Annual Revision of the U.S. International Accounts

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IN JUNE, the Bureau of Economic Analysis (BEA) released annual revisions of the U.S international transactions accounts (ITAs) and the U.S. international investment position. Through annual revisions, BEA introduces new and improved definitions and classifications, newly available and more complete source data, improved estimation procedures, and new and updated presentations that improve the reliability and consistency of the statistics and address important new developments in the U.S. and international economies.

For this annual revision, the most important change is a new treatment of certain disaster-related losses recovered from international insurers. Under this new treatment, BEA will record certain disaster-related insurance losses recovered in the capital account rather than as a component of unilateral transfers in the current account. This treatment is consistent with new international standards and with the new treatment of disaster-related losses that will be introduced in the forthcoming comprehensive revision of the national income and product accounts. The new treatment affects statistics for 1992, 2001, 2004, 2005, and 2008.

Other significant changes introduced in this annual revision include the following:

- Exports and imports of goods on a balance-of-payments basis were revised for 2001–2008. Revisions to exports reflect revised Census Bureau source data for civilian aircraft and improved procedures for excluding goods that are included in transfers under U.S. military agency sales contracts. Revisions to imports incorporate new source data that improve the coverage of locomotives and railcars.
- Services receipts and payments were revised for 2006–2008 to incorporate updated and revised data from BEA's quarterly and benchmark surveys of international services transactions. In addition, transfers under U.S. military agency sales contracts were revised to more completely account for training services and equipment provided to local security forces in Iraq and Afghanistan.
- Direct investment financial flows and related income receipts and payments were revised for 2006–2008 to incorporate new quarterly and annual data from BEA's surveys of U.S. direct investment abroad and foreign direct investment in the United States.
- Foreign securities financial flows as well as interest receipts for foreign bonds and dividend receipts for foreign stocks were revised for 2006–2008 to incorporate the results of the U.S. Treasury Department's annual survey of U.S. Ownership of Foreign Securities for December 2007 and revised source data.
- U.S. securities financial flows as well as interest payments for U.S. bonds and dividend payments for U.S. stocks were revised for 2006–2008 to incorporate the results of the U.S. Treasury Department's annual survey of Foreign-Residents' Holdings of U.S. Securities for June 2008 and revised source data.

Acknowledgments

The revised statistics for the U.S. international accounts were prepared under the general direction of Paul W. Farello and Christopher A. Gohrband.

Mai-Chi Hoang, Marc A. Bouchard, Benjamin Kavanaugh, and R. Christian Thieme prepared revised balance-of-payments adjustments for merchandise trade under the direction of John Rutter. Mai-Chi Hoang prepared the updated presentation of Table 2 for U.S. Trade in Goods.

Patricia Mosley prepared revised statistics for transfers under U.S. military agency sales contracts and for U.S. government grants, and Anne Flatness prepared statistics for the new treatment of disaster-related insurance transactions, both under the direction of Paul W. Farello.

Elena L. Nguyen, Erin M. Whitaker, and Cavan Wilk prepared revised financial account statistics related to holdings of U.S. and foreign securities under the direction of Christopher A. Gohrband.

- The presentation of the adjustment of "Census-basis" merchandise trade data to a balance-of-payments basis was revised. These adjustments are shown in table 2 in the quarterly ITA article in this issue (see page 72).

Statistics for U.S. international transactions were revised for 1992 and for 2001–2008. The revisions for 1992 were entirely due to the new treatment of certain disaster-related insurance settlements. Revised statistics for the detailed components of the U.S. international transactions accounts for 1992 and 2001–2008 are shown in table 1 in the quarterly ITA article (see page 66). Summary information on revisions for 2001–2008 is shown in table E in this article.

Despite several relatively large changes, this annual revision has not significantly altered the overall picture of U.S. international transactions or the U.S. international investment position for the past several years. The revised statistics for the current account show nearly the same widening of the current-account deficit through 2006, a larger decline in the deficit for 2007, and a smaller decline for 2008 (chart 1). The revised statistics for the financial account continue to show large reductions in net financial inflows during the financial crisis even with significant downward revisions for 2007 and 2008 (chart 2). The upward revision to the statistical discrepancy for 2008—resulting from opposing revisions to the current account and financial account—highlights the importance of BEA's continuing efforts to improve its coverage of international transactions. For more information, see the box "The Statistical Discrepancy in Periods of Economic Turbulence." The U.S. net international investment position was revised slightly for both 2006 and 2007, but the revisions did not significantly affect the net asset position of the United States relative to the rest of the world.

This article is divided into two major sections. The first section summarizes the impact of the revisions on the statistics from the current, capital, and financial accounts, including the statistical discrepancy, and the international investment position. The second section discusses the major changes in definitions, methodologies, source data, and presentation introduced in this annual revision.

Revisions

The revisions to the statistics resulted from updated source data and the incorporation of new source data, a new definition, and improved methodologies. The majority of the revisions resulted from updated source data. These changes affect all categories of the international transactions accounts. Revisions to the financial account were larger than those to the current and capital accounts. The annual revision is also the first time that complete statistics on financial derivatives for the preceding year are available, providing the first complete picture of 2008 transactions.

Annual highlights, current account

Current-account and capital-account statistics were revised for 1992 and 2001–2008. The current-account

Chart 1. Current-Account Deficit, 2001–2008

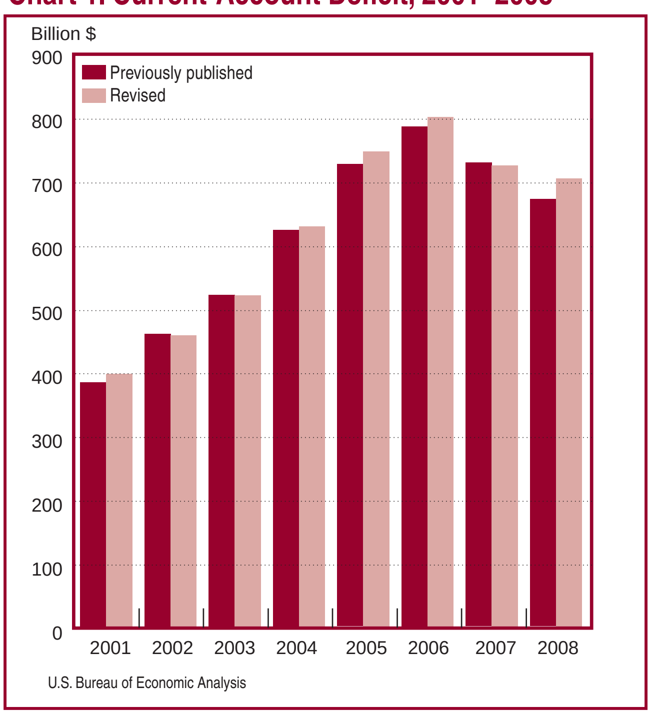
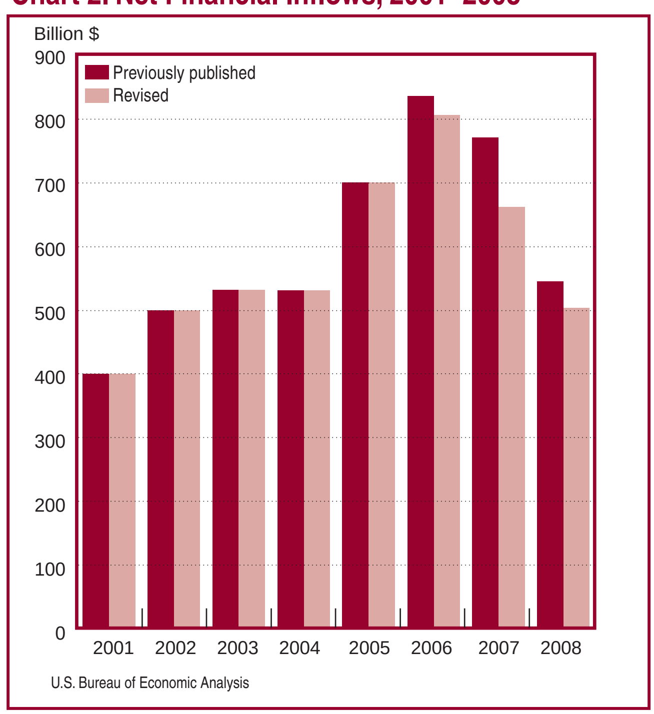


