliates in different countries.

Filing of report — Form BE-577(S) is an annual report. A single copy of each report should be sent to U.S. Department of Commerce, Bureau of Economic Analysis, BE-50(11), Washington, D.C. 20230, within 90 days after the close of the calendar (or fiscal) year. Requests for extension of the filing date, additional forms, or clarification of the reporting requirements or instructions should be directed to the above address.

SPECIFIC INSTRUCTIONS

Currency amounts should be reported in U.S. dollars and rounded to the nearest thousand. If an amount is between ± \$500 enter "0". Use parentheses to indicate negative numbers.

Columns 1 and 2, Column 1 — name of directly-owned foreign affiliate owning the indirectly-owned foreign affiliate named in column 2. (Use the same name on all reports filed for these affiliates with the Bureau of Economic Analysis, e.g. Forms BE-577 and BE-10). Country of location is the country in which affiliate's physical assets reside or where principal activity is carried out.

Column 6 — The amounts entered should represent the directly-owned foreign affiliate's share in the indirectly-owned foreign affiliate's annual net income (loss) for the year ending as shown in column 3, before provision for common and preferred dividends and before any reduction for foreign withholding taxes on dividends, but after provision for other foreign income taxes. The income statement underlying this item should be on the "all inclusive" basis. Report net income of indirectly-owned foreign affiliates in extractive industries before depletion charges, except charges representing the amortization of the actual cost of capital assets.

Net income should include, on an equity basis, the foreign affiliate's share in the net income of foreign enterprises owned by it.

Column 7 — Include both common and preferred dividends (after tax withheld), but enter only amounts actually received by or entered into the intercompany accounts with the directly-owned affiliate during the year ending as shown in column 3 (exclude stock dividends).

FORM **BE-578**
(1-1-78)

U.S. DEPARTMENT OF COMMERCE
BUREAU OF ECONOMIC ANALYSIS

**TRANSACTIONS OF U.S. REPORTER WITH
UNINCORPORATED FOREIGN AFFILIATE,
EXCEPT A BANK**

**MANDATORY
CONFIDENTIAL QUARTERLY REPORT**

This report is required by law — Section 5(b)(2), P.L. 94-472, 90 Stat. 2059, 22 U.S.C. 3104. Whoever fails to report may be subject to a civil penalty not exceeding \$10,000 and to injunctive relief commanding such person to comply, or both. Whoever willfully fails to report shall be fined not more than \$10,000 and, if an individual, may be imprisoned for not more than one year, or both.

RETURN TO U.S. Department of Commerce
Bureau of Economic Analysis, BE-50(II)
Washington, D.C. 20230

IMPORTANT — Report data according to books of U.S. Reporter. Read instructions on reverse side before completing this form. **REPORT ALL AMOUNTS IN THOUSANDS OF U.S. DOLLARS.**

1. Report for quarter ending

MONTH	DAY	YEAR

If revised, Mark here →

**BEA
USE
ONLY**

2. Name of U.S. Reporter

Reporter ID

3. OFFICE USE ONLY

4. Name of foreign affiliate

Affiliate ID

5. Country of location (Country in which affiliate's physical assets reside or where principal activity is carried out)

6. If affiliate's industry classification has changed

Ind ID

Mark here and Complete Form BE-507

7. If affiliate's reporting status changed during period, Mark one:

Initial report — affiliate was not previously reported

Resumed report — affiliate was previously reported but not in recent years

Final report — affiliate was:

