

An Ownership-Based Disaggregation of the U.S. Current Account, 1982–96

THIS REPORT UPDATES BEA's presentation of an ownership-based disaggregation of the current-account portion of the U.S. international transactions accounts (balance of payments).¹ The estimates for 1985–93 have been revised to incorporate the latest estimates of U.S. international transactions, and the estimates for 1993 have been revised to incorporate the latest estimates of the financial and operating data of foreign-owned affiliates in the United States and U.S.-owned affiliates abroad; new estimates are presented for 1994–96.

In the standard current-account presentation, U.S. sales to foreigners include only the goods and services delivered to foreign markets directly from the United States (shown in line 3 of table 1). In the ownership-based presentation, a more comprehensive measure of international "sales" (line 2) includes the income received by U.S. companies from the sale of goods and services by their subsidiaries abroad (line 8). Similarly, a comparable measure of U.S. international "purchases" (line 21) includes the income paid by foreign-owned firms in the United States to their foreign owners as well as the goods and services delivered to the U.S. market from abroad. These additions raise the value of total U.S. sales and purchases and provide an improved basis for assessing the impact of net "overseas" sales on the U.S. economy.

In the table, the balance on goods, services, and net receipts from sales by affiliates (line 41) shows the net result of the active participation of U.S. companies in international markets. In every year since 1985, this balance has been more favorable than the balances shown in the standard presentation; in 1996, the most recent year for which data are available, this balance was $-\$42.4$ billion, compared with $-\$108.6$ billion for the balance on goods and services.

Unlike the standard presentation, the ownership-based presentation (using exports as an example)

1. The estimates for 1982–93 were previously published in Obie G. Whichard and Jeffrey H. Lowe, "An Ownership-Based Disaggregation of the U.S. Current Account, 1982–93," *SURVEY OF CURRENT BUSINESS* 75 (October 1995): 52–61. This article also contains a discussion of the disaggregated estimates and of the sources and methods used to produce them. For a general review of the issues relating to ownership relationships in international transactions, see J. Steven Landefeld, Obie G. Whichard, and Jeffrey H. Lowe, "Alternative Frameworks for U.S. International Transactions," *SURVEY* 73 (December 1993): 50–61.

includes subtotals that group shipments of goods from U.S. plants and sales of services from U.S.-based providers with income received by U.S. companies as a result of sales by their overseas affiliates. However, like the standard presentation, the ownership-based presentation distinguishes between these two methods of servicing international markets on the basis of their impacts on the domestic economy. For example, given the high labor content in professional services, the U.S. economy is affected by whether a U.S. accounting or engineering firm decides to serve its European clients from offices located in the United States or from those of a locally established affiliate. Specifically, if the client is served from the U.S. office, the entire value of the service is recorded as a U.S. export; if the client is served by the locally established affiliate, then only the net U.S. receipt of investment income resulting from the sale is recorded.

In the table, trade is initially broken down into goods and services, each of which is then disaggregated into trade between affiliated parties and trade between unaffiliated parties. Trade within multinational companies is further disaggregated into trade between U.S. parent companies and their foreign affiliates and trade between U.S. affiliates of foreign companies and their foreign parent groups. The table also provides details on receipts and payments of direct investment income, showing how the income is derived from the production and sales of affiliates.² To highlight the links between the income and the activities that produce it, the income is designated "net receipts or payments of direct investment income resulting from sales by affiliates."

Information on the U.S. or foreign origin of affiliates' output is provided in the addenda to the table. (These estimates are not part of the current account, but they complement the data that are used to derive receipts and payments resulting from sales by affiliates.) For both foreign and U.S. affiliates, output sold (or added to inventory) is broken down between U.S. content and foreign content; the source of the content is further broken down between the affiliates' own value added and other content.

Table 1 follows. 

NOTE.—This report was prepared by Jeffrey H. Lowe.

