

U.S. International Economic Accounts Glossary of Terms

Term	Definition
Accrual accounting	Accounting method that matches the time of recording with the timing of the events giving rise to economic flows. Revenues and expenses are reflected in the accounts in the period earned or expensed rather than when cash receipts or disbursements occur (cash accounting). Accrual accounting is used to compile the ITAs and the IIP accounts.
Activities of multinational enterprises (AMNE)	AMNE statistics relate to the operations and finances of multinational enterprises such as sales, employment, capital expenditures, balance sheets, and value added. These statistics include closely related foreign affiliate statistics (FATS).
Affiliate	Enterprise that is directly or indirectly owned or controlled by an entity in another country to the extent of 10 percent or more ownership of the voting stock for an incorporated business or an equivalent interest for an unincorporated business.
Affiliated trade	Resident-nonresident trade between entities that have a direct relationship with each other, such as between a parent and its affiliate. Also known as intrafirm trade.
Asset/liability principle	Method of presenting direct investment statistics under which the financial flows and positions are organized according to whether the investment relates to an asset or liability without any offsetting adjustments for reverse investment or investment by fellow enterprises. An alternative presentation is the directional principle.
Associate	Business entity that is owned between 10 and 50 percent by another business entity.
Balance of payments	Statistical statement that summarizes, for a specific time period, the economic transactions of an economy with the rest of the world.
Balance of payments adjustments	Additions and subtractions to goods exports and imports compiled on a customs basis (merchandise trade statistics) to meet balance of payments requirements. Adjustments are made for coverage, timing, valuation, residence, and other factors.
BD4	The 4 th edition of the <i>Benchmark Definition of Foreign Direct Investment</i> published by the Organisation for Economic Co-operation and Development. This manual contains guidelines for the preparation of statistics related to direct investment transactions, positions, and income.
Bilateral statistics	International economic accounts statistics disaggregated according to partner-country classifications. Bilateral statistics provide important measures of trade and investment between the United States and other countries and world regions.
BPM6	The 6 th edition of the <i>Balance of Payments and International Investment Position Manual</i> published by the International Monetary Fund. This manual contains guidelines for the preparation of international economic accounts.
Branch	Business entity that is unincorporated and is owned by another business entity.
Capital account	Major account of the ITAs that records resident-nonresident transactions for capital transfers and for the acquisition or disposal of nonproduced nonfinancial assets.

U.S. International Economic Accounts Glossary of Terms

Term	Definition
Capital gains and losses of direct investment affiliates	Capital gains and losses include gains and losses resulting from the sale or disposition of assets, excluding inventories; certain holding gains and losses on financial assets; goodwill impairment; writedowns and writeoffs of assets and liabilities associated with restructuring; disposals of discontinued operations; extraordinary, unusual, and infrequently occurring items that are material, including losses from accidental damages or natural disasters after insurance reimbursement; and changes in accounting principles.
Capital transfers	Component of the capital account treated as the offset to financial claims or nonfinancial assets acquired or provided without a corresponding return of economic value (quid pro quo).
Center of economic interest	Location of an institutional unit from which it engages, or intends to engage, in economic activities and transactions on a significant scale for one year or more. Determines the country of residence for international economic accounts.
Change in ownership	Basic principle in <i>BPM6</i> for determining international transactions. Occurs when an asset has been received or a service has been provided. It is generally deemed to have occurred when the two parties (resident and nonresident) record a transaction in their respective accounts.
Change in volume and valuation n.i.e. (not included elsewhere)	Change in the value of an asset or a liability in the IIP accounts from the beginning to the end of a period due to changes other than financial transactions, price changes, and exchange-rate changes.
Compensation of employees	Comprises wages, salaries, and other benefits earned by employees for work performed.
Credit	Transaction that records revenue earned (for example, exports of goods and services), receipt of income, a decrease in U.S. assets, or an increase in U.S. liabilities. Treated as a positive value when calculating the statistical discrepancy.
Currency and deposits	Currency consists of notes and coins with fixed nominal values that are issued or authorized by central banks or governments. Deposits include all claims on deposit-taking institutional units that are represented by evidence of deposit.
Current account	Major account of the ITAs that covers resident-nonresident transactions that involve exchange of economic values (goods, services, and income) and transfers of current economic value without a quid pro quo.
Current cost	Valuation of assets based on the prices prevailing at the time of valuation. It incorporates the effects of both depreciation and changes in market prices.
Current cost adjustment	Adjustment to earnings that converts depreciation reported for financial accounting purposes to a measure more consistent with economic accounting principles. The adjustment (1) converts depreciation valued at historical cost to current (replacement) cost, (2) adds depletion of natural resources back to earnings for consistency with national economic accounts, and (3) reallocates mineral exploration and development costs across periods so that they are written off over their economic lives rather than all at once.
Current transfers	Component of the current account treated as the offset to current economic value acquired or provided without a corresponding return of economic value (quid pro quo).