Sold or seized

Liquidated

Discontinued report — affiliate fell below exemption level

Enter date → Month | Year

	Amount
8. U.S. Reporter's equity in foreign affiliate at beginning of quarter — U.S. Reporter's equity is equal to the Reporter's share of the assets of the affiliate, less any claims the affiliate may have on the U.S. Reporter, less the Reporter's share of affiliate liabilities to all other persons. (Assets of the foreign affiliate carried only on the U.S. Reporter's books should be included.)	8
9. Transfer of cash, accounts receivable, merchandise, equipment, and other assets to foreign affiliate by U.S. Reporter, and transfer of accounts payable and other liabilities to U.S. Reporter by foreign affiliate during quarter	9
10. U.S. Reporter's equity in foreign affiliate's quarterly net income (loss) after provision for foreign income taxes. (Amounts shown in items 11 through 14 are reductions to income.)	10
11. U.S. Reporter's charges to foreign affiliate, less foreign affiliate's charges to U.S. Reporter, during the quarter. Report negative charges in parentheses ()	11
12. Interest, including interest on capital (financial) leases	12
13. Royalties, license fees, and other fees for use or sale of intangible property	13
14. Charges for use of tangible property, including film and television tape rentals, but excluding lease payments made pursuant to leases which have been capitalized	14
15. Fees for services rendered, including fees for management, professional, or technical services, R & D assessments, and allocated expenses	15
16. TOTAL (Sum items 11 through 14)	15
16. Other additions to investment	16
17. Transfer of cash, accounts receivable, merchandise, equipment, and other assets to U.S. Reporter by foreign affiliate, and transfer of accounts payable and other liabilities to foreign affiliate by U.S. Reporter during quarter	17
18. Other deductions from investment	18
19. U.S. Reporter's equity in foreign affiliate at end of quarter — U.S. Reporter's equity is equal to the Reporter's share of the assets of the affiliate, less any claims the affiliate may have on the U.S. Reporter, less the Reporter's share of affiliate liabilities to all other persons. (Assets of the foreign affiliate carried only on the U.S. Reporter's books should be included.) (Equals items 8 + 9 + 10 + 15 + 16 - 17 - 18)	19
20. U.S. Reporter's equity in foreign affiliate's net unrealized and realized capital gains (losses)	20
20. Included in item 10	20
21. Excluded from item 10, but included in item 16 or 18	21
22. Gain (loss) on sale or liquidation of foreign affiliate, according to books of U.S. Reporter. Specify whether gain or loss	22
BEA USE ONLY	23

DIRECT TRANSACTIONS OF U.S. REPORTER WITH FOREIGN AFFILIATE INCORPORATED ABROAD
MANDATORY
CONFIDENTIAL QUARTERLY REPORT

1. Report for quarter ending MONTH DAY YEAR		If revised, Mark here <input type="checkbox"/>	BEA USE ONLY
2. Name of U.S. Reporter			
3. OFFICE USE ONLY			Affiliate ID
4. Name of foreign affiliate			
5. Country of location (Country in which affiliate's physical assets reside or where principal activity is carried out)		6. If affiliate's industry classification has changed Mark here <input type="checkbox"/> and Complete Form BE-507	
7. If affiliate's reporting status changed during period, Mark one: <input type="checkbox"/> Initial report - affiliate was not previously reported <input type="checkbox"/> Resumed report - affiliate was previously reported but not in recent years Final report - affiliate was: <input type="checkbox"/> Sold or seized Enter date Month Year <input type="checkbox"/> Liquidated <input type="checkbox"/> Discontinued report - affiliate fell below exemption level			
8. If the U.S. Reporter does not hold a direct equity interest in the foreign affiliate named in 4, mark here <input type="checkbox"/> to indicate that report covers transactions with an indirectly-owned foreign affiliate and answer only questions 12-21 of the data section.			
9. If 8 is marked, enter name and country of foreign affiliate holding the equity interest:			

RETURN TO U.S. Department of Commerce
Bureau of Economic Analysis, BE-50 (II)
Washington, D.C. 20230

IMPORTANT: This report covers items received from, paid to, or entered into intercompany accounts with the foreign affiliate. Read instructions on reverse side before completing this form. REPORT ALL AMOUNTS IN THOUSANDS OF U.S. DOLLARS.