Chart 2. Net Financial Inflows, 2001–2008



deficit was revised up for 1992, 2001, 2004–2006, and 2008, and it was revised down for 2002, 2003, and 2007. The revised statistics show the same trend in the current-account deficit as the previously published statistics. The deficit declined slightly in 2001, rose continuously through 2006, and then declined again in 2007 and 2008 (table A). In the revised statistics, however, the increase in the deficit for 2005 and the decrease for 2007 are steeper, and the deficit for 2007 is lower than the deficit for 2005. The steeper increase in 2005 is primarily due to an increase in net outflows of net unilateral current transfers resulting from the new treatment of disaster-related losses recovered. The steeper decrease in 2007 is primarily due to a larger increase in the surplus on income.

The decrease in the current-account deficit for 2008 is now noticeably smaller, primarily due to a smaller increase in the surplus on income. The surplus on income increased $27.4 billion in the revised statistics, compared with $45.8 billion in the previously published statistics. A larger increase in the deficit on goods and a smaller increase in the surplus on services also contributed.

Goods and services. The deficit on goods and services was revised up for 2001 and 2004–2008 and revised down for 2002 and 2003. The largest revision was for 2008. For that year, the combined deficit on goods and services was revised up $14.8 billion. This reflects the combined effects of an upward revision to the deficit on goods of $19.4 billion and an upward revision to the surplus on services of $4.6 billion. Exports of goods and services were revised down $9.2 billion; a downward revision of $14.4 billion to goods was partly offset by an upward revision of $5.2 billion to services. Imports of goods and services were revised up $5.6 billion; $5.0 billion was due to goods, and $0.6 billion was due to services.

Goods were revised for 2001–2008; the largest revisions were for 2006–2008 (table B). The deficit on goods was revised up for 2001 and for 2004–2008, with amounts ranging from $0.4 billion in 2001 to $19.4 billion in 2008. These revisions largely resulted from significant downward revisions to goods exports related to revised source data for civilian aircraft. The deficit on goods was revised down slightly for both 2002 and 2003, largely the result of upward revisions to goods exports for those years related to the new methodology for identifying and excluding goods that are recorded as transfers under U.S. military sales contracts (a component of trade in services). Small upward revisions to goods imports for 2001–2007 were mostly related to the new source data for locomotives and railcars. The revisions for 2001–2007 did not significantly change the trends of exports, imports, and the deficit on goods. For 2008, the increase in the deficit on goods is now more pronounced, rising $9.3 billion, compared with $1.5 billion in the previously published statistics. It contributed to the smaller decline in the current-account deficit noted above.

Services were revised for 2006–2008. The services

Table A. Revisions to Current-Account Balances and to Net Financial Flows, 2001–2008

[Billions of dollars]

(Credits +; debits –) [1]	2001	2002	2003	2004	2005	2006	2007	2008
Balance on current account (line 77):								
Revised	–398.3	–459.2	–521.5	–631.1	–748.7	–803.5	–726.6	–706.1
Amount of revision	–13.6	2.1	1.9	–6.1	–19.7	–15.4	4.6	–32.8
Previously published	–384.7	–461.3	–523.4	–625.0	–729	–788.1	–731.2	–673.3
Balance on goods (line 72):								
Revised	–429.9	–482.8	–549.0	–671.8	–790.9	–847.3	–831.0	–840.3
Amount of revision	–0.4	2.1	1.9	–2.3	–3.7	–9.0	–11.6	–19.4
Previously published	–429.5	–485.0	–550.9	–669.6	–787.1	–838.3	–819.4	–820.8
Balance on services (line 73):								
Revised	64.4	61.2	54.0	61.8	75.6	86.9	129.6	144.3
Amount of revision	....	....	....	....	....	1.9	10.5	4.6
Previously published	64.4	61.2	54.0	61.8	75.6	85.0	119.1	139.7
Balance on goods and services (line 74):								
Revised	–365.5	–421.6	–495.0	–610.0	–715.3	–760.4	–701.4	–695.9
Amount of revision	–0.4	2.1	1.9	–2.3	–3.7	–7.1	–1.2	–14.8
Previously published	–365.1	–423.7	–496.9	–607.7	–711.6	–753.3	–700.3	–681.1
Balance on income (line 75):								
Revised	31.7	27.4	45.3	67.2	72.4	48.1	90.8	118.2
Amount of revision	....	....	....	....	....	–9.1	9.1	–9.3
Previously published	31.7	27.4	45.3	67.2	72.4	57.2	81.7	127.6
Unilateral current transfers, net (line 76):								
Revised	–64.5	–64.9	–71.8	–88.4	–105.8	–91.3	–116.0	–128.4
Amount of revision	–13.2	....	....	–3.9	–16.0	0.8	–3.3	–8.7
Previously published	–51.3	–64.9	–71.8	–84.5	–89.8	–92.0	–112.7	–119.7
Net financial flows (lines 40, 55, and 70):								
Revised	400.3	500.5	532.9	532.3	700.7	809.2	663.6	505.1
Amount of revision	....	....	....	....	....	–29.9	–110.8	–41.5
Previously published	400.3	500.5	532.9	532.3	700.7	839.1	774.3	546.6

1. Credits +; An increase in U.S. receipts and U.S. liabilities, or a decrease in U.S. payments and U.S. claims. Debits –; An increase in U.S. payments and U.S. claims, or a decrease in U.S. receipts and U.S. liabilities.

NOTE. Line numbers refer to table 1 in "U.S. International Transactions: First Quarter of 2009" in the July 2009 SURVEY OF CURRENT BUSINESS.

surplus was revised up $1.9 billion for 2006, $10.5 billion for 2007, and $4.6 billion for 2008, largely resulting from upward revisions to exports. Within exports, transfers under U.S. military agency sales contracts were revised up significantly in all years to more completely account for training and equipment provided to local security forces in Iraq and Afghanistan.[1] Exports recorded under royalties and license fees were also revised up for 2007 and 2008. A downward revision to "other private services"—largely resulting from downward revisions to business, professional, and technical services—was partly offsetting. The revisions to royalties and license fees and "other private services" resulted from updated source data from BEA surveys. Revisions to imports of services were generally small. The exception is 2007, for which there were significant downward revisions to "other private services," particularly business, professional, and technical services.

Income. The surplus on income was revised down $9.1 billion for 2006, was revised up $9.1 billion for 2007, and was revised down $9.3 billion for 2008. Significant revisions to direct investment payments, resulting from updated source data from BEA surveys, were the largest source of revision. Upward revisions to other private income receipts for 2007 and 2008 mostly resulted from higher estimates of income earned on foreign securities.

Transfers. Net outflows of unilateral current transfers were revised up for 1992, 2001, 2004–2005, and 2007–2008. Net outflows of transfers for 2006 were revised down slightly. The largest revisions were for years affected by the new treatment of disaster-related insurance settlements (1992, 2001, 2004, 2005, and 2008). These revisions affected private remittances and other transfers. Downward revisions to U.S. government grants also contributed.

Annual highlights, capital account

Upward revisions to the capital account for 1992, 2001, 2004, and 2005 were entirely due to the new treatment of disaster-related insurance settlements. These revisions offset the revisions to private remittances and other transfers. The large upward revision for 2008 was also partly due to this new treatment. Downward,

1. This revision is separate from the revision to goods covered under U.S. military sales contracts described in the previous paragraph.