U.S. International Economic Accounts Glossary of Terms

Term	Definition
Customs value	Valuation method used in the U.S. international economic accounts for U.S. imports of goods. The value is generally defined as the price actually paid or payable for goods at the foreign port of export, excluding U.S. import duties, freight, insurance, and other charges incurred in bringing the goods to the United States.
Debit	Transaction that records expense incurred (for example, imports of goods and services), payment of income, an increase in U.S. assets, or a decrease in U.S. liabilities. Treated as a negative value when calculating the statistical discrepancy.
Debt	Financial claim that refers to lending of funds by a creditor (lender) to a debtor (borrower). Debt comprises securities that are generally marketable and other instruments that are generally not marketable.
Debt forgiveness	Component of capital transfers in the capital account whereby a government creditor entity in one economy formally agrees with a debtor entity in another economy to extinguish all or part of the obligations of the debtor to that creditor.
Debt instruments direct investment	Direct investment that results from changes in net outstanding loans between parents (or for inward investment, other foreign parent group members and their affiliates, including loans by parents to affiliates and loans by affiliates to parents.
Debt securities	Negotiable instruments that serve as evidence of debt including bills, bonds, notes, negotiable certificates of deposit, commercial paper, debentures, asset-backed securities, money market instruments, and similar instruments traded in financial markets.
Debtor/creditor principle	Type of geographic attribution in the international economic accounts whereby financial assets (claims) of the compiling economy are attributed to the country of residence of the non-resident debtor and financial liabilities are attributed to the country of residence of the non-resident creditor. An alternative approach is the transactor principle.
Direct investment	Functional category for primary income and the financial account of the ITAs and for the IIP accounts that refers to an investment by a resident entity in one economy that represents a lasting interest in an enterprise resident in another economy. The lasting interest implies the existence of a long-term relationship between the direct investor and the enterprise and a significant degree of influence by the investor on the management of the enterprise. Lasting interest is determined by a 10 percent or more ownership share.
Direct investment enterprise	An incorporated or unincorporated enterprise in which a direct investor, who is a resident enterprise in another economy, owns 10 percent or more of the ordinary shares or voting power (for an incorporated enterprise) or the equivalent (for an unincorporated enterprise). Equivalent to an affiliate in the U.S. international economic accounts.
Direct investment financial transactions	Transactions that change financial claims (assets) and liabilities between U.S. parents and their foreign affiliates or between U.S. affiliates and their foreign parents. Financial outflows result from transactions that increase U.S. assets or decrease U.S. liabilities. Financial inflows result from transactions that decrease U.S. assets or increase U.S. liabilities. Direct investment financial transactions consist of reinvestment of earnings, equity other than reinvestment of earnings investment, and debt instruments investment.