I. RECEIPTS FROM AND PAYMENTS TO FOREIGN AFFILIATE BY U.S. REPORTER OF DIVIDENDS, INTEREST, FEES, ROYALTIES AND RENTALS, ACCORDING TO BOOKS OF U.S. REPORTER. REPORT AMOUNTS IN ITEMS 11-15 NET OF WITHHOLDING TAXES.		Receipts by U.S. Reporter	Payments by U.S. Reporter
Dividends on common and preferred stock, excluding stock dividends			
10. Foreign tax withheld		101	
11. Net of foreign tax withheld		111	
12. Interest, including interest on capital (financial) leases		121	122
13. Royalties, license fees, and other fees for use or sale of intangible property		131	132
14. Charges for use of tangible property, including film and television tape rentals		141	142
15. Fees for services rendered, including fees for management, professional, or technical services and allocated expenses including R and D assessments		151	152
II. DEBT AND OTHER INTERCOMPANY ACCOUNT BALANCES BETWEEN FOREIGN AFFILIATE AND U.S. REPORTER, ACCORDING TO BOOKS OF U.S. REPORTER.		Beginning of quarter	End of quarter
Current items			
16. Owed to U.S. Reporter by affiliate		161	162
17. Due to affiliate from U.S. Reporter		171	172
Long-term items			
18. Owed to U.S. Reporter by affiliate		181	182
19. Due to affiliate from U.S. Reporter		191	192
Net book value of property, plant, and equipment on lease and not reflected in items 16-19			
20. On lease by U.S. Reporter to affiliate		201	202
21. On lease by affiliate to U.S. Reporter		211	212
III. U.S. REPORTER'S EQUITY IN FOREIGN AFFILIATE'S:		Current quarter	Preceding quarter
22. Quarterly net income (loss) after provision for foreign income taxes (See instructions)		221	222
Net unrealized and realized capital gains (losses)			
23. Included in Item 22		231	232
24. Taken directly to retained earnings or surplus account		241	242
IV. CHANGE IN U.S. REPORTER'S EQUITY IN FOREIGN AFFILIATE'S CAPITAL STOCK AND/OR ADDITIONAL PAID-IN CAPITAL, ACCORDING TO BOOKS OF U.S. REPORTER, AT TRANSACTION VALUE.		Amount paid or received	Means of settlement code (From Part V)
25. Establishment of affiliate		251	252
Acquisition, partial or total, of an equity interest			
26. From this affiliate		261	262
27. From all other foreigners - Specify country of seller if different from country of affiliate:		271	272
28. From U.S. persons - Give name and address:		281	282
29. Capital contributions not resulting in issuance of capital stock. Report any return of such contributions in parentheses ()		291	292
30. Liquidation of affiliate		301	302
Sale, partial or total, of an equity interest			
31. To this affiliate		311	312
32. To other foreigners - Specify country of purchaser if different from country of affiliate:		321	322
33. To U.S. persons - Give name and address:		331	332
34. Stock dividends		341	
35. Other - Specify		351	352
For items 26-35, enter the amounts by which the transaction value			
36. Exceeds the value carried on the books of the affiliate		361	362
37. Is less than the value carried on the books of the affiliate		371	372
V. MEANS OF SETTLEMENT CODES FOR ITEMS 25-35.		381	
1. Cash		MONTH	DAY
2. Exchange of affiliate's stock or other equity for U.S. Reporter's stock		YEAR	
3. Capitalization of intercompany accounts			
4. Exchange of affiliate's stock or other equity for financial assets other than those in codes 1, 2, and 3			
5. Transfer of equipment, inventory or other tangible property			
6. Transfer of intangible assets, including patents, know-how, rights, etc.			
7. Other - Specify			
VI. U.S. REPORTER'S SHARE IN ANNUAL INCOME AND EQUITY POSITION		381	
Complete items below once a year, no later than the second report following the close of the calendar or fiscal year or, if an initial report, complete items 38, 39, and 42-45 as of the ending date of the quarter which the initial report is for.		MONTH	DAY
38. For affiliate's calendar (or fiscal) year ending		YEAR	
39. U.S. Reporter's percentage ownership of affiliate's voting stock at end of year.		391	%
40. U.S. Reporter's equity in affiliate's annual net income (loss) after provision for foreign income taxes (See instructions)		401	
41. U.S. Reporter's share of the affiliate's exchange gain (loss) resulting from the translation or re-measuring of the affiliate's financial statements from its local currency into dollars due to a change in the rate between the local currency and the dollar during the year.		411	
U.S. Reporter's equity in net worth of foreign affiliate, according to books of foreign affiliate		421	
42. Total investment (Equals items 43 + 44 + 45)			
43. Capital stock, common and preferred, and additional paid-in capital		431	
44. Retained earnings - compute on the "equity basis" consistent with items 22 and 40		441	
45. Other surplus		451	
		461	

INTRODUCTION

Purpose — Reports on this form are required in order to provide reliable and up-to-date information on U.S. direct investment abroad.

Authority — Reports on Form BE-577 are mandatory under Section 5(b)(2) of the International Investment Survey Act of 1976 (P.L. 94-472, 90 Stat. 2059, 22 U.S.C. 3101 — hereinafter "the Act"). In Section 3 of Executive Order 11961, the President designated the Department of Commerce as the federal executive agency responsible for collecting the required data on direct investment, and the Secretary of Commerce has assigned this responsibility to the Bureau of Economic Analysis. The implementing regulations are contained in Title 15, CFR, Part 806.

This report has been approved by the Office of Management and Budget under the Federal Reports Act (Public Law No. 831, 77th Congress).

Penalties — Whoever fails to report may be subject to a civil penalty not exceeding \$10,000 and to injunctive relief commanding such person to comply, or both. Whoever willfully fails to report shall be fined not more than \$10,000 and, if an individual, may be imprisoned for not more than one year, or both. Any officer, director, employee, or agent of any corporation who knowingly participates in such violation, upon conviction, may be punished by a like fine, imprisonment, or both. (See section 6 of the Act, 22 U.S.C. 3105.)

Confidentiality — The information filed in this report may be used only for analytical and statistical purposes and access to the information shall be available only to officials and employees (including consultants and contractors and their employees) of agencies designated by the President to perform functions under the Act. The President may authorize the exchange of the information between agencies or officials designated to perform functions under the Act, but only for analytical and statistical purposes. No official or employee (including consultants and contractors and their employees) shall publish or make available any information collected under the Act in such a manner that the person to whom the information relates can be specifically identified. Reports and copies of reports prepared pursuant to the Act are confidential and their submission or disclosure shall not be compelled by any person without the prior written permission of the person filing the report and the customer of such person where the information supplied is identifiable as being derived from the records of such customer (22 U.S.C. 3104).