Table B. Revisions to Selected Current-Account and Capital-Account Transactions, 2001–2008

[Billions of dollars]

(Credits +; debits –) [1]	2001	2002	2003	2004	2005	2006	2007	2008
Exports of goods and services and income receipts (line 1):								
Revised	1,295.7	1,258.4	1,340.6	1,573.0	1,816.7	2,133.9	2,462.1	2,591.2
Amount of revision	*	2.7	2.4	–1.4	–2.3	–8.3	–1.4	*
Previously published	1,295.7	1,255.7	1,338.2	1,574.3	1,819.0	2,142.2	2,463.5	2,591.3
Goods, balance of payments basis (line 3):								
Revised	718.7	685.2	715.8	806.2	892.3	1,015.8	1,138.4	1,277.0
Amount of revision	*	2.7	2.4	–1.4	–2.3	–7.3	–10.1	–14.4
Previously published	718.7	682.4	713.4	807.5	894.6	1,023.1	1,148.5	1,291.4
Services (line 4):								
Revised	286.2	292.3	304.3	353.1	389.1	435.9	504.8	549.6
Amount of revision	....	....	....	....	....	2.0	7.5	5.2
Previously published	286.2	292.3	304.3	353.1	389.1	433.9	497.2	544.4
Income receipts (line 12):								
Revised	290.8	280.9	320.5	413.7	535.3	682.2	818.9	764.6
Amount of revision	....	....	....	....	....	–2.9	1.2	9.2
Previously published	290.8	280.9	320.5	413.7	535.3	685.2	817.8	755.5
Imports of goods and services and income payments (line 18):								
Revised	–1,629.5	–1,652.6	–1,790.4	–2,115.7	–2,459.6	–2,846.2	–3,072.7	–3,168.9
Amount of revision	–0.4	–0.6	–0.6	–0.9	–1.4	–7.9	9.3	–24.1
Previously published	–1,629.1	–1,652.0	–1,789.8	–2,114.8	–2,458.2	–2,838.3	–3,082.0	–3,144.8
Goods, balance of payments basis (line 20):								
Revised	–1,148.6	–1,168.0	–1,264.9	–1,478.0	–1,683.2	–1,863.1	–1,969.4	–2,117.2
Amount of revision	–0.4	–0.6	–0.6	–0.9	–1.4	–1.7	–1.5	–5.0
Previously published	–1,148.2	–1,167.4	–1,264.3	–1,477.1	–1,681.8	–1,861.4	–1,967.9	–2,112.2
Services (line 21):								
Revised	–221.8	–231.1	–250.4	–291.2	–313.5	–349.0	–375.2	–405.3
Amount of revision	....	....	....	....	....	–0.1	2.9	–0.6
Previously published	–221.8	–231.1	–250.4	–291.2	–313.5	–348.9	–378.1	–404.7
Income payments (line 29):								
Revised	–259.1	–253.5	–275.1	–346.5	–462.9	–634.1	–728.1	–646.4
Amount of revision	....	....	....	....	....	–6.2	7.9	–18.5
Previously published	–259.1	–253.5	–275.1	–346.5	–462.9	–628.0	–736.0	–627.9
Unilateral current transfers, net (line 35):								
Revised	–64.5	–64.9	–71.8	–88.4	–105.8	–91.3	–116.0	–128.4
Amount of revision	–13.2	....	....	–3.9	–16.0	0.8	–3.3	–8.7
Previously published	–51.3	–64.9	–71.8	–84.5	–89.8	–92.0	–112.7	–119.7
Capital account transactions, net (line 39):								
Revised	11.9	–1.5	–3.5	1.3	11.3	–3.9	–1.9	1.0
Amount of revision	13.2	....	....	3.7	15.4	*	–0.1	3.6
Previously published	–1.3	–1.5	–3.5	–2.4	–4.0	–3.9	–1.8	–2.6

* Less than 500,000 (+/–)

1. Credits +; An increase in U.S. receipts and U.S. liabilities, or a decrease in U.S. payments and U.S. claims. Debits –; An increase in U.S. payments and U.S. claims, or a decrease in U.S. receipts and U.S. liabilities.

NOTE. Line numbers refer to table 1 in "U.S. International Transactions: First Quarter of 2009" in the July 2009 SURVEY OF CURRENT BUSINESS.

revisions to the capital account for 2006 and 2007 were primarily due to updated source data on the number and wealth of migrants, which are used in the estimation of migrants' transfers.

Annual highlights, financial account

Revisions to the financial account were made for 2006–2008. Despite significant downward revisions to net financial inflows for each year, the revisions did not alter the picture of large declines in net financial inflows for 2007 and 2008 after a peak in 2006 (table A). Net financial inflows, including financial derivatives, were revised down $29.9 billion for 2006, $110.8 billion for 2007, and $41.5 billion for 2008. For 2006 and 2007, excluding financial derivatives, both U.S.-owned assets abroad and foreign-owned assets in the United States were revised up in absolute value. For 2008, both major categories of transactions were revised down. Net financial derivatives were unrevised for 2006 and were revised down only slightly for 2007.[2] For the most part, these revisions reflect the incorporation of new source data from the Treasury International Capital reporting system.

U.S.-owned assets abroad. U.S.-owned assets abroad excluding financial derivatives represent the net acquisition of foreign assets by U.S. residents. These transactions, in which net acquisitions are recorded as outflows with a minus sign, were revised up (became more negative) $34.0 billion for 2006 and $182.3 billion for 2007 (table C). As a result, U.S. net acquisitions increased modestly in 2007 to a historically high level. In the previously published statistics, U.S. net acquisitions showed a slight increase. U.S.-owned assets abroad were revised down $52.4 billion for 2008. The combination of these revisions resulted in an even more precipitous decline for 2008 than had been shown in the previously published statistics; U.S. net acquisitions for 2008 were revised to less than $1 billion, a historically low level.

Components affected by the revisions include the following:

- **U.S. direct investment abroad.** Strong upward revisions for 2007 reflected updated annual and quarterly data from BEA's direct investment surveys.
- **Foreign securities.** For 2007, upward revisions to foreign securities of $77.8 billion were the largest contributor to the overall revision to U.S.-owned assets abroad. Revisions for 2007 largely reflected the incorporation of the U.S. Treasury Department's annual survey of U.S. Ownership of Foreign Securities for December 2007. For 2008, net sales of foreign securities were revised down $30.2 billion.
- **Nonbank claims.** For 2006, upward revisions reflected updated annual and quarterly data from BEA's direct investment surveys. For 2007 and 2008, updated reporting related to the settlement of distressed debt strongly contributed to the overall revision for nonbank claims. For 2007, overall upward revisions to claims by nonbanks were $39.8 billion, and for 2008, overall downward revisions to claims by nonbanks were $88.5 billion.

2. Net financial derivatives were –$28.9 billion in 2008. Previously, published statistics are not available, because data were not available for the fourth quarter of 2008.

