

Reconciliation of the U.S.-Canadian Current Account, 2004 and 2005

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ON a reconciled basis, the U.S. deficit, or Canadian surplus, is \$52.8 billion for 2004 and \$67.5 billion for 2005 (chart 1, table 1).¹ The U.S.-published current-account balance with Canada is a U.S. deficit of \$43.0 billion for 2004 and a U.S. deficit of \$51.5 billion for 2005; the corresponding Canadian-published balance is a Canadian surplus of \$51.3 billion for 2004 and a Canadian surplus of \$67.0 billion for 2005.²

The results of the reconciliation of the bilateral current-account estimates of Canada and the United States for 2004 and 2005 are presented in this article.³ The details of the current-account reconciliation for 2004 and 2005 are presented in the tables that follow this article. Tables 2.1 and 2.2 show the details of the major types of reconciliation adjustments—definitional, methodological, and statistical—that were made to the major current-account components. Tables 3.1 and 3.2 present the published estimates, the estimates on a common basis (after the estimates have been adjusted for definitional and methodological differences), the reconciled estimates, and the amounts of the adjustments for each major current-account com-

ponent. Tables 4–7 present the reconciliation details for goods, services, and investment income.⁴

4. For the reconciliation, some of the details presented in the tables in this article differ from those presented in the balance-of-payments tables regularly published by the U.S. Bureau of Economic Analysis and by Statistics Canada.

Chart 1. U.S.-Canadian Current-Account Balance

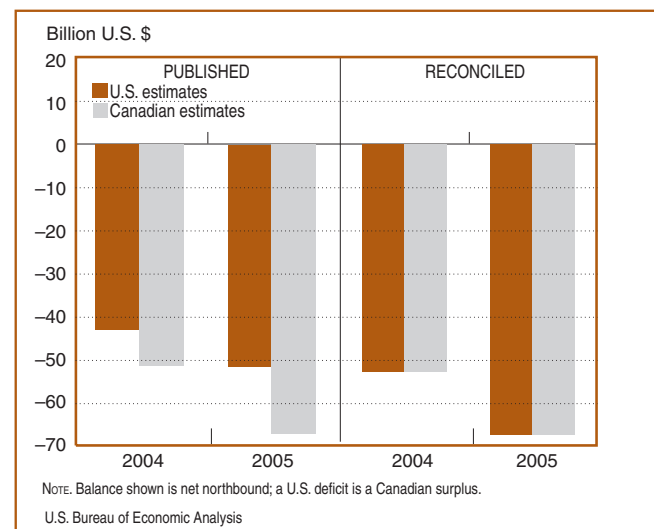


Table 1. Major U.S.-Canadian Balances
[Billions of U.S. dollars]

	Published estimates		Reconciled estimates	
	United States	Canada	United States	Canada
2004				
Goods and services	-60.4	70.1	-72.4	72.4
Goods	-69.1	77.0	-78.7	78.7
Services	8.6	-6.9	6.3	-6.3
Income	17.8	-21.5	19.9	-19.9
Current unilateral transfers	-0.4	2.7	-0.3	0.3
Current account	-43.0	51.3	-52.8	52.8
2005				
Goods and services	-70.9	82.0	-86.3	86.3
Goods	-81.1	89.8	-94.0	94.0
Services	10.2	-7.8	7.7	-7.7
Income	19.4	-18.0	18.6	-18.6
Current unilateral transfers	(*)	3.0	0.2	-0.2
Current account	-51.5	67.0	-67.5	67.5

* Less than \$500 million (+/-).

NOTES: A U.S. surplus (+) is a Canadian deficit (-), and a Canadian surplus (+) is a U.S. deficit (-). Details may not add to totals because of rounding.

1. The reconciled estimates are intended to show how the current-account estimates would appear if both countries used the same definitions, methodologies, and data sources. In this article, all values are expressed in U.S. dollars.

2. For this year's reconciliation, the U.S. deficit for 2004 is revised up from the previously published deficit of \$42.2 billion used in last year's reconciliation, and the Canadian surplus for 2004 is revised down from the previously published surplus of \$53.4 billion used in last year's reconciliation.

3. The reconciliation of the current account has been undertaken each year since 1970. Summary results of the reconciliations were published in the United States in the following issues of the SURVEY OF CURRENT BUSINESS: June 1975, September 1976 and 1977, December 1978 and 1979, June 1981, and December 1981–91. Complete details of the reconciliations were published in the following issues of the SURVEY: November 1992, each October of 1993–95, and each November of 1996–2005. In Canada, the results were published in the following issues of *Canada's Balance of International Payments* (catalogue 67–001), a publication of Statistics Canada: Fourth Quarter 1973, Second Quarter 1976 and 1977, Third Quarter 1978 and 1979, First Quarter 1981, and each Third Quarter of 1981–2005.

This article will also be published in Canada's Balance of International Payments, Third Quarter 2006.

Reconciled Current-Account Balances

In the U.S. current account, the reconciliation adjustments result in an increase of \$9.8 billion in the U.S. deficit for 2004 and an increase of \$16.0 billion in the U.S. deficit for 2005. For both years, the increases reflect larger upward adjustments to the U.S. southbound estimates than to the U.S. northbound estimates (tables 2.1 and 2.2).⁵ For both years, the largest increases in the U.S. southbound estimates result from the addition of Canadian reexports to U.S. goods imports (a definitional adjustment), from statistical adjustments to southbound services, and from the valuation of U.S. natural gas imports to include inland freight (a definitional adjustment). For both years, the

5. In this article, the term "northbound" refers to U.S. exports of goods and services, U.S. income receipts, and current unilateral transfers to the United States, and it refers to Canadian imports of goods and services, Canadian income payments, and current unilateral transfers from Canada. The term "southbound" refers to U.S. imports of goods and services, U.S. income payments, and current unilateral transfers from the United States, and it refers to Canadian exports of goods and services, Canadian income receipts, and current unilateral transfers to Canada.

largest increases in the U.S. northbound estimates result from upward adjustments to investment income for statistical differences in income on U.S. holdings of Canadian bonds and from adjustments for statistical differences in "other" services.