DEFINITIONS

United States, when used in a geographic sense, means the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Canal Zone, and all territories and possessions of the United States.

Foreign, when used in a geographic sense, means that which is situated outside the United States or which belongs to or is characteristic of a country other than the United States.

Person means any individual, branch, partnership, associated group, association, estate, trust, corporation, or other organization (whether or not organized under the laws of any State), and any government (including a foreign government, the United States Government, a State or local government, and any agency, corporation, financial institution, or other entity or instrumentality thereof, including a government-sponsored agency).

United States person means any resident in the United States or subject to the jurisdiction of the United States.

Direct investment means the ownership or control, directly or indirectly, by one person of 10 per centum or more of the voting securities of an incorporated business enterprise or an equivalent interest in an unincorporated business enterprise.

U.S. direct investment abroad means the ownership or control, directly or indirectly, by one U.S. person of 10 per centum or more of the voting securities of an incorporated foreign business enterprise or an equivalent interest in an unincorporated foreign business enterprise, including a branch.

Affiliate means a business enterprise located in one country which is directly or indirectly owned or controlled by a person of another country to the extent of 10 per centum or more of its voting stock for an incorporated business or an equivalent interest for an unincorporated business, including a branch.

Foreign affiliate means an affiliate located outside the United States in which a U.S. person has direct investment.

U.S. Reporter means the U.S. person which has direct investment in a foreign business enterprise, including a branch. (If the U.S. person is an incorporated business enterprise, the U.S. Reporter is the fully consolidated U.S. domestic enterprise consisting of the U.S. parent corporation which is not owned to the extent of more than 50% of its voting stock by another U.S. corporation and all other domestic corporations in which the parent corporation directly or indirectly owns over 50% of the outstanding voting stock.)

Lease is a contract by which one person gives another person the use and possession of tangible property (other than real estate) for a specified time in return for agreed-upon payments.

Banking includes business enterprises engaged in deposit banking, Edge Act corporations engaged in international or foreign banking, foreign branches and agencies of U.S. banks whether or not they accept deposits abroad, and bank holding companies, i.e., holding companies for which over 50 percent of their total income is from banks which they hold.

GENERAL INSTRUCTIONS

Who must report — A Form BE-577 is required from every U.S. person to report its direct transactions or positions with an incorporated foreign business enterprise in which it had a direct and/or indirect ownership interest of at least 10 percent of the voting stock at any time during the reporting period, except as exempted below. Related forms for reporting U.S. direct investment abroad are:

- BE-578 Transactions of U.S. Reporter with Unincorporated Foreign Affiliate, Except a Bank
- BE-578B Transactions of U.S. Reporter with Unincorporated Foreign Banking Affiliate
- BE-577S U.S. Reporter's Directly-owned Foreign Affiliate's Share in Net Income of Indirectly-owned Foreign Affiliate
- BE-507 Industry Classification Questionnaire

Reports are required even though a foreign affiliate may have been established, acquired, seized, liquidated, expropriated, sold, or inactivated during the reporting period.

Coverage — All transactions or positions with the foreign affiliate by all U.S. domestic subsidiaries, divisions, etc., which constitute the U.S. Reporter, as defined, must be combined on one Form BE-577.

Exemption — A foreign affiliate is not required to be reported if each of the following three items for the affiliate (not the U.S. Reporter's share) is between -\$1,000,000 and +\$1,000,000.

- (1) Total assets for the quarter,
- (2) Annual net sales or gross operating revenues, excluding sales taxes, and
- (3) Annual net income after income taxes.

A foreign affiliate is not required to be reported if it is inactive except in the reporting period in which it became inactive. An indirectly-owned foreign affiliate which consistently does not have direct transactions with the U.S. Reporter is not required to be reported.

Quarterly reports for a year may be required retroactively when it is determined that the exemption level has been exceeded. If a foreign affiliate's total assets, sales or net income exceed the exemption level in a given year, it is deemed that the exemption level will also be exceeded in the following year.

NOTE: If any one of the three items above exceeds the exemption level, either positive or negative, the affiliate must be reported. Since these items are not reported on Form BE-577, a U.S. Reporter claiming exemption from filing a given report must furnish a certification as to the levels of these three items.