Table C. Revisions to Selected Financial-Account Transactions, 2006–2008

[Billions of dollars]

(Credits +; debits –) [1]	2006	2007	2008
U.S. owned assets abroad, excluding financial derivatives (line 40):			
Revised	–1,285.7	–1,472.1	–0.1
Amount of revision	–34.0	–182.3	52.4
Previously published	–1,251.7	–1,289.9	–52.5
U.S. private assets abroad			
Direct investment (line 51):			
Revised	–244.9	–398.6	–332.0
Amount of revision	–3.7	–65.3	–14.2
Previously published	–241.2	–333.3	–317.8
Foreign securities (line 52):			
Revised	–365.1	–366.5	60.8
Amount of revision	0.1	–77.8	–30.2
Previously published	–365.2	–288.7	91.0
U.S. claims on unaffiliated foreigners reported by U.S. nonbanking concerns (line 53):			
Revised	–181.3	–40.5	372.2
Amount of revision	–16.7	–39.8	88.5
Previously published	–164.6	–0.7	283.8
U.S. claims reported by U.S. banks (line 54):			
Revised	–502.1	–644.1	433.4
Amount of revision	–13.7	0.7	8.4
Previously published	–488.4	–644.8	425.0
Foreign-owned assets in the United States, excluding financial derivatives (line 55):			
Revised	2,065.2	2,129.5	534.1
Amount of revision	4.1	71.8	–65.0
Previously published	2,061.1	2,057.7	599.0
Foreign official assets in the United States			
U.S. Treasury securities (line 58):			
Revised	208.6	98.4	477.7
Amount of revision	....	39.6	35.4
Previously published	208.6	58.9	442.2
Other foreign official assets (line 62):			
Revised	34.4	96.7	88.3
Amount of revision	....	30.0	30.0
Previously published	34.4	66.7	58.3
Other foreign assets in the United States			
Direct investment (line 64):			
Revised	243.2	275.8	319.7
Amount of revision	1.2	38.2	–5.5
Previously published	242.0	237.5	325.3
U.S. Treasury securities (line 65):			
Revised	–58.2	66.8	196.6
Amount of revision	*	–90.0	–111.0
Previously published	–58.2	156.8	307.6
U.S. securities other than U.S. Treasury securities (line 66):			
Revised	683.2	605.7	–126.7
Amount of revision	–0.1	31.8	–3.2
Previously published	683.4	573.9	–123.6
U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns (line 68):			
Revised	244.8	201.7	–45.2
Amount of revision	2.1	45.4	–15.8
Previously published	242.7	156.3	–29.3
U.S. liabilities reported by U.S. banks, not included elsewhere (line 69):			
Revised	462.0	509.3	–326.6
Amount of revision	0.9	–23.5	10.8
Previously published	461.1	532.8	–337.3

* Less than 500,000 (+/–)

1. Credits +; An increase in U.S. receipts and U.S. liabilities, or a decrease in U.S. payments and U.S. claims. Debits –; An increase in U.S. payments and U.S. claims, or a decrease in U.S. receipts and U.S. liabilities.

NOTE. Line numbers refer to table 1 in "U.S. International Transactions: First Quarter of 2009" in the July 2009 SURVEY OF CURRENT BUSINESS.

- **Bank claims.** For 2006, upward revisions reflected updated annual and quarterly data from BEA's direct investment surveys. [3]

Foreign-owned assets in the United States. Foreign-owned assets in the United States excluding financial derivatives represent the net acquisition of U.S. assets by foreign residents. These transactions, in which net acquisitions are recorded as inflows with a positive sign, were revised up $4.1 billion for 2006 and $71.8 billion for 2007. As a result, foreign net acquisitions of U.S. assets increased modestly from 2006 to a historically high level in 2007. In contrast, the previously published statistics showed a slight decline. For 2008, foreign-owned assets in the United States were revised down $65.0 billion, accelerating an already steep decline from 2007 levels.

Many of the larger revisions to the detailed components for each year were offsetting. Components affected by the revisions include the following:

- **Official and private holdings of U.S. Treasury securities**. Official holdings of U.S. Treasury securities were revised up significantly for 2007 and 2008, while private holdings were revised down even more significantly. The revisions were largely due to updated data from the U.S. Treasury Department's annual survey of Foreign-Residents' Holdings of U.S. Securities for June 2008.
- **Foreign direct investment in the United States.** Strong upward revisions of $38.2 billion for 2007 were largely due to updated annual and quarterly data from BEA's direct investment surveys.
- **Other foreign official assets and private holdings of U.S. securities other than Treasury securities.** Other foreign official assets were revised up $30.0 billion for 2007 and 2008. For 2007, holdings of U.S. securities other than Treasury securities were revised up $31.8 billion. The upward revisions were largely due to updated data from the U.S. Treasury Department's annual survey of Foreign-Residents' Holdings of U.S. Securities for June 2008.
- **U.S. liabilities to unaffiliated foreigners reported by U.S. nonbanking concerns.** Upward revisions were related to updated data from BEA's annual and quarterly direct investment surveys and to revised supplemental transactions from foreign counterparties. Overall, nonbank liabilities were revised up $45.4 billion for 2007.

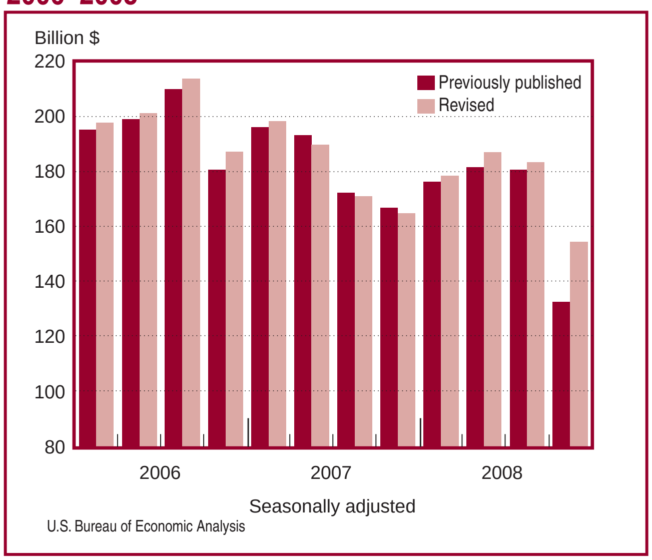
3. Survey data on direct investment affects U.S. claims reported by banks because owner's equity and permanent debt are included in direct investment statistics; bank claims are adjusted to avoid double-counting. Survey data on direct investment affects U.S. claims reported by nonbanks because nonbank claims include financial intermediaries' intercompany debt accounts for which data are collected in the direct investment surveys.

Quarterly highlights, current account

In general, the revisions to the quarterly statistics for exports, imports, income and transfers did not significantly affect the previously published patterns of quarter-to-quarter changes in the current-account deficit (chart 3). However, some quarterly patterns were revised because of the new treatment of certain disaster-related insurance losses recovered. The effects of this new treatment are concentrated in the specific quarters when the disasters occurred. As a result, the balance on the current account, net unilateral current transfers, private remittances and other transfers, and the capital account were all significantly revised for the third quarters of 1992, 2001, 2004, 2005, and 2008. For 2001, 2004, and 2005, the seasonally adjusted current-account deficit in the third quarter is now larger than the deficit in the second quarter.

In addition to the sources of revisions outlined for the annual statistics, the quarterly statistics incorporate revised seasonal factors for exports and imports of goods and services and income flows. For most quarters, the sum of revisions from all sources did not significantly affect the direction or magnitude of change of the quarterly seasonally adjusted statistics for major current-account aggregates. The revisions in change were significant for just two quarters, the second quarter of 2007 and the fourth quarter of 2008. The decline in the current-account deficit for the second quarter of 2007 is now much larger primarily because of revisions in the surplus on income for the first and second quarters of 2007. These revisions resulted from the incorporation of new survey data on direct investment

Chart 3. Quarterly Current-Account Deficit, 2006–2008



income flows. In addition, the decline in the current-account deficit is now significantly smaller for the fourth quarter of 2008 primarily because of a large downward revision to the surplus on income and an upward revision to the deficit on goods.