In the Canadian current account, the reconciliation adjustments result in an increase of \$1.5 billion in the Canadian surplus for 2004 and in an increase of \$0.5 billion in the Canadian surplus for 2005. For both years, the increases in the Canadian surplus reflect larger downward adjustments to the Canadian northbound estimates than to the Canadian southbound estimates. For both years, the largest downward adjustments to the Canadian southbound estimates are from definitional adjustments to goods, from the elimination of the withholding taxes in current unilateral transfers (definitional adjustment), and from adjustments for statistical differences in affiliated services. In the Canadian northbound estimates, the largest downward adjustments are to eliminate statistical differences in income on U.S. holdings of Canadian

Note on the U.S.-Canadian Current-Account Reconciliation

The U.S.-Canadian current-account reconciliation, which explains the differences between the estimates of the bilateral current account published by the U.S. Bureau of Economic Analysis (BEA) and those published by Statistics Canada, is undertaken because of the extensive economic links between Canada and the United States. The reconciled estimates are intended to assist analysts who use both countries' statistics and to show how the current-account estimates would appear if both countries used common definitions, methodologies, and data sources.¹

In principle, the bilateral current account of one country should mirror the bilateral current account of the other country. Differences occur in the published estimates of the U.S. and Canadian current accounts because of variations in the definitions, methodologies, and statistical sources that are used by each country. Some of the differences for 2005 are in components of the current account for which data are still preliminary and subject to revision; these differences may be eliminated when final data for these components become available.

The longstanding Canadian-U.S. current-account reconciliation is among the leading examples of the benefits

of international data exchanges. As a part of the reconciliation process, Canada and the United States have evaluated the accuracy of each other's estimates, and as a result, each country now includes in its published estimates some data that are provided by the other country. The exchange of data between Canada and the United States for transactions such as trade in goods, travel, passenger fares, Canadian and U.S. Government transactions, and some large transportation transactions covers a substantial portion of the value of the Canadian and U.S. current account and has eliminated some of the differences in the Canadian- and U.S.-published estimates. In addition, the reconciliation process has highlighted areas where errors and omissions may exist in each country's estimates, which has helped in targeting data improvement efforts.

Although the U.S.- and Canadian-published estimates are reconciled and there is extensive exchange of data between Canada and the United States, differences in the published estimates remain. Complete substitution of the reconciled estimates for published estimates and complete exchange of data are not feasible for several reasons. For trade in goods, imports in the U.S. accounts would be affected because the United States attributes Canadian reexports to the country of origin rather than to Canada, the last country of shipment. For some accounts, the protection of the confidentiality of the source data bars the exchange of data. Finally, a few differences are attributable to different requirements for integrating the international and national (domestic) accounts in each country.

1. A detailed article on the methodology was published by BEA in "Reconciliation of the U.S.-Canadian Current Account" in the November 1992 SURVEY OF CURRENT BUSINESS and by Statistics Canada in *Reconciliation of the Canadian-United States Current Account, 1990-1991*. Statistics Canada also published a shortened version in the December 1992 *Canadian Economic Observer* and in Canada's *Balance of International Payments, Third Quarter 1992*.

bonds, to eliminate statistical differences in affiliated services, and to eliminate withholding taxes from direct investment and “other” investment income (definitional adjustments).

Summary of Reconciliation Methodology

In reconciling the U.S.- and Canadian-published bilateral current-account estimates, the estimates are first restated to a common basis—that is, they are adjusted for definitional and methodological differences; the remaining adjustments that are needed to reach the reconciled values are the statistical adjustments. The framework for reconciling the U.S. and Canadian estimates to a common basis mainly follows the international standards published in the International Monetary Fund’s *Balance of Payments Manual* (fifth edition). The U.S.- and Canadian-published estimates now largely conform to the international standards, but some differences with the international standards—and between the U.S. and Canadian estimates—remain in the published estimates because of data limitations, difficulties in determining country attribution, and differences in classification, and because in a few cases, international standards provide for more than one acceptable treatment.

The definitional adjustments mainly reflect data limitations and differences in country attribution. For example, as part of the reconciliation, U.S.-published estimates of imports of goods from Canada are adjusted to include Canadian reexports to the United States (goods imported by Canada from third countries and then reexported to the United States without substantial changes) because U.S. imports of goods are recorded on a country-of-origin basis. Another example of a definitional adjustment is that the Canadian estimates, mainly investment income, are adjusted to a basis that is net of withholding taxes because the U.S. withholding tax estimates—which are included on a global basis in the U.S.-published accounts—cannot be allocated by country for comparison with the Canadian estimates. This definitional adjustment causes the reconciled estimates to depart from the international statistical standards, but without this adjustment, the data could not be compared on a common basis.

The methodological adjustments mainly reflect differences in classification. For example, parts of the U.S. estimates of film rentals and courier services are recorded in various services accounts; for reconciliation, they are reclassified to a single account. A few U.S. and Canadian accounts, mainly interest income, are adjusted to a net or gross basis for comparability. These adjustments do not affect the current-account balance because the northbound and the southbound methodological adjustments are offsetting.

Statistical differences reflect the use of different source data in the United States and Canada, the difficulty in determining country attribution because of insufficient data, the preliminary nature of some of the data (particularly for the most recent year), and the use of sample data between benchmarks. For both the northbound and the southbound estimates, most of the statistical differences are in the U.S. and Canadian estimates of “other” services and investment income.

Acknowledgments

The reconciliations were carried out under the direction of Denis Caron, Chief, Current Account, at Statistics Canada and Edward Dozier and Renee Sauers, international economists at BEA. At Statistics Canada, Angela Yuan was responsible for the production and coordination of reconciliation tables and for reconciling Canadian goods; Denis Caron was responsible for reconciling Canadian services; Christian Lajule, for Canadian direct investment income; and Barry Mersereau, for Canadian portfolio investment income, with the collaboration and assistance of Heather Collier, François Lavoie, Éric Simard and Robert Théberge. At BEA, Mai-Chi Hoang was responsible for reconciling goods; Edward Dozier and Erin Nephew, for services, with the assistance of Matthew Argersinger for financial services; Gregory Fouch, for the accounts related to Canadian direct investment in the United States; Mark New, for the accounts related to U.S. direct investment in Canada; and Kristy Howell, for the portfolio income accounts.