GENERAL INSTRUCTIONS — Continued

Consolidation — In cases where the recordkeeping system of the foreign affiliates makes it impossible or extremely difficult to file a separate report for each foreign affiliate, a U.S. Reporter may consolidate affiliates in the same country when the following conditions apply:

- (1) The affiliates are in the same BEA 3-digit industry as given in the Industry Classification Questionnaire, Form BE-507; OR
- (2) The affiliates are integral parts of the same business operation.

For example, if German affiliate A manufactures tires and a majority of its sales are to German affiliate B which produces autos, then affiliates A and B may be consolidated.

Under no circumstances may a U.S. Reporter consolidate foreign affiliates in different countries.

Filing of report — Form BE-577 is a quarterly report. A single copy of each report should be sent to U.S. Department of Commerce, Bureau of Economic Analysis, BE-507(H), Washington, D.C. 20230, within 30 days after the close of each calendar (or fiscal) quarter, except for the final quarter of the calendar (or fiscal) year, when reports may be filed within 45 days. Requests for extension of the filing date, additional forms, or clarification of the reporting requirements or instructions should be directed to the above address.

Special note for foreign affiliates that are banks: Data to be reported on this form and relationship to Treasury Foreign Exchange Forms BL-1, 2; BC; and BQ-1, 2 — For foreign affiliates which are banks, items 16, 17, 19, and 21 should be blank, and items 18 and 20 should reflect only those amounts which the U.S. Reporter considers to be permanent invested debt capital in the affiliate and any interest receipts entered in item 12 should relate only to this capital. This permanent investment debt capital and the U.S. Reporter's equity investment in the affiliate (parts IV and VI) must not be reported on Treasury Foreign Exchange Forms BL-1, 2; BC; and BQ-1, 2.

SPECIFIC INSTRUCTIONS

Currency amounts should be reported in U.S. dollars and rounded to the nearest thousand. If an amount is between + \$500 enter "0." Use parentheses to indicate negative numbers.

Item 4. Name of foreign affiliate. Use the same name on all reports filed for this affiliate with the Bureau of Economic Analysis, e.g., Forms BE-133 and BE-10.

Item 6. Industry classification refers to the BEA 3-digit industry codes given in the Industry Classification Questionnaire, Form BE-507.

Item 14. Receipts or payments for use of tangible property include rentals for operating leases of one year or less, net rent on operating leases of more than one year which have not been capitalized, and film and television tape rentals. Net rent is equivalent to the total lease payment less the return of capital (depreciation) component (see instruction for items 20 and 21).

Item 16-19. The current quarter's opening balance should be equal to the preceding quarter's closing balance; therefore, if it is necessary to translate the balances to U.S. dollars, use the same exchange rate to translate the opening balance for the current quarter as was used to translate the closing balance of the preceding quarter. If the closing balance on the preceding quarter's report was in error, note the correction. Entries should be consistent with entries in Part I insofar as they reflect the latter entries. (For example, film rentals shown in item 14 and not received by the U.S. Reporter in the current quarter should be included in Part II.)

Item 16-17. Current items: Trade accounts and notes payable, current portion of long-term debt, overdrafts, and other current liabilities having an original maturity of one year or less, except debt with an original maturity of one year or less which has been renewed, with respect to which there is the intention and the means to renew, extend, or refinance for more than one year.

Item 18-19. Long-term items: Debt with an original maturity of more than one year or with no stated maturity, and debt with an original maturity of one year or less which has been renewed, or with respect to which there is the intention and the means to renew, extend, or refinance for more than one year.

If leases between the U.S. Reporter and the foreign affiliate are capitalized (in the manner, or in a manner similar to that, prescribed in FASB Statement No. 13), then the outstanding capitalized value should be shown here as an intercompany balance. Lease payments should be disaggregated into the amount which is (a) a reduction in the intercompany balance, which would be reflected in one of these items, and (b) interest, and thus entered in item 12. Capital (financial) and operating leases of more than one year that are not capitalized should be entered in items 20 and 21.

Item 20 and 21. Enter here the value of capital (financial) leases and operating leases of more than one year that have not been capitalized. For operating leases, the net book value of leased plant and equipment is the original cost less accumulated depreciation. For capital (financial) leases, net book value is the amount of principal payments remaining due at the specified time including payment called for by a bargain purchase option, if any. Operating leases of one year or less should not be entered here. Lease payments should be disaggregated into (a) the return of capital, consisting of principal payments for capital (financial) leases and the depreciation component for operating leases, which should be reflected in a reduction in one of these items, and (b) interest for capital (financial) leases, which would be shown in item 12, and net rent for operating leases, which would be shown in item 14.

Item 22. Net income should be reported on a quarterly basis, NOT on a cumulative basis. Net income for the period shown in item 1 should be entered in the "current quarter" column. The "preceding quarter" column should be used to correct data that were incorrect or were not given in the preceding report.