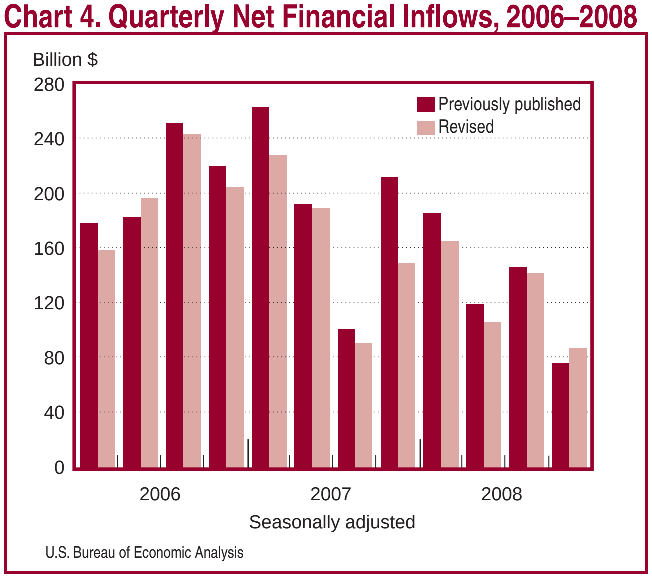
Quarterly highlights, financial account

Revisions to the quarterly statistics for net financial inflows, U.S.-owned assets abroad, and foreign-owned assets in the United States largely reflected the revisions to the annual statistics and for the most part did not significantly affect the published patterns of quarter-to-quarter changes (chart 4). Net financial inflows for all quarters in 2006–2008 remained well below the peak of $292.2 billion in the fourth quarter of 2005. The revised statistics for the fourth quarter of 2008 still show a sharp decline, despite a significant upward revision, to the lowest level of net financial inflows since the second quarter of 2005. Net financial inflows were revised down for all quarters except for the second quarter of 2006 and the fourth quarter of 2008. Both U.S.-owned assets abroad and foreign-owned assets in the United States were revised up for most quarters of 2006 and 2007 and down for all quarters of 2008.

With one exception, directions of change were not affected by the revisions. The exception is the first quarter of 2008, which declined in the previously published statistics but increased in the revised statistics. The shift resulted from a large downward revision for the fourth quarter of 2007. The downward revision was more than accounted for by a $94.8 billion upward revision to U.S.-owned assets abroad. The latter partly reflects a revision to nonbank claims. Although this revision did not affect the direction of change from the third quarter to the fourth quarter of 2007, it significantly reduced the size of the increase.

The increase in net financial inflows for the second quarter of 2006 was revised up sharply from $4.6 billion to $38.2 billion, reflecting the combination of a downward revision for the first quarter of 2006 and an upward revision for the second quarter of 2006. The downward revision for the first quarter was primarily due to a higher level of U.S. bank and nonbank claims. The upward revision for the second quarter was primarily due to a lower level of U.S. direct investment abroad.

Chart 4. Quarterly Net Financial Inflows, 2006–2008



Statistical discrepancy

In principle, net financial inflows should equal the combined balances on the current account and capital account. In practice, they usually differ, sometimes by large amounts, because of incomplete source data, gaps in coverage, or other omissions. For certain periods, revisions to net financial inflows plus financial derivatives differed significantly from the revisions to the combined deficits of the current account and capital account. As a result, revisions to the statistical discrepancy were relatively large for some periods. For 2006, the revisions moved the statistical discrepancy close to zero. For 2007 and 2008, however, opposing revisions resulted in larger statistical discrepancies. BEA continues to conduct research and work closely with its source data partners to address concerns about the size of the statistical discrepancy. See the box "The Statistical Discrepancy During Periods of Economic Turbulence."

International investment position

The international investment position for 2006–2007 was revised. The position with direct investment at current cost for 2006 was revised $41.5 billion, to –$2,184.3 billion from –$2,225.8 billion. U.S.-owned assets abroad were revised to $14,428.1 billion from $14,381.3 billion, and foreign-owned assets in the United States were revised to $16,612.4 billion from $16,607.1 billion. The position for 2007 was revised $301.9 billion, to –$2,139.9 billion from –$2,441.8 billion. U.S.-owned assets abroad were revised to $18,278.8 billion from $17,640.0 billion, and foreign-owned assets in the United States were revised to $20,418.8 billion from $20,081.8 billion.[4]

4. For additional information about the international investment position see Elena L. Nguyen, "The International Investment Position of the United States at Yearend 2008" in this issue of the SURVEY OF CURRENT BUSINESS.

The Statistical Discrepancy in Periods of Economic Turbulence

The U.S. international transaction accounts (ITAs) provide an integrated set of accounts that portray, for a given period, the flows of goods, services, income, and transfers between the United States and other countries. The ITAs consist of the current account, the capital account, and the financial account. The current account depicts flows associated with exports and imports of goods and services, cross-border income receipts and payments, and net unilateral current transfers. The capital account measures capital transfers and the acquisition or disposal of nonproduced, nonfinancial assets. The financial account records the net acquisition of U.S. assets abroad, foreign net acquisition of assets in the United States, and financial flows under derivatives contracts.

In principle, the deficit (or surplus) on the combined current and capital accounts equals net foreign inflows (or outflows) in the financial account. This relationship follows from the accounting identity that domestic investment equals domestic saving plus net foreign investment. In practice, however, because of data gaps, omissions, and other measurement issues, the accounting identity doesn't hold exactly; that is, the statistical discrepancy never exactly equals zero.

When net financial inflows are less than the combined current- and capital-account deficits, the statistical discrepancy is positive. When net financial inflows are greater than the combined current- and capital-account deficits, the statistical discrepancy is negative. Viewed in this way, the statistical discrepancy can be interpreted as a component of the net financing of the combined current- and capital-account deficits, and its size can then be evaluated relative to the size of the combined deficits.

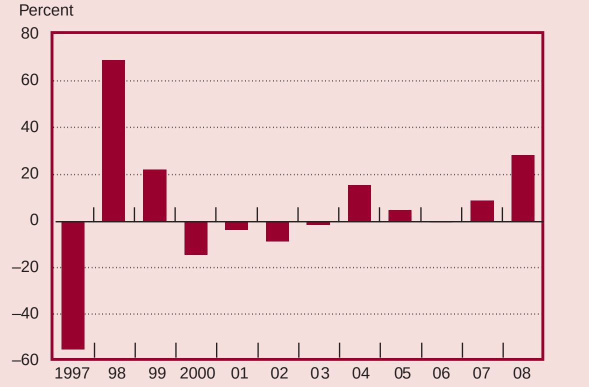
For the past several quarters, the value of the statistical discrepancy has been relatively large and positive, indicating a shortfall of measured net financial inflows relative to the combined current- and capital-account deficits. Large positive or negative values for the statistical discrepancy are a cause for concern because these values can signal measurement problems in one or more of the components of the current, capital, or financial accounts. Persistence in the sign of the statistical discrepancy (positive or negative) for several quarters is may also signify systematic overstatement or understatement in one or more sets of accounts. In contrast, quarterly changes in the sign of the statistical discrepancy may simply indicate differences in the timing of recording transactions in various components of the accounts. Large statistical discrepancies with persistent signs hamper the interpretation of overall trends and patterns in the accounts.

History suggests that the size of the statistical discrepancy may tend to be greatest during periods of unsettled financial market conditions. For 2008, a year marked by financial market turbulence, the statistical discrepancy was $200.5 billion, the largest since 1998 when it was $148.9 billion. Like 2008, 1998 was affected by several unusual financial market developments, including the East Asian financial crisis that started in 1997 and continued into 1998, the Russian financial crisis, and the collapse of Long-Term Capital Management, a large hedge fund. In 1998, the statistical discrepancy represented 69 percent of the combined current- and capital-account deficits, whereas in 2008, despite its large absolute size, it represented 28 percent. The statistical discrepancy was also large in relative terms in 1997 and each year in 1988–92, a period that included the recession of 1990–91. In addition to its relatively large size in recent years, the statistical discrepancy has been positive for seven consecutive quarters starting with the third quarter of 2007 through the first quarter of 2009. A similar pattern was observed for 1998–99, when the discrepancy was positive for seven consecutive quarters from the first quarter of 1998 through the third quarter of 1999.

BEA has taken several steps over the last decade to reduce or eliminate gaps and omissions in the ITAs that may have contributed to the statistical discrepancy. In general, BEA believes that the gaps and omissions in the source data for the current account are not as great as those for the financial account, especially for claims and liabilities reported by nonbanking concerns.