Tables 2.1 through 7.2 follow.

Table 2.1. Summary of Reconciliation Adjustments, Northbound, 2004
 [Millions of U.S. dollars]

	Definitional		Methodological		Statistical		Total	
	United States	Canada	United States	Canada	United States	Canada	United States	Canada
Goods, balance-of-payments basis	-4	-673	152		980	-699	1,128	-1,372
Definitional adjustments	-4	-673					-4	-673
Reclassification of equipment repairs from unaffiliated services			152				152	
Statistical adjustments					980	-699	980	-699
Services	-89	-930	-152	-96	1,397	-1,679	1,156	-2,705
Travel			941		-140	-74	801	-74
Reclassification of education from unaffiliated services			695				695	
Reclassification of medical services from unaffiliated services			246				246	
Statistical adjustments					-140	-74	-140	-74
Passenger fares					-666		-666	
Other transportation		-158		188	-29	-44	-29	-14
Definitional adjustments		-158						-158
Reclassification of transportation services from unaffiliated services				188				188
Statistical adjustments					-29	-44	-29	-44
Other services	-89	-772	-1,093	-284	2,232	-1,561	1,050	-2,617
Affiliated		-144	-350	-280	1,252	-2,207	902	-2,631
Definitional adjustments		-144						-144
Reclassification of film rentals and courier services to unaffiliated services			-350				-350	
Reclassification of selected services from unaffiliated services				-280				-280
Statistical adjustments					1,252	-2,207	1,252	-2,207
Unaffiliated		-628	-743	-4	980	605	237	-27
Definitional adjustments		-628						-628
Reclassification of transactions to or from other accounts			-743	-4			-743	-4
Statistical adjustments					980	605	980	605
U.S. military sales	-89					41	-89	41
Definitional adjustments	-89						-89	
Statistical adjustments						41		41
Income	590	-1,390	-519	-606	144	2,609	215	613
Direct investment	-146	-408		-125	-2,909	4,955	-3,055	4,422
Definitional adjustments	-146	-408					-146	-408
Adjustment of interest income to a net basis				-125				-125
Statistical adjustments					-2,909	4,955	-2,909	4,955
Other investment	736	-982	-519	-586	3,053	-2,351	3,270	-3,919
Definitional adjustments	736	-982					736	-982
Adjustment of interest income to a net basis			-519	-586			-519	-586
Statistical adjustments					3,053	-2,351	3,053	-2,351
Compensation of employees				105		5		110
Reclassification from unaffiliated services				105		5		110
Current unilateral transfers		-466	947		-56	515	891	49
Definitional adjustments		-466						-466
Adjustment of U.S. transfers to a gross basis			947				947	
Statistical adjustments					-56	515	-56	515
Total adjustments	497	-3,459	428	-702	2,465	746	3,390	-3,415

Table 2.1. Summary of Reconciliation Adjustments, Northbound, 2005

[Millions of U.S. dollars]

	Definitional		Methodological		Statistical		Total	
	United States	Canada	United States	Canada	United States	Canada	United States	Canada
Goods, balance-of-payments basis	-79	-902	197		376	-826	494	-1,728
Definitional adjustments	-79	-902					-79	-902
Reclassification of equipment repairs from unaffiliated services			197				197	
Statistical adjustments					376	-826	376	-826
Services	-116	-1,003	-197	-108	1,695	-973	1,382	-2,084
Travel			1,003		158	-135	1,161	-135
Reclassification of education from unaffiliated services			739				739	
Reclassification of medical services from unaffiliated services			264				264	
Statistical adjustments					158	-135	158	-135
Passenger fares					-147		-147	
Other transportation		-143		176	-67	33	-67	66
Definitional adjustments		-143						-143
Reclassification of transportation services from unaffiliated services				176				176
Statistical adjustments					-67	33	-67	33
Other services	-116	-860	-1,200	-284	1,751	-871	435	-2,015
Affiliated		-150	-434	-320	722	-1,624	288	-2,094
Definitional adjustments		-150						-150
Reclassification of film rentals and courier services to unaffiliated services			-434				-434	
Reclassification of selected services from unaffiliated services				-320				-320
Statistical adjustments					722	-1,624	722	-1,624
Unaffiliated		-710	-766	36	1,029	707	263	33
Definitional adjustments		-710						-710
Reclassification of transactions to or from other accounts			-766	36			-766	36
Statistical adjustments					1,029	707	1,029	707
U.S. military sales	-116					46	-116	46
Definitional adjustments	-116						-116	
Statistical adjustments						46		46
Income	557	-2,623	-1,016	-1,149	556	4,445	97	673
Direct investment	-305	-1,408		-141	-1,101	6,147	-1,406	4,598
Definitional adjustments	-305	-1,408					-305	-1,408
Adjustment of interest income to a net basis				-141				-141
Statistical adjustments					-1,101	6,147	-1,101	6,147
Other investment	862	-1,215	-1,016	-1,126	1,657	-1,704	1,503	-4,045
Definitional adjustments	862	-1,215					862	-1,215
Adjustment of interest income to a net basis			-1,016	-1,126			-1,016	-1,126
Statistical adjustments					1,657	-1,704	1,657	-1,704
Compensation of employees				118		2		120
Reclassification from unaffiliated services				118		2		120
Current unilateral transfers		-588	1,366		-18	859	1,348	271
Definitional adjustments		-588						-588
Adjustment of U.S. transfers to a gross basis			1,366				1,366	
Statistical adjustments					-18	859	-18	859
Total adjustments	362	-5,116	350	-1,257	2,609	3,505	3,321	-2,868

Table 2.2. Summary of Reconciliation Adjustments, Southbound, 2004
 [Millions of U.S. dollars]