2. These detailed estimates can be provided only for nonbank affiliates.

Table 1.—Ownership-Based Disaggregation of the U.S. Current Account, 1982–96

[Billions of dollars]

Line	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	
1	U.S. exports of goods, services, and income (IT table 1, line 1)	361.4	351.3	395.9	382.7	400.9	449.3	560.7	643.0	700.6	722.7	742.3	769.9	861.6	999.5	1,064.0
2	Receipts resulting from exports of goods and services or sales by foreign affiliates	299.2	293.1	322.4	319.6	341.7	388.4	483.4	544.7	596.0	633.4	669.2	704.5	776.2	888.8	950.6
3	Exports of goods and services, total	275.2	266.1	291.1	289.1	309.7	348.8	431.3	489.4	537.2	581.2	617.3	643.2	703.8	795.6	850.8
3a	Goods (IT table 1, line 2)	211.2	201.8	219.9	215.9	223.3	250.2	320.2	362.1	389.3	416.9	440.4	456.8	502.4	575.8	612.0
3b	Services (IT table 1, line 3)	64.1	64.3	71.2	73.2	86.4	98.6	111.1	127.2	147.9	164.3	177.0	186.4	201.4	219.8	238.8
4	To unaffiliated foreigners	193.3	183.9	195.5	189.7	212.2	246.9	306.4	342.4	382.5	413.3	430.1	449.6	474.1	542.1	581.9
4a	Goods	139.0	129.8	136.1	128.2	140.4	164.7	214.4	238.4	261.5	277.6	285.6	295.7	313.0	365.9	391.6
4b	Services	54.3	54.0	60.3	61.6	71.8	82.2	92.0	104.0	121.1	135.7	144.5	153.9	161.1	176.2	190.3
5	To affiliated foreigners	81.9	82.2	94.6	99.4	97.5	101.9	124.9	147.0	154.7	168.0	187.2	193.6	229.7	263.9	268.9
5a	Goods	72.2	72.0	83.8	87.8	83.0	85.5	105.8	123.7	127.8	139.3	154.8	161.1	189.4	209.9	220.4
5b	Services	9.8	10.3	10.8	11.6	14.6	16.4	19.1	23.3	26.9	28.6	32.5	32.5	40.3	43.7	48.5
6	To foreign affiliates of U.S. companies	55.4	58.0	65.6	71.3	72.7	79.7	95.4	109.2	112.5	120.6	131.4	139.6	171.1	187.4	200.0
6a	Goods	47.1	49.4	56.7	61.9	61.1	66.4	79.4	89.4	90.1	97.1	106.0	113.8	138.3	152.7	162.4
6b	Services	8.3	8.6	8.9	9.5	11.6	13.3	16.0	19.7	22.4	23.5	25.4	25.8	32.8	34.7	37.6
7	To foreign parent (group) of U.S. affiliates	26.5	24.3	29.0	28.0	24.9	22.2	29.4	37.8	42.2	47.4	55.8	54.0	58.7	66.2	68.9
7a	Goods	25.0	22.6	27.1	25.9	21.9	19.1	26.4	34.3	37.8	42.2	48.8	47.4	51.1	57.2	57.9
7b	Services	1.5	1.7	1.9	2.1	3.0	3.1	3.0	3.5	4.5	5.1	7.1	6.7	7.5	8.9	10.9
8	Net receipts by U.S. companies of direct investment income resulting from sales by their foreign affiliates (IT table 1, line 12)	23.9	27.0	31.3	30.5	32.0	39.6	52.1	55.4	58.7	52.2	51.9	61.2	72.4	93.2	99.8
9	Nonbank affiliates	20.5	23.0	28.4	28.6	30.6	39.3	50.3	55.1	58.4	51.9	49.7	57.5	65.5	89.9	96.7
10	Sales by foreign affiliates	935.8	886.3	896.6	895.5	928.9	1,052.8	1,194.7	1,284.9	1,493.4	1,541.6	1,574.1	1,570.6	1,757.4	2,040.7	2,227.0