Starting with data for 2006, BEA has included measures of net flows under financial derivative contracts. Last year, the financial account was improved by including measures of missing flows related to the issuance of asset-backed commercial paper by offshore special purpose vehicles. For the current account, measures of services exports and imports were improved last year, starting with 2006, by combining the collection of transactions between both affiliated and unaffiliated parties in a single survey instrument and expanding the detail for affiliated transactions. BEA will continue to research and work closely with its source data partners—including the Census Bureau, the Treasury Department, and the Federal Reserve Board—to reduce the size and persistence of the statistical discrepancy.

Chart A. Statistical Discrepancy as a Percent of the Combined Current-Account and Capital-Account Deficit, 1997–2008



Changes in Definitions, Methodologies, and Presentation

This section identifies the changes in definitions and methodologies introduced in this annual revision, describes the accounts, components, and periods affected, briefly discusses the rationale for the change, and describes changes in presentation. Changes in definitions and classifications are discussed first, followed by changes in methodologies and source data. Changes in definitions and classifications represent new or improved views of the economic accounting concepts and principles that should be measured in the accounts. Changes in methodologies and source data provide better statistical measures of specific concepts or principles.

Changes in definitions and classifications

For this annual revision, the only change in definitions or classifications is a new treatment of certain disaster-related losses recovered from international insurance companies. This change affects private remittances and other transfers, a component of net unilateral current transfers in the current account, and the capital account. Periods with revised statistics are those with major disasters. A similar change in treatment will be introduced in the upcoming comprehensive revision of the national income and product accounts (NIPAs).[5]

BEA defines and measures insurance services as premiums minus "normal" losses, where normal losses are inferred from the relationship of actual losses to premiums averaged over several years plus premium supplements (income deemed to be the property of policyholders) and auxiliary insurance services.[6] Differences between actual and normal losses must be accounted for with offsetting entries. Under the prior treatment, the entire amount of the offsets were entered (on a net basis) as part of unilateral current transfers, as was recommended by international guidelines.

This treatment led to conceptual problems in quarters when major natural or man-made disasters resulted in large inflows of losses recovered from international insurers. In these quarters, actual losses recovered exceeded normal losses, resulting in sharp increases (inflows) in current unilateral transfers. However, insurance companies pay disaster-related losses out of reserves that are set up for this purpose and investment income, not from their current account. Because the actual losses recovered were not paid out of income arising from current production, the inclusion of transfers associated with these losses in the current account introduced volatility that was not related to income from production in the current quarter. Economic accounting principles suggest that activities that are primarily related to the income statement should appear in the current account, whereas activities that are primarily related to the balance sheet should appear in the capital account. In addition, a large percentage of disaster-related losses recovered are for damage to buildings and other capital assets. Because they arise from the loss of capital and are intended to fund the replacement of capital, it is inappropriate to include these losses in the current account.

Beginning with this year's annual revision, BEA will record certain disaster-related losses recovered in the capital account. This new treatment acknowledges the capital nature of disaster-related losses, and removes the volatility not related to current production. In addition, this treatment corresponds with recently revised international guidelines in the International Monetary Fund's *Balance of Payments and International Investment Position Manual* (6th edition) and the *2008 System of National Accounts*. The new treatment does not affect the estimation of insurance services, or the treatment of catastrophic losses in that estimation.

This new treatment affects statistics for the third quarters of 1992, 2001, 2004, 2005, and 2008 (table D). These revisions remove a large amount of the volatility from current transfers and introduce additional volatility into the capital account.

The revisions presented here are consistent with those that will be made to "the rest of the world" (international) transactions in the upcoming NIPA revision.[7] Disaster-related losses recovered from insurance companies, including those from "the rest of the

5. See Eugene P. Seskin and Shelly Smith, "Preview of the 2009 Comprehensive Revision of the NIPAs: Changes in Definitions and Presentations" SURVEY 89 (March 2009): 10–28.

6. For more information on the insurance methodology see Christopher L. Bach, "Annual Revision of the U.S. International Accounts, 1992–2002," SURVEY 83 (July 2003): 35–37, and Christopher L. Bach, "Annual Revision of the U.S. International Accounts, 1995–2005," SURVEY 86 (July 2006): 42.

7. Because many disasters do not have a significant international component, the NIPA revisions to domestic transactions include more quarters.

Table D. Impact of New Treatment of Disaster-Related Insurance Losses Recovered, Selected Quarters

[Millions of dollars, Not seasonally adjusted]

(Credits +; debits –) [1]	1992:III	2001:III	2004:III	2005:III	2008:III [2]
Private remittances and other transfers (line 38):					
Revised	–5,350	–12,065	–14,902	–15,477	–21,946
Amount of revision	–1,535	–13,192	–3,691	–15,380	–1,926
Previously published	–3,815	1,127	–11,211	–97	–20,020
Capital account transactions, net (line 39):					
Revised	1,404	12,859	2,739	14,913	2,967
Amount of revision	1,535	13,192	3,691	15,380	3,702
Previously published	–131	–333	–952	–467	–735

1. Credits +; An increase in U.S. receipts and U.S. liabilities, or a decrease in U.S. payments and U.S. claims. Debits –; An increase in U.S. payments and U.S. claims, or a decrease in U.S. receipts and U.S. liabilities.
2. Amount of revision includes the effect of updated source data.
NOTE. Line numbers refer to table 1 in "U.S. International Transactions: First Quarter of 2009" in the July 2009 SURVEY OF CURRENT BUSINESS.

world" insurers, will be moved from the current account to the capital account.

Changes in methodologies and source data

Current account

Several changes in methodologies and source data were introduced that improve the statistics on merchandise exports and imports. In addition, source data were updated for services, income, and transfers.

A new methodology was introduced for calculating the adjustment to "Census-basis" merchandise trade data for exports transferred under U.S. military agency sales contracts (see table 2, part A, line 5, page 72).[8] Goods exported under these contracts are included as exports of services in the international transaction accounts (see table 1, line 5, page 66) because both goods and services are provided through these contracts and are commingled in the source data. To avoid double-counting, an adjustment is made to remove these goods from the "Census-basis" data. Under the previous methodology, Harmonized Tariff System codes were used to identify and remove all military-type transactions. The new methodology, introduced starting with statistics for 2002, identifies specific goods exported through U.S. military agency sales contracts and removes these goods from the "Census-basis" data. The new methodology yielded smaller adjustments for 2002–2007 and a larger adjustment for 2008.

A new adjustment to "Census-basis" merchandise trade data (see table 2, part A, line 12, page 72) was introduced to account for imports of locomotives and railcars from Mexico and Canada. In the late 1990s, a change in U.S. trade law eliminated the requirement for U.S. importers of locomotives and railcars to file certain U.S. Customs documents, creating a gap in the reported data. To close this reporting gap, beginning with statistics for 2001, BEA introduced a new adjustment, based on actual trade data reported by U.S. trade partners.

Other changes include the following:

- The introduction of revised source data for exports of civilian aircraft. Exports of civilian aircraft were revised down for 2004–2008.
- In services, new transactions were included in transfers under U.S. military agency sales contracts to more completely account for training services and equipment provided to local security forces in Iraq and Afghanistan. Transfers under U.S. military agency sales contracts were revised up for 2006–2008.
- The incorporation of updated and revised quarterly data, collected on BEA surveys, on receipts and payments of private services for 2006–2008. In last year's annual revision, BEA published total trade (affiliated and unaffiliated) for all types of private services for the first time.
- The incorporation of annual survey data on direct investment financial flows and investment income for 2006–2007 and quarterly survey data for 2006–2008.

Financial account

The annual revision introduced new and improved source data from the U.S. Treasury Department's annual survey of U.S. Ownership of Foreign Securities for December 2007 and its annual survey of Foreign-Residents' Holdings of U.S. Securities for June 2008. The incorporation of data from these surveys led to revised position statistics for many types of holdings for 2007 and had a significant impact on new position statistics for 2008. There were related revisions to income receipts and payments. Most categories of financial transactions were also revised to account for new survey results; however, there were no revisions to net transactions related to foreign official holdings of agency bonds or to net transactions related to foreign official holdings of corporate bonds. Revisions to net transactions related to private holdings of corporate bonds were entirely related to revisions to other updated source data. Below is a summary of survey-related revisions to positions for 2007.