The amount entered should represent the U.S. Reporter's equity, based on its directly held equity interest, in the foreign affiliate's net income (loss) for the quarter, before provision for common and preferred dividends and before any reduction for foreign withholding taxes on dividends, but after provision for other foreign income taxes. The income statement underlying this and related items should be on the "all inclusive" basis. Unrealized gains (losses) resulting from the translation (or remeasuring) of the affiliate's financial statements from its local currency into dollars due to a change in the exchange rate between the local currency and the dollar during the period should be included in net income in accordance with the FASB Statement No. 8. U.S. Reporters whose foreign affiliates are in extractive industries should report net income before depletion charges, except charges representing the amortization of the actual cost of capital assets.

Net income should include, on an equity basis, the foreign affiliate's share in the net income of foreign enterprises owned by it.

If this report is for the U.S. Reporter's direct transactions or accounts with a foreign affiliate in which it does not hold a direct equity interest, the U.S. Reporter's share in net income should be zero. If the U.S. Reporter holds both a direct and an indirect equity interest, only the share representing the direct interest should be given in this item.

Item 23-24. Net unrealized and realized capital gains (losses) include net capital gains (losses) resulting from changes in foreign affiliate's foreign currency denominated assets and liabilities due to changes in foreign exchange rates during the period, net unrealized capital gains (losses), which are recognized, resulting from revaluation of assets, and net realized capital gains (losses) resulting from disposition of assets such as the sale of investment securities or property, plant, or equipment items. All gains (losses) should be included in net income, item 22, and, therefore, should be shown in item 23; if for some reason, they were not included in net income but were taken directly to retained earnings or a surplus account, enter the amount in item 24.

Item 40. Same instructions as for item 22, except that this refers to the annual figure for the year designated in item 38.

FORM BE-578B (1-1-78) U.S. DEPARTMENT OF COMMERCE BUREAU OF ECONOMIC ANALYSIS

1. Report for quarter ending
 MONTH DAY YEAR

If revised, Mark here BEA USE ONLY

2. Name of U.S. Reporter Reporter ID

3. OFFICE USE ONLY

4. Name of foreign affiliate Affiliate ID

5. Country of location (Country in which affiliate's physical assets reside or where principal activity is carried out) Ind ID

6. If affiliate's industry classification has changed Mark here and Complete Form BE-507.

7. If affiliate's reporting status changed during period, Mark one:

Initial report - affiliate was not previously reported

Resumed report - affiliate was previously reported but not in recent years

Final report - affiliate was:
 Sold or seized } Enter date Month Year
 Liquidated
 Discontinued report - affiliate fell below exemption level

RETURN TO U.S. Department of Commerce Bureau of Economic Analysis, BE-50(II) Washington, D.C. 20230

IMPORTANT - Report data according to books of U.S. Reporter. Read instructions on reverse side before completing this form. REPORT ALL AMOUNTS IN THOUSANDS OF U.S. DOLLARS.

NOTE: Only positions and transactions relating to the U.S. Reporter's permanent invested capital in the foreign affiliate are to be reported on this form in items 8, 9, 16, 17, 18, and 19, and these amounts must not be reported on Treasury Foreign Exchange Forms B-1, B-2, and B-3.

	Amount
8. U.S. Reporter's permanent invested capital in the foreign affiliate at the beginning of the quarter. This would normally consist of capital allocated to the affiliate, special reserves out of net income, and net income not yet distributed.	8
9. Transfer of permanent invested capital to foreign affiliate by U.S. Reporter	9
10. U.S. Reporter's equity in foreign affiliate's quarterly net income (loss) after provision for foreign income taxes. (Amounts shown in items 11 through 14 are reductions to income.)	10
U.S. Reporter's charges to foreign affiliate, less foreign affiliate's charges to U.S. Reporter, during quarter. Report negative charges in parentheses ()	11
11. Interest on permanent invested capital	12
12. Royalties, license fees, and other fees for use or sale of intangible property	13
13. Charges for use of tangible property	14
14. Fees for services rendered, including fees for management, professional, or technical services, and allocated expenses	15
15. TOTAL (Sum items 11 through 14)	16
16. Other additions to permanent invested capital	17
17. Return of permanent invested capital to U.S. Reporter by foreign affiliate	18
18. Other deductions from permanent invested capital	19
19. U.S. Reporter's permanent invested capital in the foreign affiliate at the end of the quarter. This would normally consist of capital allocated to the affiliate, special reserves out of net income, and net income not yet distributed. (Equals items 8 + 9 + 10 + 16 - 17 - 18)	20
U.S. Reporter's equity in foreign affiliate's net unrealized and realized capital gains (losses)	21
20. Included in item 10	22
21. Excluded from item 10, but included in item 16 or item 18	23
22. Gain (loss) on sale or liquidation of foreign affiliate, according to books of U.S. Reporter. Specify whether gain or loss	24

BEA USE ONLY

INTRODUCTION

Purpose — Reports on this form are required in order to provide reliable and up-to-date information on U.S. direct investment abroad.