	Definitional		Methodological		Statistical		Total	
	Canada	United States	Canada	United States	Canada	United States	Canada	United States
Goods, balance-of-payments basis.....	-1,728	10,629		32	2,008	81	280	10,742
Canadian reexports to the United States.....		7,091						7,091
Inland freight adjustment.....	2,627	2,964					2,627	2,964
Other definitional adjustments.....	-4,355	574					-4,355	574
Reclassification of equipment repairs from unaffiliated services.....				32				32
Statistical adjustments.....					2,008	81	2,008	81
Services.....	-582	-20	-303	-32	-1,182	3,552	-2,067	3,500
Travel.....				142		145		287
Reclassification of education from unaffiliated services.....				78				78
Reclassification of medical services from unaffiliated services.....				64				64
Statistical adjustments.....						145		145
Passenger fares.....						-22		-22
Other transportation.....	-94		64	-207	107	-88	77	-295
Definitional adjustments.....	-94						-94	
Reclassification of courier services to unaffiliated services.....				-207				-207
Reclassification of transportation services from unaffiliated services.....			64				64	
Statistical adjustments.....					107	-88	107	-88
Other services.....	-488	-20	-367	33	-1,289	3,517	-2,144	3,530
Affiliated.....	-44		136	-56	-1,564	1,457	-1,472	1,401
Definitional adjustments.....	-44						-44	
Reclassification of selected services to or from unaffiliated services.....			136	-56			136	-56
Statistical adjustments.....					-1,564	1,457	-1,564	1,457
Unaffiliated.....	-444		-503	89	274	2,060	-673	2,149
Definitional adjustments.....	-444						-444	
Reclassification of transactions to or from other accounts.....			-503	89			-503	89
Statistical adjustments.....					274	2,060	274	2,060
U.S. defense expenditures.....		-20			1		1	-20
Definitional adjustments.....		-20						-20
Statistical adjustments.....					1		1	
Income.....	-195	-152	-444	-519	2,830	-1,234	2,191	-1,905
Direct investment.....	-89	-152	-125		1,479	-512	1,265	-664
Definitional adjustments.....	-89	-152					-89	-152
Adjustment of interest income to a net basis.....			-125				-125	
Statistical adjustments.....					1,479	-512	1,479	-512
Other investment.....	-106		-586	-519	1,234	-722	542	-1,241
Definitional adjustments.....	-106						-106	
Adjustment of interest income to a net basis.....			-586	-519			-586	-519
Statistical adjustments.....					1,234	-722	1,234	-722
Compensation of employees.....			267		117		384	
Reclassification from unaffiliated services.....			267				267	
Statistical adjustments.....					117		117	
Current unilateral transfers.....	-2,443		45	947	109	-79	-2,289	868
Definitional adjustments.....	-2,443						-2,443	
Reclassification from unaffiliated services.....			45				45	
Adjustment of U.S. transfers to a gross basis.....				947				947
Statistical adjustments.....					109	-79	109	-79
Total adjustments.....	-4,948	10,457	-702	428	3,765	2,320	-1,885	13,205

Table 2.2. Summary of Reconciliation Adjustments, Southbound, 2005

[Millions of U.S. dollars]

	Definitional		Methodological		Statistical		Total	
	Canada	United States	Canada	United States	Canada	United States	Canada	United States
Goods, balance-of-payments basis	-2,221	13,239		20	4,664	77	2,443	13,336
Canadian reexports to the United States		8,776						8,776
Inland freight adjustment	3,604	3,949					3,604	3,949
Other definitional adjustments	-5,825	514					-5,825	514
Reclassification of equipment repairs from unaffiliated services				20				20
Statistical adjustments					4,664	77	4,664	77
Services	-746	-20	-329	-20	-909	3,965	-1,984	3,925
Travel				161		267		428
Reclassification of education from unaffiliated services				90				90
Reclassification of medical services from unaffiliated services				71				71
Statistical adjustments						267		267
Passenger fares						10		10
Other transportation	-123		116	-219	-38	-9	-45	-228
Definitional adjustments	-123						-123	
Reclassification of courier services to unaffiliated services				-219				-219
Reclassification of transportation services from unaffiliated services			116				116	
Statistical adjustments					-38	-9	-38	-9
Other services	-623	-20	-445	38	-871	3,697	-1,939	3,715
Affiliated	-46		124	-77	-1,204	1,243	-1,126	1,166
Definitional adjustments	-46						-46	
Reclassification of selected services to or from unaffiliated services			124	-77			124	-77
Statistical adjustments					-1,204	1,243	-1,204	1,243
Unaffiliated	-577		-569	115	334	2,454	-812	2,569
Definitional adjustments	-577						-577	
Reclassification of transactions to or from other accounts			-569	115			-569	115
Statistical adjustments					334	2,454	334	2,454
U.S. defense expenditures		-20			-1		-1	-20
Definitional adjustments		-20						-20
Statistical adjustments					-1		-1	
Income	-784	-79	-945	-1,016	1,784	1,977	55	882
Direct investment	-255	-79	-141		986	2,138	590	2,059
Definitional adjustments	-255	-79					-255	-79
Adjustment of interest income to a net basis			-141				-141	
Statistical adjustments					986	2,138	986	2,138
Other investment	-529		-1,126	-1,016	689	-161	-966	-1,177
Definitional adjustments	-529						-529	
Adjustment of interest income to a net basis			-1,126	-1,016			-1,126	-1,016
Statistical adjustments					689	-161	689	-161
Compensation of employees			322		109		431	
Reclassification from unaffiliated services			322				322	
Statistical adjustments					109		109	
Current unilateral transfers	-2,761		17	1,366	-121	-153	-2,865	1,213
Definitional adjustments	-2,761						-2,761	
Reclassification from unaffiliated services			17				17	
Adjustment of U.S. transfers to a gross basis				1,366				1,366
Statistical adjustments					-121	-153	-121	-153
Total adjustments	-6,512	13,140	-1,257	350	5,418	5,866	-2,351	19,356

Table 3.1. U.S.-Canadian Current-Account Reconciliation, Northbound
[Millions of U.S. dollars]