11	Less: Foreign affiliates' purchases of goods and services from the United States	65.0	66.1	75.3	79.1	82.6	92.2	110.9	122.3	128.8	138.8	147.4	157.6	192.2	212.6	231.7
12	Less: Costs and profits accruing to foreigners	726.8	673.3	672.6	664.5	680.6	759.8	847.5	914.5	1,072.3	1,105.4	1,112.5	1,095.1	1,204.7	1,381.1	1,511.2
13	Employee compensation	111.7	102.8	100.7	102.4	117.6	136.1	151.5	165.8	184.1	196.1	201.5	201.1	224.3	240.8	254.0
14	Other	615.1	570.5	571.9	562.1	563.0	623.7	696.1	748.7	887.5	903.9	911.0	893.9	980.4	1,140.3	1,257.2
15	Less: Sales by foreign affiliates to other foreign affiliates of the same parent	123.4	123.0	122.4	123.3	135.1	161.5	185.9	193.0	233.9	245.4	264.5	260.4	292.0	357.1	371.5
16	Bank affiliates	3.4	3.1	2.9	2.0	1.4	0.4	1.8	0.2	0.4	0.3	2.2	3.7	3.9	3.2	3.1
17	Other income receipts	62.3	58.2	73.5	63.1	59.2	60.9	77.3	98.3	104.6	89.2	73.1	65.5	85.4	110.7	113.4
18	Other private receipts (IT table 1, line 13)	58.2	53.4	68.3	57.6	52.8	55.6	70.6	92.6	94.1	81.2	66.0	60.4	81.2	106.0	108.7
19	U.S. Government receipts (IT table 1, line 14)	4.1	4.8	5.2	5.5	6.4	5.3	6.7	5.7	10.5	8.0	7.1	5.1	4.1	4.7	4.7
20	U.S. imports of goods, services, and income (IT table 1, line 15)	355.8	377.6	474.2	484.0	529.4	593.4	662.9	720.2	757.5	732.1	758.5	817.9	946.0	1,080.1	1,158.3
21	Payments resulting from imports of goods and services or sales by U.S. affiliates	301.3	328.1	408.9	418.2	457.3	509.5	558.8	588.1	621.2	608.7	656.3	720.7	825.0	925.7	993.0
22	Imports of goods and services, total	299.4	323.9	400.2	411.0	450.3	502.1	547.2	581.6	618.4	612.2	656.0	715.2	804.7	895.5	959.3
22a	Goods (IT table 1, line 16)	247.6	268.9	332.4	338.1	368.4	409.8	447.2	477.4	498.3	491.0	536.5	589.4	668.6	749.6	803.3
22b	Services (IT table 1, line 17)	51.7	55.0	67.7	72.9	81.8	92.3	100.0	104.2	120.0	121.2	119.6	125.7	136.2	146.0	156.0
23	From unaffiliated foreigners	204.0	221.6	272.7	270.8	297.0	326.9	351.8	367.3	389.3	383.8	414.3	453.2	498.4	562.6	609.2
23a	Goods	156.4	170.5	209.2	202.3	220.0	241.2	259.3	272.7	280.6	275.3	304.8	341.5	379.1	436.1	475.3
23b	Services	47.5	51.1	63.5	68.5	77.0	85.7	92.5	94.6	108.7	108.5	106.5	111.7	119.3	126.5	133.9
24	From affiliated foreigners	95.4	102.3	127.5	140.1	153.3	175.2	195.3	214.3	228.3	244.7	262.0	290.4	303.3	350.2	350.2
24a	Goods	91.2	98.4	123.2	135.8	148.4	168.6	187.9	204.7	217.8	215.6	231.7	247.9	289.5	313.5	328.0
24b	Services	4.2	3.9	4.2	4.4	4.8	6.7	7.5	9.6	11.3	12.7	13.0	14.1	16.9	19.5	22.2