U.S. International Economic Accounts Glossary of Terms

Term	Definition
Direct investment position	The value of direct investors' equity in, and net outstanding loans to, their affiliates. The direct investment position may be viewed as the direct investors' net financial claims on their affiliates. BEA reports statistics on the positions for outwards direct investment and for inward direct investment at historical cost, current cost, and market value.
Direct investor	An incorporated or unincorporated enterprise resident in one economy that owns 10 percent or more of the ordinary shares or voting power (for an incorporated enterprise) or the equivalent (for an unincorporated enterprise) of an enterprise resident in another economy. Equivalent to a U.S. parent or the foreign parent in the U.S. international economic accounts.
Directional principle	Method of presenting direct investment statistics under which the financial flows and positions are organized according to the direction of the direct investment relationship (outward vs. inward). Reverse investment and certain types of investment in fellow enterprises are subtracted from gross outward and inward flows and positions. An alternative presentation is the asset/liability principle. The directional principle is used for classifying direct investment flows and positions by partner country and by industry.
Dividends and withdrawals	Distributed earnings to equity holders of incorporated private enterprises, cooperatives, and public corporations that are paid from after-tax profits, and distributed income from quasi-corporations, such as branches.
Double entry accounting	Basic accounting convention whereby each recorded transaction is represented by at least two corresponding entries (credit and debit) with equal values in the accounts of the transactor. This convention is used for compiling the ITAs.
Economic assets	Resources over which ownership rights are enforced and from which future economic benefits may accrue to the owner. They include fixed assets, inventories, valuables, nonproduced assets, and financial assets.
Economic ownership	Economic ownership, which may differ from legal ownership, accrues to the party that bears the risks and enjoys the rewards of ownership.
End use system	System of classification of merchandise trade data developed by BEA for publishing U.S. goods trade statistics according to analytically meaningful categories. It is based on the Harmonized System.
Enterprise	An institutional unit engaged in production that may be a corporation, a nonprofit institution, or an unincorporated business enterprise.
Equity and investment fund shares	Financial instrument category that includes both equity excluding investment fund shares and investment fund shares.
Equity excluding investment fund shares	Financial instruments that represent claims to the residual values of incorporated enterprises. Includes common stocks, preferred stocks, restricted stocks, and depository receipts.

U.S. International Economic Accounts Glossary of Terms

Term	Definition
Equity other than reinvestment of earnings direct investment	Direct investment measured as the difference between equity increases and decreases. Equity increases result from (1) parents' establishments of new affiliates, (2) payments by parents to unaffiliated parties for the purchase of capital stock or other equity interests when they acquire an existing business, (3) payments to acquire additional ownership interests in their affiliates, and (4) capital contributions to their affiliates. Equity decreases are the funds parents receive when they reduce their equity interests in their affiliates.
Exchange rate change	Change in the value of an asset or a liability in the IIP accounts from the beginning to the end of a period due to changes in the value of the currency of issue versus local currency.
Fellow enterprises	Enterprises that have no direct investment relationship with one another but that have a common direct investor.
Financial account	Major account of the ITAs that records resident-nonresident transactions in financial instruments classified by the functional categories of direct investment, portfolio investment, other investment, reserve assets, and financial derivatives. All financial account transactions are summarized as net acquisition of U.S. assets, net incurrence of U.S. liabilities, and net transactions in financial derivatives other than reserves.
Financial assets	Economic assets that are financial instruments. Financial assets include financial claims and, by convention, monetary gold held as gold bullion.
Financial derivatives other than reserves	Financial instruments that represent securities providing payoffs that are based on the values of other assets such as commodity prices, securities prices, or market index values. Examples are futures, forwards, options and swaps. It is also a functional category of investment.
Financial institutions	Corporations and unincorporated enterprises that are principally engaged in providing financial services, including insurance and pension fund services. Includes depository and non-depository financial enterprises.
Financial instruments	Consists of the full range of financial contracts between institutional units and that may give rise to financial claims. A claim is a financial instrument that gives rise to an economic asset with a counterpart liability. Financial instruments are classified as equity and investment fund shares, debt instruments, and other financial assets and liabilities.
Flows	Economic activities and events that occur within an accounting period. Cross-border flows are recorded in the international economic accounts as transactions and as changes in financial assets and liabilities (other flows).
Foreign affiliate statistics (FATS)	Subset of AMNE statistics that focuses on goods produced and services provided by majority-owned affiliates in local markets.
Foreign direct investment in the United States (inward direct investment)	Ownership or control, directly or indirectly, by one foreign resident, the foreign parent, of at least 10 percent of a U.S. business enterprise, which is called a U.S. affiliate. Foreign direct investment includes equity and net debt investments by the foreign parent, and net debt investment by any other members of the foreign parent group.