Authority — Reports on Form BE-578 are mandatory under Section 5(b)(2) of the International Investment Survey Act of 1976 (P.L. 94-472, 90 Stat. 2059, 22 U.S.C. 3101 — hereinafter "the Act"). In Section 3 of Executive Order 11961, the President designated the Department of Commerce as the federal executive agency responsible for collecting the required data on direct investment, and the Secretary of Commerce has assigned this responsibility to the Bureau of Economic Analysis. The implementing regulations are contained in Title 15, CFR, Part 806.

This report has been approved by the Office of Management and Budget under the Federal Reports Act (Public Law No. 831, 77th Congress).

Penalties — Whoever fails to report may be subject to a civil penalty not exceeding \$10,000 and to injunctive relief commanding such person to comply, or both. Whoever willfully fails to report shall be fined not more than \$10,000 and, if an individual, may be imprisoned for not more than one year, or both. Any officer, director, employee, or agent of any corporation who knowingly participates in such violation, upon conviction, may be punished by a like fine, imprisonment, or both. (See section 6 of the Act, 22 U.S.C. 3105.)

Confidentiality — The information filed in this report may be used only for analytical and statistical purposes and access to the information shall be available only to officials and employees (including consultants and contractors and their employees) of agencies designated by the President to perform functions under the Act. The President may authorize the exchange of the information between agencies or officials designated to perform functions under the Act, but only for analytical and statistical purposes. No official or employee (including consultants and contractors and their employees) shall publish or make available any information collected under the Act in such a manner that the person to whom the information relates can be specifically identified. Reports and copies of reports prepared pursuant to the Act are confidential and their submission or disclosure shall not be compelled by any person without the prior written permission of the person filing the report and the customer of such person where the information supplied is identifiable as being derived from the records of such customer (22 U.S.C. 3104).

DEFINITIONS

United States, when used in a geographic sense, means the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Canal Zone, and all territories and possessions of the United States.

Foreign, when used in a geographic sense, means that which is situated outside the United States or which belongs to or is characteristic of a country other than the United States.

Person means any individual, branch, partnership, associated group, association, estate, trust, corporation, or other organization (whether or not organized under the laws of any State) and any government (including a foreign government, the United States Government, a state or local government, and any agency, corporation, financial institution, or other entity or instrumentality thereof, including a government-sponsored agency).

United States person means any person resident in the United States or subject to the jurisdiction of the United States.

Direct investment means the ownership or control, directly or indirectly, by one person of 10 per centum or more of the voting securities of an incorporated business enterprise or an equivalent interest in an unincorporated business enterprise.

U.S. direct investment abroad means the ownership or control, directly or indirectly, by one U.S. person of 10 per centum or more of the voting securities of an incorporated foreign business enterprise or an equivalent interest in an unincorporated foreign business enterprise, including a branch.

Affiliate means a business enterprise located in one country which is directly or indirectly owned or controlled by a person of another country to the extent of 10 per centum or more of its voting stock for an incorporated business or an equivalent interest for an unincorporated business, including a branch.

Foreign affiliate means an affiliate located outside the United States in which a U.S. person has direct investment.

U.S. Reporter means the U.S. person which has direct investment in a foreign business enterprise, including a branch. (If the U.S. person is an incorporated business enterprise, the U.S. Reporter is the fully consolidated U.S. domestic enterprise consisting of the U.S. parent corporation which is not owned to the extent of more than 50% of its voting stock by another U.S. corporation and all other domestic corporations in which the parent corporation directly or indirectly owns over 50% of the outstanding voting stock.)

Lease is a contract by which one person gives another person the use and possession of tangible property (other than real estate) for a specified time in return for agreed-upon payments.

GENERAL INSTRUCTIONS

Who must report — A Form BE-578 is required from every U.S. person to report its direct transactions or positions with an unincorporated foreign business enterprise, except a bank, in which it had a direct and/or indirect ownership interest of at least 10 percent at any time during the reporting period, except as exempted below. Related forms for reporting U.S. direct investment abroad are:

- BE-577** Direct Transactions of U.S. Reporter with Foreign Affiliate Incorporated Abroad
- BE-578B** Transactions of U.S. Reporter with Unincorporated Foreign Banking Affiliate
- BE-577S** U.S. Reporter's Directly-owned Foreign Affiliate's Share in Net Income of Indirectly-owned Foreign Affiliate
- BE-507** Industry Classification Questionnaire

Reports are required even though a foreign affiliate may have been established, acquired, seized, liquidated, expropriated, sold, or inactivated during the reporting period.