25	From foreign affiliates of U.S. companies	42.1	45.8	55.0	56.5	57.5	63.6	73.1	79.6	85.9	88.9	99.4	103.1	122.3	130.3	144.9
25a	Goods	39.3	43.6	52.8	54.0	55.0	60.4	69.5	74.7	80.3	83.5	93.9	97.1	114.9	122.3	136.1
25b	Services	2.8	2.2	2.2	2.4	2.5	3.2	3.6	4.9	5.6	5.4	5.5	6.0	7.4	8.0	8.9
26	From foreign parent (group) of U.S. affiliates	53.4	56.4	72.5	83.7	95.7	111.6	122.2	134.7	143.2	139.4	145.3	158.9	184.1	202.7	205.3
26a	Goods	51.9	54.8	70.5	81.7	93.4	108.2	118.4	129.9	137.5	132.2	137.8	150.8	174.6	191.2	192.0
26b	Services	1.4	1.6	2.0	1.9	2.3	3.4	3.9	4.8	5.8	7.3	7.5	8.1	9.4	11.4	13.3
27	Net payments to foreign parents of direct investment income resulting from sales by their U.S. affiliates (IT table 1, line 26)	1.9	4.2	8.7	7.2	7.1	7.4	11.7	6.5	2.9	-3.4	0.3	5.6	20.6	30.6	33.6
28	Nonbank affiliates	1.2	3.4	8.0	5.9	5.8	7.2	10.2	6.0	4.3	-3.0	0.5	5.1	17.8	25.2	30.8
29	Sales by U.S. affiliates	518.1	536.6	593.6	633.0	672.0	744.6	886.2	1,056.6	1,175.9	1,185.9	1,232.0	1,329.4	1,443.5	1,544.6	1,596.0
30	Less: U.S. affiliates' purchases of goods and services from abroad	85.7	83.1	102.5	115.3	128.4	147.0	159.4	176.6	188.7	186.0	192.0	208.7	241.3	262.3	266.3
31	Less: Costs and profits accruing to U.S. persons	431.1	450.1	483.0	511.9	538.1	590.4	716.8	874.0	982.9	1,002.9	1,039.5	1,115.6	1,183.9	1,256.7	1,299.0
32	Employee compensation	61.5	66.8	73.2	79.9	86.5	96.0	119.6	144.2	163.6	176.0	182.1	193.0	206.6	210.4	210.4
33	Other	369.7	383.3	409.9	431.9	451.7	494.4	597.2	729.8	819.3	826.9	857.4	922.6	983.3	1,050.4	1,088.6
34	Less: Sales by U.S. affiliates to other U.S. affiliates of the same parent	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
35	Bank affiliates	0.7	0.8	0.7	1.4	1.3	0.2	1.5	0.5	-1.4	-0.5	-0.2	0.5	2.8	4.6	2.9
36	Other income payments	54.5	49.5	65.3	65.9	72.0	83.9	104.0	132.1	136.3	123.3	102.2	97.2	120.6	154.4	165.3
37	Other private payments (IT table 1, line 27)	35.2	30.5	44.2	42.7	47.4	57.7	72.3	93.8	95.5	82.5	63.1	57.8	76.5	97.0	97.9
38	U.S. Government payments (IT table 1, line 28)	19.3	19.0	21.2	23.1	24.6	26.2	31.7	38.4	40.8	40.9	39.1	39.4	44.2	57.4	67.4
39	Unilateral transfers, net (IT table 1, line 29)	-17.1	-17.7	-20.6	-22.7	-24.7	-23.9	-26.0	-27.0	-34.7	5.0	-35.2	-38.1	-39.4	-34.6	-40.6
40	Memoranda:															
40	Balance on goods and services (IT table 1, line 67)	-24.2	-57.8	-109.1	-121.9	-140.6	-153.3	-115.9	-92.2	-81.1	-30.9	-38.7	-71.9	-100.9	-99.9	-108.6
41	Balance on goods, services, and net receipts from sales by affiliates (line 2 minus line 21)	-2.2	-35.0	-86.5	-98.5	-115.7	-12									