	Published estimates			Common-basis estimates after definitional and methodological adjustments			Reconciled estimates, including statistical adjustments		Total adjustments to published estimates	
	U.S. receipts	Canadian payments	Difference	U.S. receipts	Canadian payments	Difference	U.S. receipts	Canadian payments	United States	Canada
2004										
Goods and services	219,683	226,044	-6,361	219,590	224,345	-4,755	221,967	221,967	2,284	-4,077
Goods, balance-of-payments basis	189,982	192,482	-2,500	190,130	191,809	-1,679	191,110	191,110	1,128	-1,372
Services	29,701	33,562	-3,861	29,460	32,536	-3,076	30,857	30,857	1,156	-2,705
Travel	7,996	8,871	-875	8,937	8,871	66	8,797	8,797	801	-74
Passenger fares	2,499	1,833	666	2,499	1,833	666	1,833	1,833	-666	.....
Other transportation	2,787	2,772	15	2,787	2,802	-15	2,758	2,758	-29	-14
Other services	16,419	20,086	-3,667	15,237	19,030	-3,793	17,469	17,469	1,050	-2,617
Income	32,358	31,960	398	32,429	29,964	2,465	32,573	32,573	215	613
Investment income	32,248	31,960	288	32,319	29,859	2,460	32,463	32,463	215	503
Direct investment	22,127	14,650	7,477	21,981	14,117	7,864	19,072	19,072	-3,055	4,422
Other investment	10,121	17,310	-7,189	10,338	15,742	-5,404	13,391	13,391	3,270	-3,919
Compensation of employees	110	(¹)	110	110	105	5	110	110	.....	110
Current unilateral transfers	(²)	842	-842	947	376	571	891	891	891	49
Current account, northbound	252,041	258,846	-6,805	252,966	254,685	-1,719	255,431	255,431	3,390	-3,415
2005										
Goods and services	244,964	250,652	-5,688	244,769	248,639	-3,870	246,840	246,840	1,876	-3,812
Goods, balance-of-payments basis	212,192	214,414	-2,222	212,310	213,512	-1,202	212,686	212,686	494	-1,728
Services	32,772	36,238	-3,466	32,459	35,127	-2,668	34,154	34,154	1,382	-2,084
Travel	8,952	10,248	-1,296	9,955	10,248	-293	10,113	10,113	1,161	-135
Passenger fares	2,634	2,487	147	2,634	2,487	147	2,487	2,487	-147	.....
Other transportation	3,031	2,898	133	3,031	2,931	100	2,964	2,964	-67	66
Other services	18,155	20,605	-2,450	16,839	19,461	-2,622	18,590	18,590	435	-2,015
Income	35,885	35,309	576	35,426	31,537	3,889	35,982	35,982	97	673
Investment income	35,765	35,309	456	35,306	31,419	3,887	35,862	35,862	97	553
Direct investment	22,564	16,560	6,004	22,259	15,011	7,248	21,158	21,158	-1,406	4,598
Other investment	13,201	18,749	-5,548	13,047	16,408	-3,361	14,704	14,704	1,503	-4,045
Compensation of employees	120	(¹)	120	120	118	2	120	120	.....	120
Current unilateral transfers	(²)	1,077	-1,077	1,366	489	877	1,348	1,348	1,348	271
Current account, northbound	280,849	287,038	-6,189	281,561	280,665	896	284,170	284,170	3,321	-2,868

1. In the Canadian published accounts, compensation of employees is included in "other" services.

2. Current unilateral transfers are published on a net basis in the U.S. accounts and appear as net payments in table 3.2.

Table 3.2. U.S.-Canadian Current-Account Reconciliation, Southbound
[Millions of U.S. dollars]

	Published estimates			Common-basis estimates after definitional and methodological adjustments			Reconciled estimates, including statistical adjustments		Total adjustments to published estimates	
	Canadian receipts	U.S. payments	Difference	Canadian receipts	U.S. payments	Difference	Canadian receipts	U.S. payments	Canada	United States
2004										
Goods and services	296,135	280,106	16,029	293,522	290,715	2,807	294,348	294,348	-1,787	14,242
Goods, balance-of-payments basis	269,497	259,035	10,462	267,769	269,696	-1,927	269,777	269,777	280	10,742
Services	26,638	21,071	5,567	25,753	21,019	4,734	24,571	24,571	-2,067	3,500
Travel	7,580	7,293	287	7,580	7,435	145	7,580	7,580	.....	287
Passenger fares	442	464	-22	442	464	-22	442	442	.....	-22
Other transportation	3,677	4,049	-372	3,647	3,842	-195	3,754	3,754	77	-295
Other services	14,939	9,265	5,674	14,084	9,278	4,806	12,795	12,795	-2,144	3,530
Income	10,495	14,591	-4,096	9,856	13,920	-4,064	12,686	12,686	2,191	-1,905
Investment income	10,495	14,207	-3,712	9,589	13,536	-3,947	12,302	12,302	1,807	-1,905
Direct investment	4,942	6,871	-1,929	4,728	6,719	-1,991	6,207	6,207	1,265	-664
Other investment	5,553	7,336	-1,783	4,861	6,817	-1,956	6,095	6,095	542	-1,241
Other private investment	4,581	6,319	-1,738	3,928	5,800	-1,872	5,119	5,119	538	-1,200
U.S. Government liabilities	972	1,017	-45	933	1,017	-84	976	976	4	-41
Compensation of employees	(¹)	384	-384	267	384	-117	384	384	384	.....
Current unilateral transfers	3,520	363	3,157	1,122	1,310	-188	1,231	1,231	-2,289	868
Current account, southbound	310,150	295,060	15,090	304,500	305,945	-1,445	308,265	308,265	-1,885	13,205
2005										
Goods and services	332,665	315,863	16,802	329,369	329,082	287	333,124	333,124	459	17,261
Goods, balance-of-payments basis	304,207	293,314	10,893	301,986	306,573	-4,587	306,650	306,650	2,443	13,336
Services	28,458	22,549	5,909	27,383	22,509	4,874	26,474	26,474	-1,984	3,925
Travel	7,430	7,002	428	7,430	7,163	267	7,430	7,430	.....	428
Passenger fares	358	348	10	358	348	10	358	358	.....	10
Other transportation	4,204	4,387	-183	4,197	4,168	29	4,159	4,159	-45	-228
Other services	16,466	10,812	5,654	15,398	10,830	4,568	14,527	14,527	-1,939	3,715
Income	17,325	16,498	827	15,596	15,403	193	17,380	17,380	55	882
Investment income	17,325	16,067	1,258	15,274	14,972	302	16,949	16,949	-376	882
Direct investment	8,759	7,290	1,469	8,363	7,211	1,152	9,349	9,349	590	2,059
Other investment	8,566	8,777	-211	6,911	7,761	-850	7,600	7,600	-966	-1,177
Other private investment	7,139	7,618	-479	5,566	6,602	-1,036	6,348	6,348	-791	-1,270
U.S. Government liabilities	1,159	268	1,345	1,345	1,159	186	1,252	1,252	-175	93
Compensation of employees	(¹)	431	-431	322	431	-109	431	431	.....	431
Current unilateral transfers	4,052	-26	4,078	1,308	1,340	-32	1,187	1,187	-2,865	1,213
Current account, southbound	354,042	332,335	21,707	346,273	345,825	448	351,691	351,691	-2,351	19,356