GENERAL INSTRUCTIONS — Continued

Coverage — All transactions or positions with the foreign affiliate by all U.S. domestic subsidiaries, divisions, etc., which constitute the U.S. Reporter, as defined, must be combined on one Form BE-578.

Exemption — A foreign affiliate is not required to be reported if each of the following three items for the affiliate (not the U.S. Reporter's share) is between -\$1,000,000 and +\$1,000,000.

- (1) Total assets for the quarter,
- (2) Annual net sales or gross operating revenues, excluding sales taxes, and
- (3) Annual net income after income taxes.

Quarterly reports for a year may be required retroactively when it is determined that the exemption level has been exceeded. If a foreign affiliate's total assets, sales or net income exceed the exemption level in a given year, it is deemed that the exemption level will also be exceeded in the following year.

NOTE: If any one of the three items above exceeds the exemption level, either positive or negative, the affiliate must be reported. Since these items are not reported on Form BE-578, a U.S. Reporter claiming exemption from filing a given report must furnish a certification as to the levels of these three items.

Consolidation — In cases where the recordkeeping system of the foreign affiliates makes it impossible or extremely difficult to file a separate report for each foreign affiliate, a U.S. Reporter may consolidate affiliates in the same country when the following conditions apply:

- (1) The affiliates are in the same BEA 3-digit industry as given in the Industry Classification Questionnaire, Form BE-507;
OR
- (2) The affiliates are integral parts of the same business operation.
For example, if German affiliate A manufactures tires and a majority of its sales are to German affiliate B which produces autos, then affiliates A and B may be consolidated.

Under no circumstances may a U.S. Reporter consolidate foreign affiliates in different countries.

Filing of report — Form BE-578 is a quarterly report. A single copy of each report should be sent to U.S. Department of Commerce, Bureau of Economic Analysis, BE-50(II), Washington, D.C. 20230, within 30 days after the close of each calendar (or fiscal) quarter, except for the final quarter of the calendar (or fiscal) year, when reports may be filed within 45 days. Requests for extension of the filing date, additional forms, or clarification of the reporting requirements or instructions should be directed to the above address.

SPECIFIC INSTRUCTIONS

Currency amounts should be reported in U.S. dollars and rounded to the nearest thousand. If an amount is between ±\$500 enter "0". Use parentheses to indicate negative numbers.

Treatment of leased plant and equipment: If the U.S. Reporter leases plant and equipment to the foreign affiliate and the lease is capitalized (in the manner, or in a manner similar to that, prescribed in FASB Statement No. 13), then the outstanding capitalized value should be included in investment, items 8 and/or 19. The value of new capitalized leases entered into would also appear in item 9; the outstanding capitalized value of a lease which is extinguished would also appear in item 17. Lease payments made pursuant to capitalized leases should be disaggregated into the amount which is (a) a reduction in investment, which should be entered in item 17; and (b) interest, which should be entered in item 11. Payments made pursuant to leases which are not capitalized should be entered in item 13.

Item 4. Name of foreign affiliate. (Use the same name on all reports filed for this affiliate with the Bureau of Economic Analysis; e.g., Forms BE-133 and BE-10.)

Item 6. Industry classification refers to the BEA 3-digit industry codes given in the Industry Classification Questionnaire, Form BE-507.

Item 10. The amount entered should represent the U.S. Reporter's equity in the foreign affiliate's net income (loss) for the quarter after provision for foreign income taxes. (Do not report net income on a cumulative basis.) The income statement underlying this and related items should be on the "all inclusive" basis. Unrealized gains (losses) resulting from the translation (or remeasuring) of the affiliate's financial statements from its local currency into dollars due to a change in the exchange rate between the local currency and the dollar during the period should be included in net income in accordance with the FASB Statement No. 8. U.S. Reporters whose foreign affiliates are in extractive industries should report net income before depletion charges, except charges representing the amortization of the actual cost of capital assets.

Net income should include, on an equity basis, the foreign affiliate's share in the net income of foreign enterprises owned by it.

Item 13. Do not include in this item lease payments made pursuant to leases which have been capitalized. (See note above concerning treatment of leased plant and equipment.)

Items 20-21. Net unrealized and realized capital gains (losses) include net capital gains (losses) resulting from changes in foreign affiliate's foreign currency denominated assets and liabilities due to changes in foreign exchange rates during the period, net unrealized capital gains (losses), which are recognized, resulting from revaluation of assets, and net realized capital gains (losses) resulting from disposition of assets such as the sale of investment securities or property, plant, or equipment items.

All gains (losses) should be included in net income, item 10, and, therefore, should be shown in item 20; if for some reason, they were not included in net income but were included in item 16 or item 18, enter the amount in item 21.