U.S. International Economic Accounts Glossary of Terms

Term	Definition
Foreign official agencies	Primarily consists of treasuries, including ministries of finance or corresponding departments of national governments, central banks, stabilization funds, exchange control offices, and other governmental exchange authorities. Also included are other entities that are authorized as fiscal agents of national governments.
Foreign parent group	The foreign parent group of a U.S. affiliate consists of (1) the foreign parent, (2) any foreign person (including a company), proceeding up the foreign parent's ownership chain, that owns more than 50 percent of the person below it, up to and including the ultimate beneficial owner (UBO), and (3) any foreign person, proceeding down the ownership chain(s) of each of these members, that is owned more than 50 percent by the person above it.
Free alongside ship (F.A.S.)	Valuation method used in the U.S. international economic accounts for U.S. exports of goods. Includes domestic trade and transport margins.
Free on board (F.O.B.)	Valuation method recommended in <i>BPM6</i> for consistent valuation of goods at the customs frontier of the economy from which the goods are exported. Includes domestic trade and transport margins plus the cost of loading merchandise on a transport carrier.
Functional category	In the U.S. international economic accounts, functional categories are the primary classification system used for financial transactions, positions, and income. The five functional categories of investment are direct investment, portfolio investment, financial derivatives other than reserves, other investment, and reserve assets.
General government	Legal entities established by political processes that have legislative, judicial, or executive authority over other institutional units within a given area. In the United States, many separate government units exist at different levels, including federal, state, and local government.
Generally accepted accounting principles (GAAP)	The common set of accounting principles, standards and procedures that companies use to compile their financial statements, particularly in the United States. U.S. GAAP is used by respondents to BEA's direct investment surveys.
Goods	Major component of the current account that covers commodities for which ownership rights can be established and transferred. Goods are classified as general merchandise, net exports of goods under merchanting, and nonmonetary gold.
Harmonized Commodity Description and Coding System (Harmonized System)	Classification system established by the World Customs Organization to secure a high degree of harmony and uniformity across countries in customs data systems. This system is used to classify U.S. trade in goods.
Historical cost	Valuation of assets based on the value recorded in the financial accounts of the enterprise at the time the asset was acquired. Historical cost is the basis on which companies can most easily report data for BEA's direct investment surveys.
Households	Consists of persons or groups of persons who share the same living accommodation, pool some of their income, and consume certain goods and services collectively. Households include persons living in institutional arrangements.

U.S. International Economic Accounts Glossary of Terms

Term	Definition
Institutional unit	Entities that engage in transactions and other economic activities in an economic territory and that form the foundation for economic statistics compiled in national and international economic accounts.
Insurance technical reserves	Reserves for unearned nonlife insurance premiums due to prepayment of premiums and reserves against outstanding nonlife insurance claims.
Interest	Income that is receivable by the owners of certain kinds of financial assets, namely deposits, debt securities, loans, and other accounts receivable, for placing the financial assets at the disposal of another institutional unit.
International Investment Position (IIP) Accounts	Statistical statement of the value and composition of the stock of an economy's claims on the rest of the world and the value and composition of the stock of an economy's liabilities to the rest of the world.
International Transactions Accounts (ITAs)	Official title for the U.S. balance of payments accounts which consists of the current account, the capital account, and the financial account.
Intrafirm trade	Resident-nonresident trade between entities that have a direct investment relationship with each other, such as between a parent and its affiliate. Also known as affiliated trade.
Investment fund shares	Type of collective investment that includes money market funds (MMF) and non-MMF investment funds. Includes shares in money market, equity, and bond mutual funds, real estate investment trusts, index-linked equity unit investment trusts, and limited partnership interests.
Investment income	Component of the current account that includes income on equity and on debt. Equity income consists of profits (distributed or reinvested) on direct investment and dividends on portfolio stocks. Debt income consists of interest from direct, portfolio, and other investment.
Loans	Financial instruments that are established when a creditor lends funds directly to a debtor and that are evidenced by non-negotiable documents. This category includes installment loans, hire-purchase loans, and trade credit finance. Loans also include securities repurchase agreements and financial leases.
Majority-owned affiliate	An affiliate (direct investment enterprise) that is controlled by a nonresident direct investor through the ownership either directly or indirectly of 50 percent or more of the voting equity of an incorporated business or an equivalent interest in an unincorporated business. Known in <i>BPM6</i> as a subsidiary.
Market value	Amount that willing buyers pay to acquire something from willing sellers. The exchanges are made between two independent parties and on the basis of commercial considerations only.
Maturity	Period after which a security can be redeemed for its maturity value. Short-term is defined as payable on demand or at one year or less. Long-term is defined as payable after more than one year or with no maturity.