1. In the Canadian published accounts, compensation of employees is included in "other" services.

Table 4.1. Trade in Goods, Northbound

[Millions of US dollars]

	U.S. receipts	Canadian payments
2004		
Balance-of-payments basis, published	189,982	192,482
Definitional and methodological adjustments:		
Definitional adjustments	-4	-673
Reclassification of equipment repairs from unaffiliated services	152	.....
Common basis after definitional and methodological adjustments	190,130	191,809
Statistical adjustments	980	-699
Reconciled, including statistical adjustments	191,110	191,110
2005		
Balance-of-payments basis, published	212,192	214,414
Definitional and methodological adjustments:		
Definitional adjustments	-79	-902
Reclassification of equipment repairs from unaffiliated services	197	.....
Common basis after definitional and methodological adjustments	212,310	213,512
Statistical adjustments	376	-826
Reconciled, including statistical adjustments	212,686	212,686

Table 4.2. Trade in Goods, Southbound

[Millions of U.S. dollars]

	Canadian receipts	U.S. payments
2004		
Balance-of-payments basis, published	269,497	259,035
Definitional and methodological adjustments:		
Canadian reexports to the United States .....	.....	7,091
Inland freight adjustment	2,627	2,964
Other definitional adjustments	-4,355	574
Reclassification of equipment repairs from unaffiliated services .....	.....	32
Common basis after definitional and methodological adjustments	267,769	269,696
Statistical adjustments	2,008	81
Reconciled, including statistical adjustments	269,777	269,777
2005		
Balance-of-payments basis, published	304,207	293,314
Definitional and methodological adjustments:		
Canadian reexports to the United States .....	.....	8,776
Inland freight adjustment	3,604	3,949
Other definitional adjustments	-5,825	514
Reclassification of equipment repairs from unaffiliated services .....	.....	20
Common basis after definitional and methodological adjustments	301,986	306,573
Statistical adjustments	4,664	77
Reconciled, including statistical adjustments	306,650	306,650

Table 5.1. Travel, Passenger Fares, and Other Transportation, Northbound

[Millions of U.S. dollars]

	Published estimates			Common-basis estimates after definitional and methodological adjustments			Reconciled estimates, including statistical adjustments		Total adjustments to published estimates		
	U.S. receipts	Canadian payments	Difference	U.S. receipts	Canadian payments	Difference	U.S. receipts	Canadian payments	United States	Canada	Type of adjustment
2004											
Travel	7,996	8,871	-875	8,937	8,871	66	8,797	8,797	801	-74	
Business and personal	7,996	7,856	140	7,996	7,856	140	7,856	7,856	-140		Statistical
Education		769	-769	695	769	-74	695	695	695	-74	Methodological and statistical
Medical		246	-246	246	246		246	246	246		Methodological
Passenger fares	2,499	1,833	666	2,499	1,833	666	1,833	1,833	-666		Statistical
Other transportation	2,787	2,772	15	2,787	2,802	-15	2,758	2,758	-29	-14	
Freight	2,160	2,318	-158	2,156	2,160	-4	2,117	2,117	-43	-201	
Ocean	204	429	-225	200	271	-71	236	236	32	-193	Definitional, methodological, and statistical
Air	115	42	73	115	42	73	36	36	-79	-6	Statistical
Truck	1,429	1,429		1,429	1,429		1,429	1,429			
Other	412	418	-6	412	418	-6	416	416	4	-2	Statistical
Port services	627	400	227	627	588	39	587	587	-40	187	
Vessel operators	86	46	40	86	46	40	46	46	-40		Statistical
Airline operators	328	329	-1	328	329	-1	328	328		-1	Statistical
Other	213	25	188	213	213		213	213		188	Methodological and statistical
Other		54	-54	4	54	-50	54	54	54		Methodological and statistical
2005											
Travel	8,952	10,248	-1,296	9,955	10,248	-293	10,113	10,113	1,161	-135	
Business and personal	8,952	9,110	-158	8,952	9,110	-158	9,110	9,110	158		Statistical
Education		875	-875	739	875	-136	739	739	739	-136	Methodological and statistical
Medical		263	-263	264	263	1	264	264	264	1	Methodological and statistical
Passenger fares	2,634	2,487	147	2,634	2,487	147	2,487	2,487	-147		Statistical
Other transportation	3,031	2,898	133	3,031	2,931	100	2,964	2,964	-67	66	
Freight	2,284	2,361	-77	2,280	2,218	62	2,275	2,275	-9	-86	
Ocean	178	390	-212	174	247	-73	260	260	82	-130	Definitional, methodological, and statistical
Air	136	40	96	136	40	96	33	33	-103	-7	Statistical
Truck	1,534	1,533	1	1,534	1,533	1	1,534	1,534		1	Statistical
Other	436	398	38	436	398	38	448	448	12	50	Statistical
Port services	747	487	260	747	663	84	630	630	-117	143	
Vessel operators	100	42	58	100	42	58	73	73	-27	31	Statistical
Airline operators	447	421	26	447	421	26	358	358	-89	-63	Statistical
Other	200	24	176	200	200		199	199	-1	175	Methodological and statistical
Other		50	-50	4	50	-46	59	59	59	9	Methodological and statistical

