December 1, 2017

Office of Information and Regulatory Affairs
Office of Management and Budget
New Executive Office Building
Washington, DC   20006

Via: OIRA_Submission@omb.eop.gov

Re: 2017-19 Report on Organization (OMB Control No. 0607-0444)

To whom it may concern,

I am pleased to respond to the *Federal Register* notice of October 20, 2017 concerning the Census Bureau's request to conduct the Report of Organization for 2017-2019. As a research professor at the George Washington Institute of Public Policy, I focus on policies that promote U.S. economic competitiveness. I believe the Report of Organization is particularly important to the creation of effective economic policies:

- The Report is the foundation for the Census Bureau's Business Register,
  - which in turn provides the sampling frame for Census business surveys and
  - enables the Longitudinal Business Database, a premier research resource for understanding the dynamics of U.S. businesses over time.
- The Report serves as the basis for the Census Bureau's annual County Business Patterns publication.
- The Report is a valuable means for ascertaining the prevalence of new value chain arrangements (such as "factoryless goods producers").

In my view, then, the comprehensive collection of reliable business organization data through the Report is essential to the production of a large proportion of federal economic indicators and data series and to the assessment of the nation's economic base and industrial activity.

In addition, the Report is important to contemplated federal efforts to describe global value chains (GVCs), measure international trade in value-added (TiVA), and comprehensively classify U.S. business activity by function (e.g., production, R&D, transportation and logistics, sales and marketing, customer service, information technology). Gaining the capacity to map value chains and measure TiVA by function is highly attractive because it will enable federal agencies, corporations, and regional developers to make investment and market decisions that better promote U.S. economic competitiveness.

At present, federal trade statistics are provided only in gross terms (the total value of goods and services imported and exported, by nation of last origin or first destination); TiVA statistics would allow analysts to see distinct national roles in individual value chains and so far better understand the U.S. competitive strengths and weaknesses. As one interesting dimension of possible analysis, TiVA data could indicate the foreign content of U.S. exports and the U.S.

content of U.S. imports. In addition, properly organized, GVC and TiVA statistics could provide better information on the use of contract manufacturing services.

In response to similar comments I submitted on the Census Bureau's Information Collection Request (ICR) for the 2014-16 Company Organization Survey (the former name of the Report), OMB approved that ICR (201502-0607-004) on May 5, 2015 with following term of clearance:

> Taking into account the comments received on this ICR pertaining to data to describe global value chains (GVCs) and international trade in valued-added (TiVA), the Census Bureau shall provide with the next ICR for the COS, a plan of research for assessing the feasibility of collecting GVC and TiVA data on this or other relevant data collections.

On communication with Carrie Hill, Chief, Register Operations Branch, Economic Statistical Methods Division, Census Bureau, I learned that certain events—the combination of the termination of the Enterprise Statistics Program and the reorganization of the Economics Directorate—resulted in her office not being aware of this term of clearance. Consequently, the required "plan of research for assessing the feasibility of collecting GVC and TiVA data on this or other relevant data collections" does not exist.

That said, I learned from Ms. Hill that just before OMB's 2015 approval of the COS, the Census Bureau's Center for Economic Studies and the Bureau of Economic Analysis (BEA) initiated a five-year research project, "The Business Dynamics of Multinational Corporations and Global Value Chains." This study has laudable objectives and activities:

- Understand and disseminate information about multinational enterprises (MNEs)— to include information on Global Value Chains (GVCs) and Factoryless Goods Producers (FGPs)
- Investigate the feasibility of two potential new products based on linked BEA-Census data on MNEs:
  - o Extended Supply Use Tables, based primarily on new tabulations produced by the Census Bureau for BEA
  - o New MNE tables on Business Dynamics Statistics, which will be part of the Census Bureau's new budget initiative related to the Longitudinal Business Database (LBD).

I believe the Census Bureau has informed OMB about this study. However, while the study is highly complementary to the outstanding term of clearance, it does not fulfill that term. Specifically, it looks at adapting current survey instruments for MNE analysis, not examining the desirability and feasibility of collecting new or revised data elements to better understand TiVA and GVC activities.

Consequently, I ask OMB to add a term of clearance for the present ICR that restates the previous term of clearance and indicate that it can be fulfilled through adding it as an objective of the current Census-BEA five-year study. Through a happy coincidence, the Census Bureau has in place the project framework for the requested research. I believe fulfilling the outstanding term of clearance would add additional value to the ongoing work at no cost.

I appreciate the opportunity to comment on the proposed Report for 2017-2019, look forward to your decision, and would be pleased to answer any questions you might have.

Sincerely,

Andrew Reamer
Research Professor

cc: Carrie Hill, John Abowd, Shawn Klimek, Jennifer Jessup, Erich Strassner, Paul Farello