U.S. International Economic Accounts Glossary of Terms

Term	Definition
Maturity value	The amount the issuer will pay the holder of a security at the date of redemption of the security. It is often referred to as par, face, principal and redemption value.
Migrant's transfers	Component of capital transfers that represents counter entries to changes in financial account items that arise from the migration (change of residence for at least a year) of individuals from one economy to another.
Modes of supply	Categories of services transactions developed by the World Trade Organization for compiling statistics related to administration of the General Agreement on Trade in Services.
Monetary authority	Includes the central bank and other institutional units that conduct operations on behalf of the central bank. Such operations include the issuance of currency, maintenance and management of reserve assets, and the operation of exchange stabilization funds. For the United States the monetary authority is the Federal Reserve System.
Monetary gold	Reserve asset item that refers to gold owned by the monetary authorities and held as a reserve asset. Transactions in monetary gold occur only between monetary authorities and their counterparts in other economies or between monetary authorities and international monetary organizations.
Money market securities	All highly marketable debt securities with an initial term to maturity of a year or less that generally give the holder the unconditional right to receive a stated, fixed sum of money on a specific date.
Multinational enterprises (MNEs)	Enterprise groups with a direct investor resident in one country that has direct investment enterprises located in one or more other countries. In the U.S. international economic accounts, MNEs consist of parent companies and their affiliated groups.
National Income and Product Accounts (NIPAs)	Part of the U.S. system of national economic accounts. The NIPAs display the value and composition of U.S. production, the distribution of incomes generated in production, and the sources of saving, which provides for investment in future production.
Net international investment position	Component of the international investment position accounts that represents the stock of external financial assets minus the stock of external liabilities. The net position shows what the economy owns in relation to what it owes to nonresidents.
Net lending/borrowing	Measure of U.S. net inflows or outflows in the international economic accounts. It can be measured as the sum of balances on the current account and capital account or as the balance on the financial account. Positive values indicate net outflows (net lending) and negative values indicate net inflows (net borrowing).