Foreign stocks and bonds. Positions were revised for 2007 to incorporate the results from the U.S. Treasury Department's annual survey of U.S. Ownership of Foreign Securities for December 2007. Positions for foreign stocks were revised up $77.6 billion; there were very small downward revisions related to other updated source data. Positions for foreign bonds were revised up $103.0 billion; there were additional upward revisions related to other updated source data.

Treasury bonds. Positions for private and foreign official holdings were revised for 2007 to incorporate the results from the U.S. Treasury Department's annual survey of Foreign-Residents' Holdings of U.S. Securities for June 2008 (June 2008 survey). Foreign official holdings were revised up $37.3 billion. Private holdings were revised down $97.7 billion; there were small upward revisions related to other updated source data.

U.S. agency bonds. Positions for foreign official and private holdings were also revised to incorporate

8. The "Census-basis" merchandise trade data are compiled by the Census Bureau from the documents collected by the U.S. Customs and Border Protection. BEA adjusts the "Census-basis" data for coverage and valuation to bring them into conformity with balance-of-payments concepts.

results from the June 2008 survey. Foreign official holdings were revised down $2.1 billion. Private holdings were revised down $17.6 billion; there were small upward revisions related to other updated source data.

Corporate bonds and stocks. Positions for foreign official and private foreign holdings were revised to incorporate results from the June 2008 survey. Private holdings of U.S. corporate bonds were revised down $6.9 billion; upward revisions related to other updated source data were more than offsetting. Official holdings were revised down $26.6 billion. Private holdings of U.S. stocks were revised up $68.0 billion; there were very small downward revisions related to other updated source data. Official holdings were revised up $56.0 billion.

Changes in presentation

Several modifications have been made to part A of table 2 (see page 72). Part A presents the adjustments made to convert exports and imports of goods from a "Census basis" to the balance-of-payments basis used for the international transactions accounts. Lines for adjustments that are no longer needed for the reconciliation were eliminated, and new lines were added to separately identify large adjustments that had been included under "other adjustments, net." Small adjustments were moved to the "other adjustments, net" line.

For exports, the adjustment "repair of equipment,"

Implementing New International Standards

Late last year, the International Monetary Fund released the sixth edition of the *Balance of Payments and International Investment Position Manual*. This update, the first since 1993, was coordinated with the update of the *System of National Accounts* in order to increase consistency between the two sets of international guidelines. At about the same time, the Organisation for Economic Co-operation and Development updated its *Benchmark Definition of Foreign Direct Investment*. The release of these updated standards provides an opportunity for BEA to consider introducing new treatments that bring its international economic accounts into closer alignment with the accounts of other nations. It also provides an opportunity to consider changes in definitions, classifications, methodology, and presentation that are not related to the new standards but that further enhance the overall quality and usefulness of the accounts.

BEA's international economic accounts directorate has formed a steering committee to develop a strategy and establish processes for identifying, evaluating, and ultimately implementing new international standards and other important changes. The committee will consider not only the economic and statistical significance of proposed changes but also practical matters such as resource requirements, source data availability, data processing needs, estimation issues, and implications for publication tables and data dissemination. This comprehensive review will provide an opportunity to rethink both products and processes and BEA's relationships with its customers and suppliers.

BEA will ultimately focus its efforts on those changes that will improve the comparability of the international economic accounts with the accounts of other nations, especially major trading and investment partners, and will further integrate BEA's international, national, industry, and regional economic accounts. Some of the recommendations in the new international standards are relatively straightforward and, in principle, should not be difficult to implement, although practical problems could arise. For example, this article describes the implementation of a new treatment of disaster-related insurance losses recovered that was first proposed in the *System of National Accounts* update and ultimately appeared in the *Balance of Payments and International Investment Position Manual*. Implementing this change did not require new source data and could be handled within the framework of the existing data processing system. Some of the other recommended changes are primarily changes in presentation of existing data that would result in changes to table formats but that would not require new source data. Other changes are more complex and would require new source data, new methodologies and presentations, and possibly new data processing applications. For example, the updated manual recommends that goods that cross borders simply for further processing and do not change ownership (goods for processing) should not be included in merchandise exports and imports. Instead, the value of the processing service (the processing fee) should be treated as trade in services. If implemented in its entirety, this recommendation would require not only the collection of new data on processing services but also an adjustment of merchandise trade data to exclude particular types of goods from both exports and imports.

As part of its review of the new standards and evaluation of the feasibility of implementing changes, BEA will consult with both its source data suppliers and its major external and internal customers to determine if new data can be obtained and to understand the challenges that customers will face in their use of BEA statistics. BEA views the implementation of new standards and other major changes as a multiyear process that will occur in phases. However, BEA plans to begin introducing changes in the annual revision scheduled to be released in June 2010. BEA looks forward to working with its customers and suppliers as it further develops plans for implementing new international standards and other improvements to the international accounts.

which was previously included in "other adjustments, net," is now shown separately. Repair of equipment covers the value of repairs or alterations of equipment imported into the United States; these data are deducted from goods exports and added to exports of private services. Lines for the adjustments "inland U.S. freight to Canada" and "U.S.-Canadian reconciliation adjustments, n.e.c., net" were eliminated because the source data now include these adjustments.

For imports, the adjustment "software revaluation" was moved from "other adjustments, net," and it is now shown separately. This adjustment is necessary to bring imports of certain computer software reported at media value to market value as required for both the international and national accounts. The adjustment "locomotives and railcars" is now shown separately.

Table E. Revisions to U.S. International Transactions—Continues

[Millions of dollars; quarters seasonally adjusted]