Table 5.2. Travel, Passenger Fares, and Other Transportation, Southbound
 [Millions of U.S. dollars]

	Published estimates			Common-basis estimates after definitional and methodological adjustments			Reconciled estimates, including statistical adjustments		Total adjustments to published estimates		
	Canadian receipts	U.S. payments	Difference	Canadian receipts	U.S. payments	Difference	Canadian receipts	U.S. payments	Canada	United States	Type of adjustment
2004											
Travel	7,580	7,293	287	7,580	7,435	145	7,580	7,580		287	
Business and personal	7,361	7,293	68	7,361	7,293	68	7,361	7,361		68	Statistical
Education	155		155	155	78	77	155	155		155	Methodological and statistical
Medical	64		64	64	64		64	64		64	Methodological
Passenger fares	442	464	-22	442	464	-22	442	442		-22	Statistical
Other transportation	3,677	4,049	-372	3,647	3,842	-195	3,754	3,754	77	-295	
Freight	2,923	3,183	-260	2,923	2,997	-74	2,999	2,999	76	-184	
Ocean	221	414	-193	221	372	-151	297	297	76	-117	Methodological and statistical
Air	33	33		33	33		33	33			
Truck	2,485	2,485		2,485	2,485		2,485	2,485			
Other	184	251	-67	184	107	77	184	184		-67	Methodological and statistical
Port services	609	866	-257	678	803	-125	713	713	104	-153	
Vessel operators	91	149	-58	95	149	-54	95	95	4	-54	Definitional and statistical
Airline operators	440	647	-207	440	440		440	440		-207	Methodological
Other	78	70	8	142	214	-72	178	178	100	108	Methodological and statistical
Other	145		145	46	42	4	42	42	-103	42	Definitional, methodological, and statistical
2005											
Travel	7,430	7,002	428	7,430	7,163	267	7,430	7,430		428	
Business and personal	7,160	7,002	158	7,160	7,002	158	7,160	7,160		158	Statistical
Education	201		201	201	90	111	201	201		201	Methodological and statistical
Medical	69		69	69	71	-2	69	69		69	Methodological and statistical
Passenger fares	358	348	10	358	348	10	358	358		10	Statistical
Other transportation	4,204	4,387	-183	4,197	4,168	29	4,159	4,159	-45	-228	
Freight	3,272	3,438	-166	3,272	3,246	26	3,283	3,283	11	-155	
Ocean	302	474	-172	302	433	-131	341	341	39	-133	Methodological and statistical
Air	26	27	-1	26	27	-1	27	27	1		Statistical
Truck	2,672	2,673	-1	2,672	2,673	-1	2,673	2,673	1		Statistical
Other	272	264	8	272	113	159	242	242	-30	-22	Methodological and statistical
Port services	741	949	-208	862	881	-19	835	835	94	-114	
Vessel operators	119	111	8	124	111	13	118	118	-1	7	Definitional and statistical
Airline operators	538	757	-219	538	538		502	502	-36	-255	Methodological and statistical
Other	84	81	3	200	232	-32	215	215	131	134	Methodological and statistical
Other	191		191	63	41	22	41	41	-150	41	Definitional, methodological, and statistical

Table 6.1. Other Services, Northbound
[Millions of U.S. dollars]

	Published estimates			Common-basis estimates after definitional and methodological adjustments			Reconciled estimates, including statistical adjustments		Total adjustments to published estimates		
	U.S. receipts	Canadian payments	Difference	U.S. receipts	Canadian payments	Difference	U.S. receipts	Canadian payments	United States	Canada	Type of adjustment
2004											
Total	16,419	20,086	-3,667	15,237	19,030	-3,793	17,469	17,469	1,050	-2,617	
Affiliated.....	7,781	11,314	-3,533	7,431	10,890	-3,459	8,683	8,683	902	-2,631	Definitional, methodological, and statistical
Royalties and license fees	3,083	3,698	-615	3,083	3,696	-613	(¹)	(¹)	(¹)	(¹)	
Other services	4,698	7,616	-2,918	4,348	7,194	-2,846	(¹)	(¹)	(¹)	(¹)	
Unaffiliated	8,508	8,772	-264	7,765	8,140	-375	8,745	8,745	237	-27	
Royalties, license fees, and selected services	1,482	2,175	-693	1,476	2,099	-623	1,476	1,476	-6	-699	Definitional, methodological, and statistical
Insurance.....	858	564	294	858	481	377	858	858	.....	294	Definitional and statistical
Financial services.....	1,363	923	440	1,363	817	546	1,449	1,449	86	526	Definitional and statistical
Education and training.....	726	7	719	31	12	19	31	31	-695	24	Methodological and statistical
Communications.....	758	588	170	758	540	218	758	758	.....	170	Methodological and statistical
Computer services	842	1,166	-324	842	1,170	-328	842	842	.....	-324	Methodological and statistical
Business services	1,646	1,328	318	1,418	1,514	-96	1,785	1,785	139	457	Methodological and statistical
Sports and entertainment.....	606	1,519	-913	792	1,311	-519	1,338	1,338	732	-181	Definitional, methodological, and statistical
Other private.....	.....	228	-228	.....	.....	.....	.....	.....	.....	-228	Definitional and methodological
Government:											
United States (nonmilitary).....	96	84	12	96	84	12	96	96	.....	12	Statistical
Canada.....	131	190	-59	131	112	19	112	112	-19	-78	Definitional, methodological, and statistical
U.S. military sales.....	130	.....	130	41	.....	41	41	41	-89	41	Definitional and statistical
2005											
Total	18,155	20,605	-2,450	16,839	19,461	-2,622	18,590	18,590	435	-2,015	
Affiliated.....	9,229	11,611	-2,382	8,795	11,141	-2,346	9,517	9,517	288	-2,094	Definitional, methodological, and statistical
Royalties and license fees	3,676	3,648	28	3,676	3,646	30	(¹)	(¹)	(¹)	(¹)	
Other services	5,553	7,963	-2,410	5,119	7,495	-2,376	(¹)	(¹)	(¹)	(¹)	
Unaffiliated	8,764	8,994	-230	7,998	8,320	-322	9,027	9,027	263	33	
Royalties, license fees, and selected services	1,764	2,174	-410	1,756	2,108	-352	1,756	1,756	-8	-418	Definitional, methodological, and statistical
Insurance.....	982	523	459	982	434	548	982	982	.....	459	Definitional and statistical
Financial services.....	1,590	985	605	1,590	779	811	1,561	1,561	-29	576	Definitional and statistical
Education and training.....	772	8	764	33	12	21	33	33	-739	25	Methodological and statistical
Communications.....	588	577	11	588	538	50	588	588	.....	11	Methodological and statistical
Computer services	664	1,281	-617	664	1,285	-621	664	664	.....	-617	Methodological and statistical
Business services	1,630	1,443	187	1,380	1,650	-270	1,882	1,882	252	439	Methodological and statistical
Sports and entertainment.....	539	1,492	-953	770	1,306	-536	1,331	1,331	792	-161	Definitional, methodological, and statistical
Other private.....	.....	220	-220	.....	.....	.....	.....	.....	.....	-220	Definitional and methodological
Government:											
United States (nonmilitary).....	103	81	22	103	81	22	103	103	.....	22	Statistical
Canada.....	132	210	-78	132	127	5	127	127	-5	-83	Definitional, methodological, and statistical
U.S. military sales.....	162	.....	162	46	.....	46	46	46	-116	46	Definitional and statistical