U.S. International Economic Accounts Glossary of Terms

Term	Definition
Net U.S. acquisition of assets	Major component of the financial account that covers the acquisition by U.S. residents of financial assets issued by nonresidents. Categories of assets include direct investment, portfolio investment, other investment, and reserve assets.
Net U.S. incurrence of liabilities	Major component of the financial account that covers the incurrence by U.S. residents of financial liabilities to nonresidents. Categories of liabilities include direct investment, portfolio investment, and other investment.
Nonfinancial institutions	Institutions whose principal activity is the production of market goods or nonfinancial services. These include legally constituted corporations, branches of nonresident enterprises, quasi-corporations, notional resident units owning land, and resident nonprofit institutions that are market producers of goods or nonfinancial services.
Nonmonetary gold	Refers to all gold not held as reserve assets.
Nonproduced nonfinancial assets	Component in the capital account that covers transactions in tangible assets that are used in production but that are not actually produced, such as natural resources, and nonproduced intangible assets, such as patents, copyrights, trademarks, and franchises.
Nonprofit institutions serving households (NPISH)	Entities engaged in providing goods and services to households or the community at large free of charge or at prices that are not economically significant, except for those entities that are controlled and financed by government units.
Nonresident	An institutional unit that is not treated as a resident of the U.S. economy. The ITAs and the IIP accounts record transactions and positions between U.S. residents and nonresidents.
Notional resident unit	A type of enterprise identified for statistical purposes to hold land and natural resources owned by nonresidents.
Other flows	Changes in the volume, value, or classification of an asset or liability not due to resident-nonresident transactions. Consist of revaluations and other changes in the volume, value, or classification of assets and liabilities.
Other investment	Functional category for primary income and the financial account of the ITAs and for the IIP accounts that is not direct investment, portfolio investment, reserves, or financial derivatives other than reserves and that covers loans, deposits, and other assets and liabilities.
Other reserve assets	Reserve assets other than monetary gold, SDRs, and reserve position in the IMF. Can include currency and deposits, securities, financial derivatives, and other claims.

U.S. International Economic Accounts Glossary of Terms

Term	Definition
Other changes in volume and valuation	Adjustments to the historical cost direct investment position that reflect differences between transactions values, which are used to record direct investment financial flows, and the book values on foreign affiliates' books, which are used to record the position, changes in coverage, and the reclassification of investment positions between direct investment and other investment.
Partner country	Country of residence of the counterparty to an international transaction or financial position. Provides the basis for compiling bilateral statistics.
Parent company	A U.S. parent is a U.S. entity that has a direct investment interest in a foreign business enterprise. A foreign parent is the first entity outside the United States in a U.S. affiliates ownership chain that has a direct investment interest in the affiliate.
Portfolio investment	Functional category for primary income and the financial account of the ITAs and for the IIP accounts for transactions and positions involving debt or equity securities, other than those included in direct investment or reserve assets. Securities are debt and equity financial instruments that have the characteristic feature of negotiability.
Positions	Fundamental concept for the IIP accounts that refers to the value of assets or liabilities at a point in time.
Price change	Change in the value of an asset or a liability in the IIP accounts from the beginning to the end of a period due to changes in the market price of the security.
Primary income	Major component of the current account that represents the return to institutional units for their contribution to the production process or for the provision of financial assets. Consists of investment income and compensation of employees.
Profits	Earnings of enterprises measured net of income or corporation taxes payable during the recording period. Profits are treated as investment income on direct investment in the ITAs.
Reinvested earnings/ reinvestment of earnings	Reinvested earnings of affiliates equal total earnings less dividends and withdrawals. Earnings are the parents shares in the net income of their affiliates after provision for host country income taxes. Reinvested earnings are a component of direct investment transactions in the same period (reinvestment of earnings).
Repurchase agreements	Transactions involving a sale of securities and a simultaneous agreement to repurchase the same securities or similar securities at a specified date and price. Repurchase agreements are treated as loans in other investment in the ITAs and the IIP.
Reserve assets	Functional category for primary income and the financial account of the ITAs and for the IIP accounts that consists of claims on nonresidents that are readily available to and controlled by monetary authorities. They can be used to affect the currency exchange rate and for other purposes.
Reserve position in the International Monetary Fund	Reserve asset item that refers to the sum of the reserve tranche purchases that a member of the fund may draw upon and any indebtedness of the International Monetary Fund that is readily repayable to the member.