	Exports of goods and services and income receipts			Imports of goods and services and income payments			Unilateral current transfers, net (inflows +, outflows –)		
	Previously published	Revised	Revision	Previously published	Revised	Revision	Previously published	Revised	Revision
1992	750,648	750,648		–765,626	–765,626		–35,100	–36,636	–1,536
1993–2000 not revised									
2001	1,295,693	1,295,692	–1	–1,629,097	–1,629,475	–378	–51,295	–64,487	–13,192
2002	1,255,663	1,258,411	2,748	–1,651,990	–1,652,615	–625	–64,948	–64,948	
2003	1,338,213	1,340,647	2,434	–1,789,819	–1,790,372	–553	–71,794	–71,794	
2004	1,574,326	1,572,971	–1,355	–2,114,837	–2,115,739	–902	–84,482	–88,362	–3,880
2005	1,819,016	1,816,723	–2,293	–2,458,225	–2,459,633	–1,408	–89,784	–105,772	–15,988
2006	2,142,164	2,133,905	–8,259	–2,838,254	–2,846,179	–7,925	–92,027	–91,273	754
2007	2,463,505	2,462,099	–1,406	–3,082,014	–3,072,675	9,339	–112,705	–115,996	–3,291
2008	2,591,254	2,591,233	–21	–3,144,807	–3,168,938	–24,131	–119,713	–128,363	–8,650
1992: I	186,444	186,444		–185,468	–185,468		–7,210	–7,210	
II	186,873	186,873		–190,414	–190,414		–8,349	–8,349	
III	188,127	188,127		–193,313	–193,313		–7,982	–9,517	–1,535
IV	189,201	189,201		–196,427	–196,427		–11,561	–11,561	
1993–2000 not revised									
2001: I	350,489	350,489		–442,826	–442,884	–58	–15,171	–15,171	
II	334,968	334,968		–416,706	–416,828	–122	–15,802	–15,802	
III	312,094	312,093	–1	–400,657	–400,716	–59	–2,941	–16,134	–13,192
IV	298,144	298,144		–368,912	–369,050	–138	–17,374	–17,374	
2002: I	302,429	303,113	684	–388,601	–388,736	–135	–18,542	–18,542	
II	314,174	314,893	719	–415,267	–415,445	–178	–15,007	–15,007	
III	321,743	322,397	654	–423,307	–423,480	–173	–15,005	–15,005	
IV	317,321	318,013	692	–424,810	–424,949	–139	–16,394	–16,394	
2003: I	321,626	322,280	654	–439,095	–439,190	–95	–18,219	–18,219	
II	324,745	325,332	587	–437,889	–438,044	–155	–17,600	–17,600	
III	335,183	335,764	581	–448,024	–448,175	–151	–17,707	–17,707	
IV	356,654	357,265	611	–464,810	–464,962	–152	–18,269	–18,269	
2004: I	375,712	375,738	26	–489,177	–489,332	–155	–22,987	–22,987	
II	387,382	387,174	–208	–521,673	–521,845	–172	–21,385	–21,385	
III	396,956	396,473	–483	–534,133	–534,397	–264	–17,289	–21,141	–3,852
IV	414,275	413,584	–691	–569,854	–570,166	–312	–22,822	–22,850	
2005: I	434,701	434,626	–75	–580,114	–580,374	–260	–28,644	–28,723	–79
II	447,848	447,206	–642	–600,704	–601,069	–365	–24,964	–25,196	–232
III	457,508	456,955	–553	–617,311	–617,635	–324	–9,090	–24,658	–15,568
IV	478,958	477,936	–1,022	–660,097	–660,557	–460	–27,085	–27,194	–109
2006: I	504,862	503,350	–1,512	–679,297	–681,005	–1,708	–21,516	–20,995	521
II	529,782	528,763	–1,019	–705,572	–707,132	–1,560	–24,116	–23,708	408
III	543,893	540,184	–3,709	–730,083	–730,097	–14	–24,716	–24,876	–160
IV	563,627	561,608	–2,019	–723,303	–727,946	–4,643	–21,679	–21,693	–14
2007: I	572,182	574,689	2,507	–738,938	–742,980	–4,042	–30,174	–30,807	–633
II	602,122	600,300	–1,822	–771,262	–765,079	6,183	–24,953	–25,752	–799
III	638,393	631,854	–6,539	–783,548	–774,912	8,636	–27,796	–28,557	–761
IV	650,808	655,255	4,447	–788,264	–789,703	–1,439	–29,784	–30,883	–1,099
2008: I	651,416	654,217	2,801	–796,593	–800,185	–3,592	–31,731	–33,330	–1,599
II	671,888	671,886	–2	–825,091	–828,458	–3,367	–29,034	–31,147	–2,113
III	678,258	673,383	–4,875	–829,558	–825,200	4,358	–29,998	–32,361	–2,363
IV	589,692	591,747	2,055	–693,564	–715,096	–21,532	–28,949	–31,527	–2,578

See the footnotes at the end of the table.

The line for "U.S.-Canadian reconciliation adjustments, n.e.c., net" has been eliminated because the source data now include this adjustment. The adjustment "electric energy" is now included with other adjustments with relatively smaller values in "other adjustments, net."

A minor modification was also made to table 2, part C "trade in goods, by principal end-use category." On the import side, in "capital goods, except automotive" (line 116, page 80), the line for "transportation equipment, except automotive" was eliminated, and a line for "other transportation equipment" was added. The new layout is consistent with the comparable layout on the export side.

Table E. Revisions to U.S. International Transactions—Table Ends

[Millions of dollars; quarters seasonally adjusted]

	Balance on current account			Capital account transactions, net (inflows +, outflows –)			Net financial flows (inflows +, outflows –)		
	Previously published	Revised	Revision	Previously published	Revised	Revision	Previously published	Revised	Revision
1992	–50,078	–51,613	–1,535	–557	978	1,535	93,939	93,939	
1993–2000 not revised									
2001	–384,699	–398,270	–13,571	–1,270	11,922	13,192	400,254	400,254	
2002	–461,275	–459,151	2,124	–1,470	–1,470		500,515	500,515	
2003	–523,400	–521,519	1,881	–3,480	–3,480		532,879	532,879	
2004	–624,993	–631,130	–6,137	–2,369	1,323	3,692	532,331	532,331	
2005	–728,993	–748,683	–19,690	–4,036	11,344	15,380	700,716	700,716	
2006	–788,116	–803,547	–15,431	–3,880	–3,906	–26	839,074	809,150	–29,924
2007	–731,214	–726,573	4,641	–1,843	–1,895	–52	774,345	663,556	–110,789
2008	–673,265	–706,068	–32,803	–2,600	953	3,553	[1] 546,590	505,060	–41,530
1992: I	–6,234	–6,234		–137	–137		18,784	18,784	
II	–11,890	–11,890		–175	–175		33,497	33,497	
III	–13,168	–14,703	–1,535	–131	1,404	1,535	21,361	21,361	
IV	–18,787	–18,787		–114	–114		20,295	20,295	
1993–2000 not revised									
2001: I	–107,508	–107,567	–59	–301	–301		114,573	114,573	
II	–97,540	–97,662	–122	–313	–313		120,165	120,165	
III	–91,504	–104,757	–13,253	–333	12,859	13,192	57,084	57,084	
IV	–88,142	–88,280	–138	–323	–323		108,433	108,433	
2002: I	–104,714	–104,166	548	–321	–321		88,384	88,384	
II	–116,100	–115,559	541	–333	–333		91,613	91,613	
III	–116,569	–116,088	481	–399	–399		161,227	161,227	
IV	–123,883	–123,329	554	–417	–417		159,288	159,288	
2003: I	–135,688	–135,129	559	–489	–489		158,593	158,593	
II	–130,744	–130,312	432	–1,663	–1,663		60,305	60,305	
III	–130,548	–130,118	430	–909	–909		128,422	128,422	
IV	–126,425	–125,966	459	–419	–419		185,563	185,563	
2004: I	–136,453	–136,581	–128	–487	–487		105,507	105,507	
II	–155,676	–156,055	–379	–427	–427		161,128	161,128	
III	–154,466	–159,066	–4,600	–952	2,739	3,691	104,685	104,685	
IV	–178,401	–179,432	–1,031	–503	–503		161,012	161,012	
2005: I	–174,057	–174,471	–414	–2,594	–2,594		105,007	105,007	
II	–177,821	–179,059	–1,238	–510	–510		82,483	82,483	
III	–168,892	–185,339	–16,447	–467	14,913	15,380	221,043	221,043	
IV	–208,223	–209,815	–1,592	–465	–465		292,183	292,183	
2006: I	–195,952	–198,651	–2,699	–1,716	–1,721	–5	179,674	159,592	–20,082
II	–199,906	–202,078	–2,172	–1,005	–1,017	–12	184,270	197,789	13,519
III	–210,906	–214,789	–3,883	–533	–539	–6	253,223	245,186	–8,037
IV	–181,355	–188,031	–6,676	–626	–629	–3	221,908	206,583	–15,325
2007: I	–196,930	–199,098	–2,168	–543	–549	–6	265,443	229,889	–35,554
II	–194,093	–190,531	3,562	–112	–124	–12	193,549	191,292	–2,257
III	–172,952	–171,614	1,338	–617	–625	–8	101,942	91,836	–10,106
IV	–167,241	–165,330	1,911	–571	–597	–26	213,411	150,539	–62,872
2008: I	–176,909	–179,298	–2,389	–600	–637	–37	187,238	166,591	–20,647
II	–182,237	–187,719	–5,482	–631	–682	–51	120,599	106,991	–13,608
III	–181,299	–184,178	–2,879	–735	2,967	3,702	147,327	143,144	–4,183
IV	–132,822	–154,875	–22,053	–633	–695	–62	[1] 76,830	88,333	11,503

1. The previously published statistics for net financial flows for the fourth quarter of 2008 and for 2008 excluded transactions in financial derivatives because source data were not available for the fourth quarter of 2008.

NOTE. Details may not add to totals because of rounding.

Source: U.S. Bureau of Economic Analysis

See the following report on financial derivatives.