1. Royalties and license fees are combined with "other" services for reconciliation.

Table 6.2. Other Services, Southbound
[Millions of U.S. dollars]

	Published estimates			Common-basis estimates after definitional and methodological adjustments			Reconciled estimates, including statistical adjustments		Total adjustments to published estimates		
	Canadian receipts	U.S. payments	Difference	Canadian receipts	U.S. payments	Difference	Canadian receipts	U.S. payments	Canada	United States	Type of adjustment
2004											
Total	14,939	9,265	5,674	14,084	9,278	4,806	12,795	12,795	-2,144	3,530	
Affiliated.....	6,820	3,947	2,873	6,912	3,891	3,021	5,348	5,348	-1,472	1,401	Definitional, methodological, and statistical
Royalties and license fees	780	542	238	780	542	238	(¹)	(¹)	(¹)	(¹)	
Other services	6,040	3,405	2,635	6,132	3,349	2,783	(¹)	(¹)	(¹)	(¹)	
Unaffiliated.....	8,004	5,182	2,822	7,057	5,271	1,786	7,331	7,331	-673	2,149	
Royalties, license fees, and selected services	2,392	955	1,437	2,086	954	1,132	2,179	2,179	-213	1,224	Definitional and statistical
Insurance.....	152	677	-525	150	677	-527	677	677	525		Definitional and statistical
Financial services.....	414	214	200	417	214	203	254	254	-160	40	Definitional and statistical
Education and training.....	54	138	-84	24	60	-36	60	60	6	-78	Methodological and statistical
Communications.....	856	328	528	660	328	332	494	494	-362	166	Methodological and statistical
Computer services.....	1,293	1,252	41	1,293	1,252	41	1,227	1,227	-66	-25	Statistical
Business services.....	1,390	1,246	144	1,533	1,034	499	1,465	1,465	75	219	Definitional, methodological, and statistical
Sports and entertainment.....	971	61	910	544	441	103	620	620	-351	559	Definitional, methodological, and statistical
Other private.....	132		132						-132		Definitional and methodological
Government:											
Canada.....	44		44	44		44	44	44		44	Statistical
United States (nondefense).....	306	311	-5	306	311	-5	311	311	5		Statistical
U.S. defense expenditures.....	115	136	-21	115	116	-1	116	116	1	-20	Definitional and statistical
2005											
Total	16,466	10,812	5,654	15,398	10,830	4,568	14,527	14,527	-1,939	3,715	
Affiliated.....	7,327	5,035	2,292	7,405	4,958	2,447	6,201	6,201	-1,126	1,166	Definitional, methodological, and statistical
Royalties and license fees	966	591	375	966	591	375	(¹)	(¹)	(¹)	(¹)	
Other services	6,361	4,444	1,917	6,439	4,367	2,072	(¹)	(¹)	(¹)	(¹)	
Unaffiliated.....	8,972	5,591	3,381	7,826	5,706	2,120	8,160	8,160	-812	2,569	
Royalties, license fees, and selected services	2,564	893	1,671	2,217	889	1,328	2,335	2,335	-229	1,442	Definitional and statistical
Insurance.....	156	668	-512	155	668	-513	668	668	512		Definitional and statistical
Financial services.....	626	342	284	544	342	202	400	400	-226	58	Definitional and statistical
Education and training.....	54	119	-65	27	29	-2	29	29	-25	-90	Methodological and statistical
Communications.....	960	337	623	747	337	410	542	542	-418	205	Methodological and statistical
Computer services.....	1,442	1,362	80	1,442	1,362	80	1,367	1,367	-75	5	Statistical
Business services.....	1,593	1,357	236	1,727	1,207	520	1,695	1,695	102	338	Definitional, methodological, and statistical
Sports and entertainment.....	921	173	748	503	532	-29	733	733	-188	560	Definitional, methodological, and statistical
Other private.....	192		192						-192		Definitional and methodological
Government:											
Canada.....	51		51	51		51	51	51		51	Statistical
United States (nondefense).....	413	340	73	413	340	73	340	340	-73		Statistical
U.S. defense expenditures.....	167	186	-19	167	166	1	166	166	-1	-20	Definitional and statistical

1. Royalties and license fees are combined with "other" services for reconciliation.