U.S. International Economic Accounts Glossary of Terms

Term	Definition
Resident	An institutional unit is regarded as resident when it has a center of economic interest in the economic territory of a country. The ITAs and the IIP accounts record transactions and positions between U.S. residents and nonresidents.
Reverse investment	Direct investment by affiliates (direct investment enterprises) in their parent or parent group (direct investor). This direct investment usually consists of debt rather than equity.
Secondary income	Major component of the current account that presents current transfers between residents and nonresidents. Unlike an exchange, a transfer is a transaction that provides a good, service, or asset without a corresponding return of economic value (<i>quid pro quo</i>).
Sectors	Groupings of institutional units that have similar economic objectives and behavior for the purpose of providing analytically useful aggregates of economic statistics. For the U.S. international accounts sectors include central bank, deposit-taking institutions except central bank, other financial institutions, nonfinancial institutions except general government (including households and NPISHs), and general government.
Securities	Financial instruments that are marketable such as publicly traded stocks, bonds, money market securities and other financial instruments.
Securitization	Pooling of non-marketable (non-liquid) assets into standardized securities backed by those assets for the purpose of trading on organized exchanges.
Services	Major component of the current account that refers to products which are generally intangible and which generally cannot be traded separately as they are generally consumed by the time their production is completed. Services are classified into nine broad categories based on <i>BPM6</i> .
Special drawing rights (SDRs)	Reserve asset item created by the IMF to supplement other reserve assets that are periodically allocated to IMF members in proportion to their respective quotas. Value of SDRs is determined by a weighted basket of currencies. Transactions in SDRs are recorded in the financial account and positions are recorded in the IIP accounts.
Statistical discrepancy	The difference between total debits and total credits recorded in the current, capital, and financial accounts of the ITAs. In principle it equals zero but in practice this rarely happens due to errors and omissions in the source data used to compile the accounts.
System of National Accounts (SNA)	An international set of guidelines for a system of economic accounts, published by the Commission for the European Communities, the International Monetary Fund, the Organisation for Economic Co-operation and Development, the United Nations, and the World Bank. The most recent edition of the <i>SNA</i> was published in 2008 and was coordinated with the publication of <i>BPM6</i> .
Term to maturity	Fixed period of time corresponding to the lifetime of a security. The term to maturity corresponds to the period of time between the date at which the security is issued (original term to maturity) or is outstanding (remaining term to maturity) and the date at which the security is redeemable (maturity date).

U.S. International Economic Accounts Glossary of Terms

Term	Definition
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Transaction	An exchange or transfer of value between two institutional units that occurs by mutual agreement or by law. Transactions are classified according to the nature of the economic value provided—namely, goods or services, primary income, secondary income, capital transfers, nonproduced nonfinancial assets, financial assets, or liabilities.
Transactor principle	Type of geographic attribution in the international economic accounts whereby financial assets and liabilities of the compiling economy are attributed to the country of residence of the counterpart non-resident party to the transaction. An alternative approach is the debtor-creditor principle.
Transfer pricing	Valuation of transactions between affiliated parties. Transfer prices often differ from market prices and are designed to achieve certain objectives for multinational enterprises.
Translation adjustments	A type of valuation adjustment to investment positions that results from changes in exchange rates used to translate foreign-currency-denominated assets and liabilities into U.S. dollars.
Treasury International Capital (TIC) reporting system	System of monthly, annual, and benchmark surveys conducted by the Federal Reserve Bank of New York on behalf of the U.S. Treasury Department to collect cross-border transactions and positions for financial assets and liabilities. Major data source for both the ITAs and the IIP accounts.
Ultimate beneficial owner (UBO)	Entity that ultimately owns or controls and thus ultimately derives the benefits and assumes the risks from owning or controlling an affiliate. The UBO is often but not always the same as the foreign or U.S. parent.
Unaffiliated trade	Resident-nonresident trade between two entities that do not have a direct investment relationship with one another.
U.S. direct investment abroad (outward direct investment)	Ownership or control, directly or indirectly, by one U.S. resident, the U.S. parent, of at least 10 percent of a foreign business enterprise, which is called a foreign affiliate.
Value added	An output measure derived as gross output (revenue) less intermediate inputs (purchased goods and services used in production). It can also be derived as the sum of the costs incurred (except for intermediate inputs) and the profits earned in production.
Valuation	The determination of asset, liability and transaction values. Different methods of valuation (transaction value, market price, issue price, book value, maturity value, etc.) often reflect applicable accounting principles, legal restrictions, and other fact